IFRS® Sustainability

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IFRS S2

IFRS® Sustainability Disclosure Standard

Accompanying Guidance on Climate-related Disclosures

International Sustainability Standards Board

Accompanying Guidance on

IFRS S2

Climate-related Disclosures

This Accompanying Guidance accompanies IFRS S2 *Climate related Disclosures* (published June 2023; see separate booklet) and is issued by the International Sustainability Standards Board (ISSB).

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IFRS S2 *Climate-related Disclosures*

Illustrative Guidance

This guidance accompanies, but is not part of, IFRS S2. It illustrates aspects of IFRS S2 but is not intended to provide interpretative guidance.

IG1 Paragraph 29 of IFRS S2 requires an entity to disclose information relevant to particular cross-industry metric categories. These examples[1] provide an illustration of such information for the requirements in paragraph 29(b)–29(e) of IFRS S2.

Metric category	**Unit of measure**	**Example metrics**
Climate-related transition risks	amount and percentage	• volume of real estate collaterals highly exposed to transition risk • concentration of credit exposure to carbon-related assets • percentage of revenue from coal mining • percentage of revenue passenger kilometres not covered by the Carbon Offsetting and Reduction Scheme for International Aviation
Climate-related physical risks	amount and percentage	• proportion of property, infrastructure or other alternative asset portfolios in areas subject to flooding, heat stress or water stress • proportion of real assets exposed to climate-related hazards • number and value of mortgage loans in 100-year flood zones • wastewater treatment capacity located in 100-year flood zones • revenue associated with water withdrawn and consumed in regions of high or extremely high baseline water stress

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1 Based on the Task Force on Climate-related Financial Disclosures Guidance on Metrics, Targets, and Transition Plans: *Chapter C—Climate-Related Metrics* (2021).

...continued

Metric category	Unit of measure	Example metrics
Climate-related opportunities	amount and percentage	• revenues from products or services that support the transition to a lower-carbon economy • net premiums written related to energy efficiency and lower-carbon technology • number of (1) zero-emissions vehicles, (2) hybrid vehicles and (3) plug-in hybrid vehicles sold • proportion of homes delivered certified to a third-party, multi-attribute, green-building standard
Capital deployment	presentation currency	• percentage of annual revenue invested in research and development of lower-carbon products/services • percentage of investment in climate adaptation measures (for example, soil health, irrigation and technology)

Illustrative Examples

These examples accompany, but are not part of, IFRS S2. They illustrate aspects of IFRS S2 but are not intended to provide interpretative guidance.

IE1 These examples set out hypothetical situations illustrating how an entity might apply some of the requirements in IFRS S2. The analysis in each example is not intended to represent the only manner in which the requirements could be applied, nor are the examples intended to apply only to the specific industries illustrated. For illustrative purposes, the examples use simple fact patterns. When making disclosures in accordance with IFRS S2, an entity would need to consider all relevant facts and the specific circumstances of a particular fact pattern.

Aggregation and disaggregation of greenhouse gas emissions

IE2 Examples 1–5 illustrate some considerations when determining if it is necessary to disaggregate information when disclosing greenhouse gas emissions in accordance with the requirements of IFRS S2. These examples do not illustrate all reasons that could be necessary to disaggregate information when disclosing greenhouse gas emissions. Where relevant, these examples refer to IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* (IFRS S1), the *Industry-based Guidance on Implementing IFRS S2* and the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004) (GHG Protocol Corporate Standard).

Example 1—Disaggregating Scope 1 and Scope 2 greenhouse gas emissions between the consolidated accounting group and other investees

IE3 Example 1 illustrates the requirements in paragraph 29(a)(i)–(iv) to disclose and disaggregate Scope 1 and Scope 2 greenhouse gas emissions between an entity's consolidated accounting group and its investees not included in the consolidated accounting group.

IE4 The entity applies the equity share approach, as outlined in the GHG Protocol Corporate Standard, to set its organisational boundary for the purposes of measuring its greenhouse gas emissions. The entity applies IFRS Accounting Standards and has one investment that it accounts for as an investment in an associate. Applying the equity share approach, the entity determines its Scope 1 greenhouse gas emissions to be 7,350 metric tonnes CO_2 equivalent (CO_2e), and its Scope 2 greenhouse gas emissions to be 1,320 CO_2e.

