

# City of Mississauga Sustainability Reporting

Environmental Action Committee April 2024

## **ESG Reporting Environment**

### Emerging requirements to report

Municipalities are not formally required to report under standards issued by the ISSB and other frameworks, but the IPSASB Sustainability Steering Committee is working on public sector guidance.

### Emerging assurance standards

Certain municipalities are considering limited assurance on certain ESG performance indicators. International Standard on Sustainability Assurance 5000, General Requirements for Sustainability Assurance Engagements in the consultation phase. A clear split in readiness to report

#### Leading municipalities are advancing on climate and biodiversity reporting

Growing best practices in municipal reporting against various frameworks (United Nations Sustainable Development Goals; Sustainability Accounting Standards Board; TCFD; GRI)

### The ESG imperative for investing

ESG has a direct correlation to the ability to attract investment into your community.



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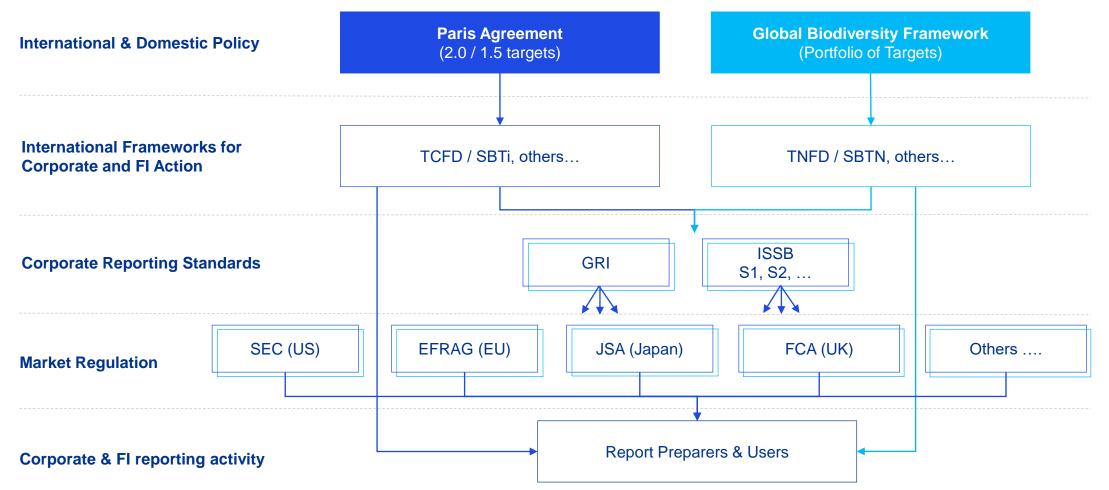
# Leading ESG guidance and reporting frameworks

GRI	Value Reporting Foundation (VRF) / Consolidation into International Sustainability Standards Board		TCFD	CDP	UN SDGs
Global Reporting Initiative	SASB Standards	<ir></ir>	Task Force on Climate- related Financial	(Formerly know as Carbon Disclosure Project)	United Nations Sustainable Development Goals
	Sustainability Accounting Standards Board	Integrated Reporting Framework	Disclosures		
<ul> <li>Provides E, S and G topic level disclosures for material focus areas, which include both qualitative and quantitative disclosures</li> </ul>	<ul> <li>Focused, standardized reporting framework tailored to specific industries and is geared more toward an investor audience</li> </ul>	<ul> <li>Includes an organization's strategy, governance, performance and prospects, in the context of its external environment</li> </ul>	<ul> <li>Framework that requires organizations to assess risk and opportunities poised by climate change to the organization and it's operations</li> </ul>	<ul> <li>Non-profit organization for companies and other organization to submit and disclose details of their environmental impacts         – typically GHG emissions and water</li> </ul>	<ul> <li>The SDGs are 17 goals to achieve "a better and more sustainable future." The goals address the well-being of people and the planet.</li> </ul>



Key emerging regulations and frameworks

# How does TNFD fit into the emerging reporting architecture?





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### 01 What has been released?

#### The general standard sets the foundation

- General features of sustainability reporting, including on materiality.
- A content structure across the four areas of governance, strategy, risk management, and metrics and targets.
- Practical guidance, including on presentation of information.

#### The climate standard provides additional detail

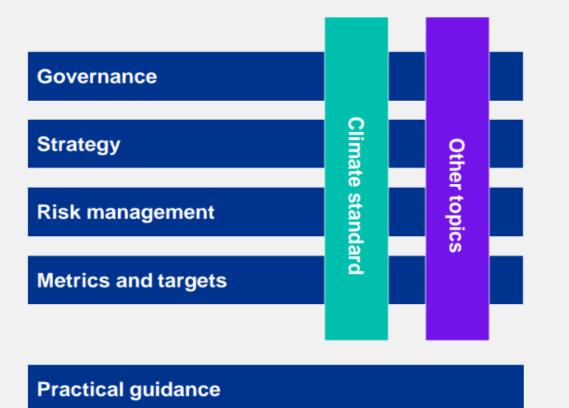
It builds on the four content areas with additional guidance, particularly in relation to:

- disclosure of risks, climate transition plans, GHG emissions and scenario analysis; and
- · general and industry-specific metrics.

