Deloitte.

Step 5

Regularly monitor and report

Assess, evaluate and disclose on the climate-led transformation

There is an urgent need for more consistent and comparable reporting frameworks and standards. Businesses are facing increasing pressure to disclose their climate-related risks, impacts and strategies for combatting climate change.

Cover image:
The Mekong River is the longest river in Southeast Asia. The river has a length of approximately 4,900 km, flowing from its source on the Tibetan Plateau in China through Myanmar, Lao People's Democratic Republic, Thailand, Cambodia and Vietnam via a large delta into the sea.

Reflection on office building glass windows with curve lines.

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Dive deeper into the practical guides for each step to move from ambition to action

The 5-Step Climate-led Transformation Framework

Understand your organization's current state, identify and prioritize the material climate-related issues facing your business, and define and commit to a climate aspiration/target that suits your business.

Step 1 will allow your organization to understand how to set ambitious yet achievable climate targets for your organization.

Read Step 1:
Commit to a climate aspiration

Assess the strategic impacts of the climate on your organization, the importance of engaging key stakeholders, identifying the best response options and opportunities, and create a detailed climate implementation roadmap.

Step 2 will help to ensure your organization has an integrated strategy to reduce your carbon footprint and climate risks and create value through climate-related opportunities.

Read Step 2:
Develop a climate strategy

Identify the operating model changes required to realize your climate aspirations and execute your climate strategy.

Step 3 will support your organization to reflect on its current state, design the future state operating model and determine the steps needed to achieve success.

Read Step 3:
Align the operating model

Identify capability gaps and barriers in your organization, understand your capability requirements, and implement initiatives, tools and metrics to increase your capabilities to deliver your climate strategy.

Step 4 will empower your organization to help achieve your climate goals through targeted and effective capability development.

Read Step 4:
Enhance organizational capability

Identify what your organization needs to monitor and report and the capabilities and operational changes required.

Step 5 will help enable your organization to disclose according to stakeholder needs, ensure your management has the information needed to adjust strategy over time, identify savings and costs and be accountable for performance.

Read Step 5:
Regularly monitor and report

Step 5

Regularly monitor and report

The Climate-led Transformation Framework can help your organization begin, progress or advance its journey to implement its climate strategy, orchestrating change to positively impact business outcomes.

The application of this framework is not necessarily linear or singular and Step 5 'Regularly monitor and report' refers to the various considerations needed to monitor your climate strategy to ensure that it is delivering your climate aspiration, and to disclose performance in line with the reporting standards required for your organization.

While your climate aspirations, targets and strategy are unique, there are industry-leading Environmental, Social and Governance (ESG) frameworks and reporting standards to guide your organization.

Regardless of whether your organization already monitors and reports certain climate-related data, or if this is new for your organization, the components in this framework can help ensure your organization's ongoing climate-led transformation journey is measured through regular monitoring and reporting.

Step 5 will help to guide your organization through the process of implementing the systems, processes and organizational capabilities necessary to effectively monitor and report your ESG metrics and climate-related data.

Key considerations in this stage of the climate-led transformation journey might include:

- Do you have the information needed to effectively track and monitor your organization's climate initiatives?
- What stage of readiness is your organization at in reporting against the required and emerging standards?

As your organization commits to tracking and monitoring your ESG metrics and climate-related data, it is critical to understand that for ESG and climate monitoring to succeed and deliver value, an organization-wide commitment is needed.

Your organization's climate aspirations must be aligned and owned across all departments, with strategy execution supported by its most senior members. Monitoring and evaluating progress and disclosing performance must also be driven from the top.

Investing in understanding your reporting requirements and how to effectively embed them in your organization's capabilities and processes will help ensure you have reliable, timely data available to meet your disclosure requirements. This will also help to enable you to track the implementation of your climate strategy, and provide additional value, insight and assurance to your investors and stakeholders.

Technology is a vital asset your organization can utilize to help harmonize the collection and tracking of information and insights derived from all areas of your organization from financial, operational and climate-related data. Investing in the appropriate systems and processes will not only enable data to help drive value creation and provide new strategic options within your organization, but can also allow your organization to remain agile and adjust course when certain initiatives are no longer effective.

So, what actions are required to establish and report against global and regional standards?