IE5 Table 1 illustrates the disaggregation of the total Scope 1 and Scope 2 greenhouse gas emissions disclosed by the entity when it applies paragraph 29(a)(iv).

Table 1: Disaggregation of Scope 1 and Scope 2 greenhouse gas emissions between the consolidated accounting group and the other investee

	Greenhouse gas emissions (metric tonnes CO_2e)		
	Scope 1	**Scope 2**	**Total**
Consolidated accounting group	4,900	830	5,730
Other investee (investment in associate)	2,450	490	2,940
Total disclosed (equity share method)	**7,350**	**1,320**	**8,670**

Example 2—Disaggregating Scope 3 greenhouse gas emissions by Scope 3 categories

IE6 Example 2 illustrates the disaggregation of Scope 3 greenhouse gas emissions in accordance with paragraph 29(a)(i)(3) and paragraph 29(a)(vi), applying the principles of aggregation and disaggregation set out in IFRS S1 (paragraphs B29–B30). For simplicity, this example illustrates only an entity's considerations related to how it presents its disclosures of Scope 3 greenhouse gas emissions from purchased goods and services (Category 1) and its Scope 3 greenhouse gas emissions from use of sold products (Category 11).

IE7 An entity applies paragraph B32 of IFRS S2. It measures its Scope 3 greenhouse gas emissions from purchased goods and services and use of products sold in accordance with the GHG Protocol Corporate Standard. The entity considers whether disaggregation of its Category 1 and Category 11 Scope 3 greenhouse gas emissions is required to meet the requirements in IFRS S1 (paragraphs B29–B30).

IE8 In relation to Category 1—purchased goods and services, the entity considers that:

(a) its greenhouse gas emissions in relation to this category account for 60% of its total disclosed Scope 1, Scope 2 and Scope 3 greenhouse gas emissions;

(b) it has committed to achieving a greenhouse gas emissions reduction target by 20Y0, and reducing Category 1 greenhouse gas emissions is a priority to achieving this target;

(c) it has set specific greenhouse gas emissions reduction targets for reducing Category 1 greenhouse gas emissions; and

(d) its supply chain is located in jurisdictions with nationally determined contributions, and, as a result, suppliers are subject to increasingly strict emissions-related regulations and taxation policies.

IE9 In relation to Category 11—use of sold products, the entity considers that:

(a) it has a three-year plan to improve the emission efficiency of its products that will reduce the greenhouse gas emissions arising when customers use the products the entity sells (use-phase emissions); and

(b) its greenhouse gas emissions in this category account for more than 25% of its total disclosed Scope 1, Scope 2 and Scope 3 greenhouse gas emissions.

IE10 Although IFRS S2 does not explicitly require disaggregation of Scope 3 greenhouse gas emissions by category, the entity considers the requirement in IFRS S1 that prohibits information from being aggregated if doing so would obscure information that is material.

IE11 For the reasons outlined in paragraphs IE8–IE10, the entity determines that disaggregating information about its Scope 3 Category 1 greenhouse gas emissions and its Scope 3 Category 11 greenhouse gas emissions is necessary to provide material information to users of general purpose financial reports.

IE12 The entity decides to include a table to supplement the disclosure of its Scope 3 greenhouse gas emissions, as illustrated in Table 2.

Table 2: Disclosure excerpt of Scope 3 greenhouse gas emissions disaggregated between Category 1 and Category 11

	Greenhouse gas emissions (metric tonnes CO_2e)	
	20X1	**20X0**
Category 1—Purchased goods and services	34,000	35,000
Category 11—Use of sold products	13,000	14,600

Example 3—Disaggregating greenhouse gas emissions by constituent greenhouse gases

IE13 Examples 3A and 3B illustrate the disaggregation of an entity's absolute greenhouse gas emissions by constituent greenhouse gases. Although IFRS S2 does not explicitly require such disaggregation, an entity is required to apply the principles of aggregation and disaggregation set out in IFRS S1 (paragraphs B29–B30).