#### Future standards are expected to follow

 Additional standards are expected in the future, providing general and industry-specific guidance on other topics – e.g. biodiversity.

#### **General features**



**General standard** 

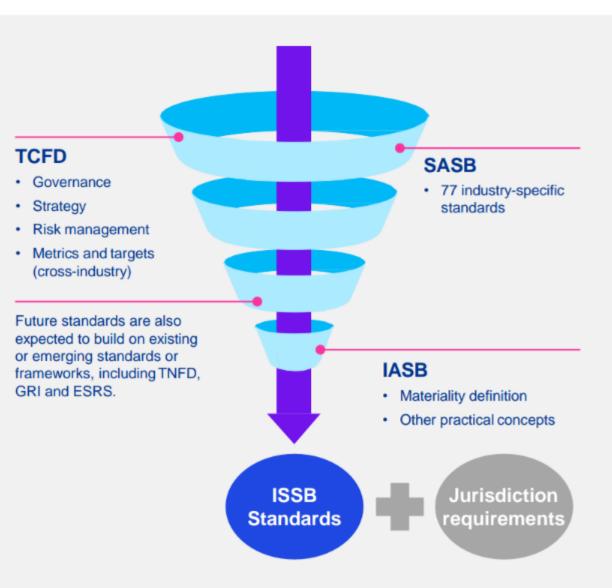
## 03 What are the standards based on?

#### Consolidating the latest thinking of existing frameworks and standards

- Follow the four pillars of the TCFD's recommended disclosures: governance, strategy, risk management, and metrics and targets.
- Enhanced by climate-related, industry-specific metrics derived from the SASB's 77 industry-specific standards.
- Incorporate concepts and principles used in IFRS Accounting Standards from the IASB.
- Additional input from other frameworks and stakeholders, including CDSB and Integrated Reporting.

#### Bringing financial reporting concepts to sustainability reporting

 Built using a similar approach to IFRS Accounting Standards.



## Key elements of the reporting journey

Plenty of areas to focus on as your municipality matures. Consider these possible inputs to your audit process:

#### **Criteria / Metrics**

- Are metric definitions comparable to industry peers and investor expectations?
- Is there consistency across ESG metrics (e.g. geographical locations, type of employee)

#### Controls

- Have key process level controls been identified for each metric and disclosure?
- Have control owners been identified and do they have appropriate knowledge and skill to perform the control?
- Is there periodic review and testing of ESG reporting controls?

### Communication & Training

- Are responsible individuals cross-functional?
- Is there a specific Committee for ESG metric monitoring?
- Do control owners receive ongoing training on ESG reporting?
- What are common ESG knowledge gaps in Management?

#### Efficiency

 Are current initiatives effective in progress towards strategic goals or is more investment needed?

 Can ESG data be leveraged from established systems or processes subject to existing controls?

#### **Digital Enablement**

 What systems and technologies are used to accurately record and capture ESG metric data?

 Can current systems (e.g. Oracle, Workday) be used for data capture and/or a central repository for all ESG information?

#### Will ESG disclosures and reporting meet new accounting standards? (e.g.

ISSB, CSRD)

Disclosure

- Location of disclosed ESG information? (e.g. standalone ESG report, MD&A, press releases, website)
- Can disclosures be easily compared to peers by an information user?



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## The roadmap to ESG maturity

**Bringing Council Along the Journey.** Council should be engaged in your sustainability journey, and progress against priorities.. Ensure the Board, and Senior Management are **aligned on vision, strategy, and sustainability action plans.** Support a culture that drives the transition towards a more purposeful ESG oriented municipality.

Engage proactively with your community stakeholders and be transparent with disclosures.

Regularly update vulnerability risk assessments, planning for future disruptions with mitigation plans.

Integrate and embed ESG, climate and biodiversity related risks and opportunities into the municipality's strategy, asset management, capital planning and risk management processes.

Ensure there is a **clear line of reporting to Senior Management and Council** on the most significant ESG risks and priorities.

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Set up a **cross-functional oversight working group** drawing from various functions and teams to implement ESG related plans. **Build ESG reporting acumen** by starting to report on TCFD and TNFD elements.

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Sources: Directors Quarterly (2022) – KPMG Global; Human Rights Boardroom Questions (2017) – KPMG Global

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### **Contact Us**

# Thank you for joining us.



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