1. Assess your monitoring and reporting needs and readiness to disclose
2. Understand what improvements are needed to enhance your monitoring and reporting capabilities
3. Operationalize monitoring and reporting within your organization

Assess your monitoring and reporting needs and readiness to disclose

The global ESG-related regulatory landscape is at risk of becoming increasingly fragmented with the emergence of different ESG standards and the introduction of different emissions requirements and reporting metrics by individual governments.

To help counter the risk of further fragmentation, several efforts are underway to create an authoritative standard. The International Financial Reporting Standards (IFRS) Foundation established the International Sustainability Standards Board (ISSB) to develop standards that will result in a high-quality, comprehensive global baseline of sustainability-related disclosures.[1]

In parallel, regional standards are also being developed, including the European Union's (EU) Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS) for businesses operating in Europe, and the Securities and Exchange Commission (SEC) rules to standardize climate-related disclosures in the United States.

The hope is for these efforts to pave the way for greater standardization of sustainability and climate-related, ESG reporting standards.[2]

Furthermore, there is an increasing focus on biodiversity loss as a result of climate change and many other human impacts since more than half the world's economic output is moderately or highly dependent on nature.[3] Emerging frameworks being set by the Taskforce on Nature-related Financial Disclosures (TNFD) aim to support a shift in global financial flows away from nature-negative outcomes.

Disclosures against global or regional standards will have a significant impact on how organizations conduct business, how investors finance and how individuals consume products and services.

Non-financial ESG-related disclosures are increasingly gaining importance alongside financial disclosures' increased regulation and assurance requirements. These relate to both 'outside-in and inside-out' measures known as double materiality–how your business operations are affected by sustainability and climate-related issues and how your organization's activities impact society and the environment.

To effectively monitor and report climate-related data, it is vital your organization understands the target audience, the purpose of data monitoring and reporting, and formulates a clear data strategy.

Internal and external reporting have different target audiences and purposes and will require different approaches. Aligning to recognized global and regional reporting frameworks and standards will help ensure that your organization applies a consistent, robust approach to reporting and positions your organization to take a leading role toward a low-carbon future.

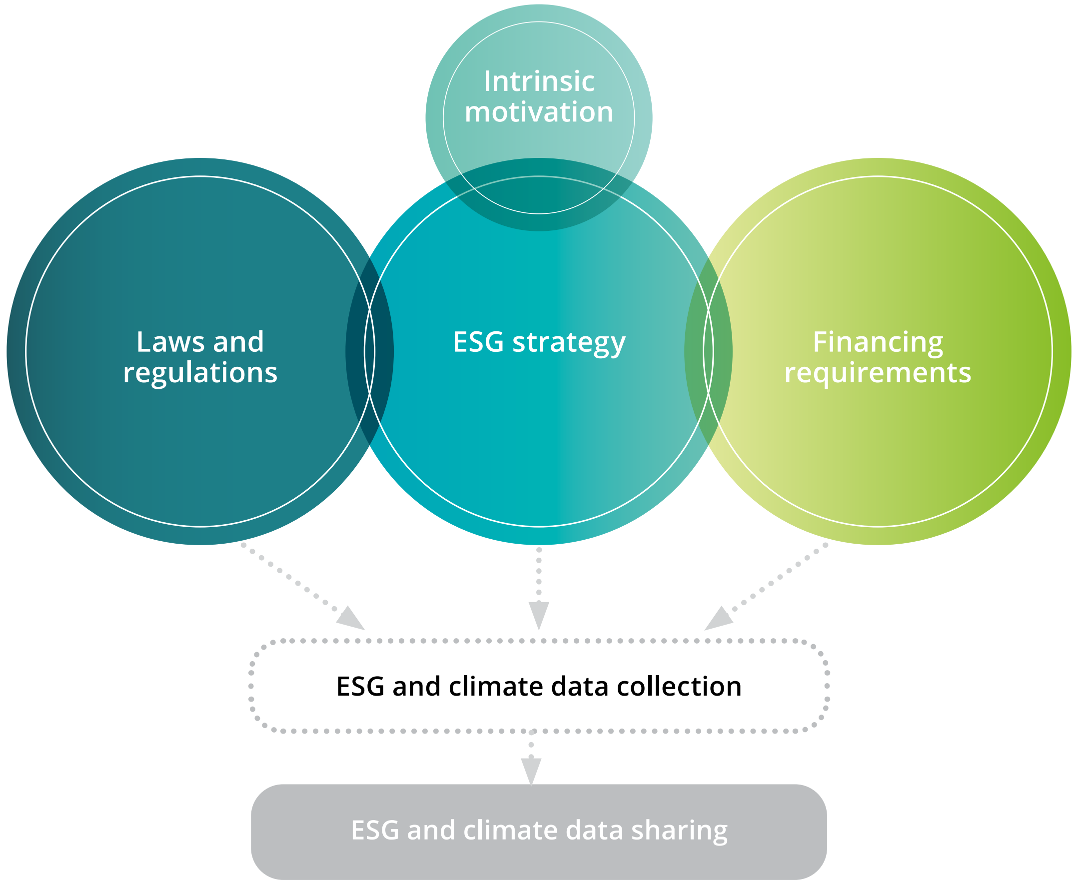
It is imperative to understand the difference between internal and external reporting and how to leverage each process within your organization's climate strategy.