Example 3A: Disaggregation of Scope 1 greenhouse gas emissions by constituent gas

IE14 For simplicity, this example illustrates only an entity's considerations related to methane emissions. Considerations related to other constituent gases are ignored.

IE15 An entity operates in the oil and gas industry. It measures its Scope 1 greenhouse gas emissions in accordance with the GHG Protocol Corporate Standard. The entity considers how to disclose information about its Scope 1 greenhouse gas emissions. In making its decision, the entity considers that:

(a) a jurisdiction in which it operates has introduced stringent regulations on the oil and gas industry relating to methane emissions arising from production;

(b) the entity is required to refer to and consider the applicability of *Volume 11—Oil & Gas Exploration & Production* of the *Industry-based Guidance on Implementing IFRS S2*, which includes guidance on the separate disclosure of percentage of gross global Scope 1 greenhouse gas emissions from methane emissions;

(c) the entity's risk function has determined that Scope 1 methane emissions from oil and gas production is widely scrutinised by regulators and, if not managed, could pose high reputational and regulatory risks; and

(d) the entity has made process improvements to reduce Scope 1 methane emissions, thus reducing the risk of potential regulatory liabilities.

IE16 Although IFRS S2 does not explicitly require disaggregation by constituent greenhouse gases, the entity considers the requirement in IFRS S1 that prohibits information from being aggregated if doing so would obscure information that is material.

IE17 For the reasons outlined in paragraphs IE15 and IE16, the entity determines that disaggregating information about its Scope 1 methane emissions is necessary to provide material information to users of general purpose financial reports.

IE18 The entity discloses its greenhouse gas emissions in accordance with paragraph 29(a) of IFRS S2 and decides to include a table to supplement the disclosure of its Scope 1 greenhouse gas emissions, as illustrated in Table 3.

Table 3: Disclosure excerpt of Scope 1 greenhouse gas emissions disaggregated by constituent gas

	Greenhouse gas emissions (metric tonnes CO_2e)	
	20X1	**20X0**
Methane	23,000	24,000

Example 3B: Disaggregation of a Scope 3 category by constituent gases

IE19 For simplicity, this example illustrates only an entity's considerations related to its use-phase emissions (Scope 3 Category 11), and, specifically, its CO_2 and nitrogen oxide (N_2O) emissions. Considerations related to other Scope 3 categories and other constituent gases are ignored.

IE20 An entity operates in the automobile industry. It measures its Scope 3 greenhouse gas emissions in accordance with the GHG Protocol Corporate Standard. The entity considers how to disclose information about its use-phase emissions (Scope 3 Category 11 greenhouse gas emissions). In making its decision, the entity considers that a substantial proportion of these greenhouse gas emissions occurs from combustion and tailpipe emissions when the cars are driven on the road. These use-phase emissions—specifically, CO_2 and N_2O—are subject to stringent regulation in several important jurisdictions where the entity's cars are sold. Based on this consideration, the entity determines that information about its use-phase emissions is material.

IE21 The entity then also considers circumstances related to CO_2 and N_2O emissions, including:

(a) government-funded subsidies have been introduced in important market jurisdictions and will be available to entities in the automotive industry. The subsidies will fund the production of vehicles that emit lower levels of N_2O. Therefore, the entity is incentivised to produce vehicles that meet the N_2O emissions limits in these jurisdictions.

(b) the entity is required to refer to and consider the applicability of *Volume 63—Automobiles* of the *Industry-based Guidance on Implementing IFRS S2* that includes metrics for sales-weighted average passenger fleet fuel economy, including the grams of CO_2 per kilometre for passenger cars.

(c) the entity is required to refer to and consider the applicability of *Volume 63—Automobiles* of the *Industry-based Guidance on Implementing IFRS S2* that includes guidance on the separate disclosure of information about the entity's strategy for reducing use-phase emissions such as CO_2 and N_2O, volatile organic compounds and particulate matter.

(d) the entity measures, manages and monitors use-phase CO_2 and N_2O emissions when designing and manufacturing its vehicles. It has set internal targets for greenhouse gas emissions reduction and a portion of the executive team's variable remuneration is linked to achieving these targets.

IE22 Although not explicitly required by IFRS S2 to disaggregate Scope 3 Category 11 greenhouse gas emissions by constituent greenhouse gases, the entity considers the requirement in IFRS S1 that prohibits information from being aggregated if doing so would obscure information that is material.

IE23 For the reasons outlined in paragraphs IE20–IE22, the entity determines that disaggregating information about use-phase CO_2 and N_2O emissions is necessary to provide material information to users of general purpose financial reports.

IE24 The entity discloses its greenhouse gas emissions in accordance with paragraph 29(a) of IFRS S2 and decides to include a table to supplement the disclosure of its Scope 3 greenhouse gas emissions, as illustrated in Table 4.

Table 4: Disclosure excerpt of Scope 3 Category 11 greenhouse gas emissions disaggregated by constituent gases

	Greenhouse gas emissions (metric tonnes CO_2e)	
	20X1	**20X0**
Carbon dioxide	46,000	48,000
Nitrogen oxide	1,000	1,020

Disaggregating financed emissions in asset management

IE25 Examples 4–5 illustrate how an entity with asset management operations might disaggregate the Scope 3 greenhouse gas emissions of its portfolios (Category 15) when it applies the requirements in IFRS S2 (paragraph B61) and the principles of aggregation and disaggregation in IFRS S1 (paragraphs B29–B30) to disclose the greenhouse gas emissions associated with total assets under management (AUM).

Example 4—Disaggregation by active and passive strategy

IE26 An asset manager manages CU11 billion in seven corporate bond portfolios.[2] Table 5 sets out details about the portfolios.

Table 5: Asset Manager AUM by portfolio and strategy

Portfolio name	Strategy	AUM (in CU)
Fund A	Active Corporate Bond	1.9bn
Fund B	Active Corporate Bond	1.9bn
Fund C	Active Corporate Bond	2.2bn
Fund D	Passive Corporate Bond	1.5bn
Fund E	Passive Corporate Bond	1.3bn
Fund F	Passive Corporate Bond	1.05bn
Fund G	Passive Corporate Bond	1.15bn

2 In this guidance, monetary amounts are denominated in currency units (CU).

IE27 As an asset manager, the entity is required by IFRS S2 to provide information about the greenhouse gas emissions associated with its total AUM. The entity calculates the greenhouse gas emissions associated with its seven corporate bond portfolios and includes the portfolio emissions for 98% of its total AUM in its calculation. The remaining 2% of its total AUM, or CU220 million, is cash. The entity does not disclose any portfolio emissions associated with this cash. The entity discloses Scope 1, Scope 2 and Scope 3 greenhouse gas emissions at the total AUM level.

IE28 The entity considers how to disclose information about its financed emissions. In making its decision, the entity considers that:

(a) the entity's portfolios within each of the active and passive strategy groupings are highly similar in their composition and risk exposure.

(b) the active strategies have higher total fees than the passive strategies and contribute significantly more to the entity's revenue. This dynamic is not expected to change.

(c) the greenhouse gas emissions of its active strategies are significantly lower than those of its passive strategies.

IE29 Additionally, the portfolio emissions of the entity's active strategies better reflect its climate-related risk analysis because the entity's passive strategies track the performance and holdings of a benchmark, whereas its active strategies seek to outperform a benchmark. While both strategies face the risk of poor performance, the entity also identifies differing risk exposures between active and passive strategies as its active strategies may face outflows from underperforming a benchmark, but those strategies also have greater flexibility in managing or reducing their financed emissions compared to the entity's passive strategies.

IE30 Although IFRS S2 does not explicitly require disaggregation of an entity's financed emissions by active and passive strategies, the entity considers the requirement in IFRS S1 that prohibits information from being aggregated if doing so would obscure information that is material.

IE31 For the reasons outlined in paragraphs IE28–IE30, the entity decides that disaggregating information about its financed emissions, specifically related to active and passive strategies, is necessary to provide material information to users of general purpose financial reports.

IE32 The entity disaggregates its portfolio emissions by active and passive strategies, as illustrated in Table 6.

Table 6: Financed emissions disclosure disaggregated between active and passive strategies

	Financed emissions (metric tonnes CO_2e)		
	Active strategies	**Passive strategies**	**Total**
Scope 1	12,880,551	27,300,950	40,181,501
Scope 2	2,983,115	8,120,335	11,103,450
Scope 3	43,771,005	103,799,005	147,570,010
Total disclosed	**59,634,671**	**139,220,290**	**198,854,961**
AUM (in CU) included	5.88bn	4.9bn	10.78bn
% of total AUM included (% of strategy-specific AUM included)	53.5% (98%)	44.5% (98%)	98% (N/A)

Note A: 2.0% of AUM, or CU220 million, is excluded from the financed emissions calculation, which represents cash held in the funds.

Example 5—Disaggregation by asset class

IE33 An asset manager manages CU60 billion in eight long-term bond and equity portfolios. Table 7 sets out details about the portfolios.

Table 7: Asset manager AUM by portfolio and asset class

Portfolio name	Asset class	AUM (in CU)
Fund A	Long-term bond	6.8bn
Fund B	Long-term bond	6.9bn
Fund C	Long-term bond	8.9bn
Fund D	Equity (publicly traded)	6bn
Fund E	Equity (publicly traded)	6bn
Fund F	Equity (publicly traded)	7.9bn
Fund G	Equity (publicly traded)	8.6bn
Fund H	Equity (publicly traded)	8.9bn

IE34 As an asset manager, the entity is required by IFRS S2 to provide information about the greenhouse gas emissions associated with its total AUM. The entity calculates the emissions associated with its eight portfolios and includes the financed emissions for 98% of its total AUM in its calculation. The remaining 2% of AUM, or CU1.2bn, is cash. The entity does not disclose any financed emissions associated with this cash. The entity discloses these greenhouse gas emissions by Scope 1, Scope 2 and Scope 3 greenhouse gas emissions at the total AUM level.

IE35 The entity considers how to disclose information about its financed emissions. In making its decision, the entity considers that:

(a) the long-term bond portfolios seek long-term capital appreciation (average holding period of seven years) and the publicly traded equity portfolios seek short-term capital appreciation (average holding period of nine months).

(b) its assessment of the climate-related risks affecting these two asset classes differs because each asset class is affected differently by climate-related risks and opportunities.

(c) the entity's portfolios within each asset class are similar in their composition and risk exposure to the entity's other portfolios within the same asset class. This is true for both asset classes: long-term bonds and publicly traded equities.

IE36 Although IFRS S2 does not explicitly require disaggregation of an entity's financed emissions by long-term bonds and publicly traded equities, the entity considers the requirement in IFRS S1 that prohibits information from being aggregated if doing so would obscure information that is material.

IE37 For the reasons outlined in paragraphs IE35–IE36, the entity decides that disaggregating information about its financed emissions, specifically related to long-term bonds and publicly traded equities, is necessary to provide material information to users of general purpose financial reports.

IE38 The entity disaggregates its financed emissions by asset class, as illustrated in Table 8.

Table 8: Financed emissions disclosure disaggregated by asset class

	Financed emissions (metric tonnes CO_2e)		
	Long-term bonds	**Publicly traded equities**	**Total**
Scope 1	48,600,415	101,487,332	150,087,747
Scope 2	33,805,025	27,187,765	60,992,790
Scope 3	159,615,008	301,001,718	460,616,726
Total reported	**242,020,448**	**429,676,815**	**671,697,263**
AUM (in CU) included	22.15bn	36.65bn	58.8bn
% of total AUM included (% of asset class-specific AUM included)	36.9% (98%)	61.1% (98%)	98% (N/A)

Note A: 2.0% of AUM, or CU1.2bn, is excluded from the financed emissions calculation, which represents cash held in the funds.

Industry-based Guidance on Implementing IFRS S2

This guidance accompanies, but is not part of, IFRS S2. It illustrates aspects of IFRS S2 but is not intended to provide interpretative guidance.

Introduction

IB1 This guidance suggests possible ways to apply some of the disclosure requirements in IFRS S2. The guidance does not create additional requirements. Specifically, the guidance suggests ways to identify and disclose information about climate-related risks and opportunities associated with particular business models, activities or other common features that characterise participation in an industry. In applying IFRS S2, an entity is required to refer to and consider the applicability of the information set out in this guidance, in accordance with paragraphs 12 and 32 of IFRS S2.

IB2 This industry-based guidance has been derived from Sustainability Accounting Standards Board (SASB) Standards, which are maintained by the International Sustainability Standards Board (ISSB). Because the guidance is industry-based, only a subset is likely to apply to any entity.

Structure and terminology

IB3 This guidance is organised by industry to assist an entity in identifying the climate-related risks and opportunities that are applicable to its business model and associated activities.

IB4 The industry-based guidance contains:

(a) **industry descriptions—**which are intended to help entities identify applicable industry guidance by describing the business models, activities and other common features that characterise participation in the industry;

(b) **disclosure topics—**which describe specific climate-related risks or opportunities associated with the activities conducted by entities within a particular industry;

(c) **metrics—**which accompany disclosure topics and are designed to, either individually or as part of a set, provide useful information regarding an entity's performance for a specific disclosure topic;

(d) **technical protocols—**which provide guidance on definitions, scope, implementation and presentation of associated metrics; and

(e) **activity metrics—**which quantify the scale of specific activities or operations by an entity and are intended for use in conjunction with the metrics referred to in paragraph IB4(c) to normalise data and facilitate comparison.

Application

Materiality

IB5 The objective of IFRS S2 is to require an entity to disclose information about its climate-related risks and opportunities that is useful to users of general purpose financial reports in making decisions relating to providing resources to the entity.

IB6 The disclosure topics and associated metrics contained in this guidance and its related volumes have been identified as likely to result in useful information for users of general purpose financial reports. However, the responsibility for making materiality judgements and determinations rests with the reporting entity for all requirements in IFRS Sustainability Disclosure Standards and for all accompanying guidance, including this guidance. An entity is required to disclose information if it concludes that the information is material to users in making decisions relating to providing resources to the entity.

IB7 The disclosure topics and associated metrics in the industry-based guidance are not exhaustive. IFRS S2 requires an entity to consider the full range of climate-related risks and opportunities it faces, including any not identified in this guidance. The entity is required to describe those climate-related risks and opportunities that could reasonably be expected to affect the entity's cash flows, its access to finance or cost of capital over the short, medium or long term ('climate-related risks and opportunities that could reasonably be expected to affect the entity's prospects'), in accordance with paragraph 10(a) of IFRS S2. Accordingly, an entity might need to provide information related to additional topics not included in the industry-based guidance—as well as associated metrics—used by the entity to meet the requirements of IFRS S2. The additional information would be particularly necessary if an entity faces climate-related risks or opportunities that are emerging rapidly or associated with unique aspects of its business model or circumstances.

Selecting the appropriate industry (or industries)

IB8 The industry-based guidance is organised according to the Sustainable Industry Classification System® (SICS®). When preparing disclosures in accordance with the industry-based guidance, an entity is required to identify the particular volume(s) it has applied in preparing its sustainability-related financial disclosures, in accordance with paragraph 59(b) of IFRS S1. As a starting point, an entity can identify its primary industry classification on the SASB Standards website.

IB9 Some entities participate in a range of activities that are likely to span more than one industry. For entities whose operations are integrated horizontally across industries (such as conglomerates) or vertically through the value chain, more than one volume of industry-based guidance may be necessary for completeness. Using more than one volume of industry-based guidance would allow such an entity to detail the full range of climate-related risks and opportunities that could reasonably be expected to affect the entity's prospects.

Compatibility with SASB Standards

IB10 The industry-based guidance has been derived from SASB Standards. An entity that has, in a prior reporting period, used SASB Standards to prepare disclosures will find that the guidance is consistent with SASB Standards. Such consistency includes the:

(a) industry classifications;

(b) disclosure topics;

(c) metrics and technical protocols; and

(d) activity metrics.

IB11 Where applicable, the industry-based guidance is accompanied by the relevant SASB metric code to assist preparers who have previously used SASB Standards.

Identifying risks and opportunities and preparing disclosures

IB12 Paragraph 10 of IFRS S2 requires an entity to identify and describe the climate-related risks and opportunities that could reasonably be expected to affect the entity's prospects, including those associated with one or more particular business models, activities or other common features that characterise participation in an industry. In fulfilling the industry-based disclosure requirement, preparers are required to refer to and consider the applicability of the industry-based guidance as a starting point for identifying climate-related risks and opportunities. In particular, the disclosure topics in this guidance describe specific climate-related risks or opportunities associated with the activities conducted by entities within a particular industry.

Example 1
An entity in the automobiles industry might review the guidance and determine that the disclosure topic on 'Fuel Economy and Use-phase Emissions' is applicable to its circumstances. The disclosure topic notes that '[M]otor vehicle fossil fuel combustion accounts for a significant share of greenhouse gas (GHG) emissions contributing to global climate change' and that '[m]ore stringent emissions standards and changing consumer demands are driving electric vehicle and hybrid market expansion, as well as for high fuel-efficiency conventional vehicles.' Accordingly, the disclosure topic could describe either a transition risk—if the entity takes action to mitigate the risk of changing buyer preferences and adapt its business model—or a climate-related opportunity—if the entity innovates to meet or exceed regulatory standards and capture an increasing share of an evolving market.

IB13 Paragraphs 13–22 of IFRS S2 require an entity to provide additional information on the climate-related risks and opportunities identified and described in paragraph 10 of IFRS S2. In preparing its climate-related financial disclosures, an entity is required to refer to and consider the applicability of

the metrics associated with the industry-based guidance, in accordance with paragraph 23 of IFRS S2.

Example 2
The automaker (see Example 1) would disclose information about the 'Fuel Economy and Use-phase Emissions' disclosure topic in accordance with the industry-based guidance. For example, the entity would use the associated metrics, including the fuel economy of the entity's fleet (metric TR-AU-410a.1) and its sales of zero-emission vehicles (metric TR-AU-410a.2). These disclosures would help fulfil the industry-based requirements and those related to metrics and targets. However, the entity might also use the disclosures to fulfil the requirement in paragraph 14(c) of IFRS S2 to disclose quantitative information about the progress of plans disclosed in accordance with paragraph 14(a) of IFRS S2. This information would help users understand how the entity plans to achieve the climate-related targets it has set.

Preparing information to fulfil cross-industry metric categories

IB14 The industry-based guidance can assist entities in meeting the requirements for disclosures related to cross-industry metric categories in paragraphs 29(a)–(e) of IFRS S2. For example:

(a) paragraph 29(a) requires the disclosure of the entity's gross Scope 1 greenhouse gas emissions, which an entity in the semiconductors industry might enhance by disclosing the amount of Scope 1 greenhouse gas emissions from perfluorinated compounds (see metric TC-SC-110a.1);

(b) paragraph 29(c) requires the disclosure of quantitative information related to an entity's exposure to climate-related physical risk, which an entity in the agricultural products industry might fulfil by disclosing the percentage of key crops sourced from water-stressed regions (see metric FB-AG-440a.2);

(c) paragraph 29(d) requires the disclosure of quantitative information related to an entity's climate-related opportunities, which an entity in the chemicals industry might fulfil by disclosing its revenue from products designed for use-phase resource efficiency (see metric RT-CH-410a.1); and

(d) paragraph 29(e) requires the disclosure of quantitative information about an entity's climate-related capital deployment, which an entity in the oil and gas industry might fulfil by disclosing the amount it has invested in renewable energy (see metric EM-EP-420a.3).

IB15 Regardless of whether a preparer identifies a direct or explicit connection between a specific cross-industry metric category and a given industry-based disclosure topic or its corresponding metric(s), the entity shall refer to and consider the applicability of its full set of relevant industry-based guidance to present fairly the climate-related risks and opportunities to which it is exposed.

IB16 The industry-based guidance associated with IFRS S2 is published in separate industry-based volumes, labelled as Volumes 1–68 of the *Industry-based Guidance on Implementing IFRS S2*, as outlined in Table 1.

Table 1: Volumes 1–68: Industry-based Guidance

SICS® sector and industry	IFRS S2 volume
Consumer Goods	
Apparel, Accessories & Footwear	1 (CG-AA)
Appliance Manufacturing	2 (CG-AM)
Building Products & Furnishings	3 (CG-BF)
E-Commerce	4 (CG-EC)
Household & Personal Products	5 (CG-HP)
Multiline and Specialty Retailers & Distributors	6 (CG-MR)
Toys & Sporting Goods	
Extractives & Minerals Processing	
Coal Operations	7 (EM-CO)
Construction Materials	8 (EM-CM)
Iron & Steel Producers	9 (EM-IS)
Metals & Mining	10 (EM-MM)
Oil & Gas–Exploration & Production	11 (EM-EP)
Oil & Gas–Midstream	12 (EM-MD)
Oil & Gas–Refining & Marketing	13 (EM-RM)
Oil & Gas–Services	14 (EM-SV)
Financials	
Asset Management & Custody Activities	15 (FN-AC)
Commercial Banks	16 (FN-CB)
Consumer Finance	
Insurance	17 (FN-IN)
Investment Banking & Brokerage	18 (FN-IB)
Mortgage Finance	19 (FN-MF)
Security & Commodity Exchanges	
Food & Beverage	
Agricultural Products	20 (FB-AG)
Alcoholic Beverages	21 (FB-AB)
Food Retailers & Distributors	22 (FB-FR)

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SICS® sector and industry	IFRS S2 volume
Meat, Poultry & Dairy	23 (FB-MP)
Non-Alcoholic Beverages	24 (FB-NB)
Processed Foods	25 (FB-PF)
Restaurants	26 (FB-RN)
Tobacco	
Health Care	
Biotechnology & Pharmaceuticals	
Drug Retailers	27 (HC-DR)
Health Care Delivery	28 (HC-DY)
Health Care Distributors	29 (HC-DI)
Managed Care	30 (HC-MC)
Medical Equipment & Supplies	31 (HC-MS)
Infrastructure	
Electric Utilities & Power Generators	32 (IF-EU)
Engineering & Construction Services	33 (IF-EN)
Gas Utilities & Distributors	34 (IF-GU)
Home Builders	35 (IF-HB)
Real Estate	36 (IF-RE)
Real Estate Services	37 (IF-RS)
Waste Management	38 (IF-WM)
Water Utilities & Services	39 (IF-WU)
Renewable Resources & Alternative Energy	
Biofuels	40 (RR-BI)
Forestry Management	41 (RR-FM)
Fuel Cells & Industrial Batteries	42 (RR-FC)
Pulp & Paper Products	43 (RR-PP)
Solar Technology & Project Developers	44 (RR-ST)
Wind Technology & Project Developers	45 (RR-WT)
Resource Transformation	
Aerospace & Defence	46 (RT-AE)
Chemicals	47 (RT-CH)
Containers & Packaging	48 (RT-CP)
Electrical & Electronic Equipment	49 (RT-EE)

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SICS® sector and industry	IFRS S2 volume
Industrial Machinery & Goods	50 (RT-IG)
Services	
Advertising & Marketing	
Casinos & Gaming	51 (SV-CA)
Education	
Hotels & Lodging	52 (SV-HL)
Leisure Facilities	53 (SV-LF)
Media & Entertainment	
Professional & Commercial Services	
Technology & Communications	
Electronic Manufacturing Services & Original Design Manufacturing	54 (TC-ES)
Hardware	55 (TC-HW)
Internet Media & Services	56 (TC-IM)
Semiconductors	57 (TC-SC)
Software & IT Services	58 (TC-SI)
Telecommunication Services	59 (TC-TL)
Transportation	
Air Freight & Logistics	60 (TR-AF)
Airlines	61 (TR-AL)
Auto Parts	62 (TR-AP)
Automobiles	63 (TR-AU)
Car Rental & Leasing	64 (TR-CR)
Cruise Lines	65 (TR-CL)
Marine Transportation	66 (TR-MT)
Rail Transportation	67 (TR-RA)
Road Transportation	68 (TR-RO)

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