Internal reporting generally measures and monitors specific performance metrics or key performance indicators (KPIs) to support and inform managerial decisions. Its purpose and usage can vary widely depending on your organization's specific targets. External reporting, on the other hand, is generally guided by set standards, regulatory requirements or specified reporting frameworks.

Leveraging both internal and external forms of reporting can offer invaluable insights that can help inform and direct your climate-led transformation.

By measuring the cumulative effect of your climate initiatives over time, and assessing their impacts regularly, your organization will be better positioned to manage risk while also delivering shareholder value and increasing long-term organizational climate resilience.

Figure 1: Key differences and importance of internal and external reporting[4]



Align with global reporting standards

As efforts to establish a global standard-setting body for global ESG initiatives continue, it is important to align your organization's reporting policies with leading third-party frameworks and standards.

Standards developed by the Task Force on Climate-Related Financial Disclosures (TCFD) and Sustainability Accounting Standards Board (SASB), for example, are forming the basis of regional standards and the global convergence towards a centralized reporting framework.

To select industry-comparable metrics, peer benchmarking can also help determine the macro trends within your industry and how these trends align with your organization's climate strategy.

In addition to closely following the global developments relating to harmonization efforts, such as the World Economic Forum's Stakeholder Capitalism Metrics[5] initiative, it is also valuable to integrate ESG metrics into your internal audit plans and evaluate the type and level of external assurance that you will likely require to help meet stakeholder expectations.

Key considerations:

- Does your organization's internal ESG standards reflect global and industry standards?
- What frameworks are better suited for your organization's climate targets and unique business needs?

Aligning your organization with leading standards and industry benchmarks and regionally relevant regulations will help ensure that your organization is well-positioned as the global ESG standard-setting body emerges.

Unsure of the different frameworks and which best apply to your organization? Keen to understand how they can be used across the different steps in the climate-led transformation framework?
See the Overview.

Case study

City Developments Limited

Listed on the Singapore Exchange, City Developments Limited (CDL) is a leading global real estate company with a geographically diverse portfolio spanning 143 locations in 28 countries and regions. Recognizing that the real estate sector is in a prime position to move the needle in the race to net-zero, CDL's corporate ethos of "Conserving as We Construct", has helped it to be one of the pioneering companies to trailblaze the sustainability journey (see Figure 3).

A Blended Two-Pillar Reporting Framework

As early as 2008, CDL published the first sustainability report by a Singapore company. To-date, CDL has published 16 reports, adopting an integrated approach since 2015. Designed for the tracking and reporting of its annual sustainability performance, CDL prioritised disclosures on energy usage at its operations as well as its CSR activities. Its sustainability report's scope and quality has progressed over the years, adding relevant global ESG standards, benchmarks, and ratings. Leveraging the GRI Standards as its core reporting framework since 2008, CDL's sustainability reporting framework has expanded into a unique blended model. CDP was added since 2010, the Global Real Estate Sustainability Benchmark (GRESB) since 2013, Integrated Reporting approach since 2015, Sustainable Development Goals (SDG) Reporting since 2016, TCFD framework since 2017, Science Based Targets initiative (SBTi) since 2018, SASB Standards and the Climate Disclosure Standards Board (CDSB) Framework since 2020. Some of these components of its frameworks have been integrated into the ISSB S1 and S2 standards announced globally on 26 June 2023.

In anticipation of the global reporting standards harmonisation efforts, CDL made a bold attempt to consolidate its 10 standards and ratings used in its reporting model into a two-pillar ESG disclosure framework. This has been successfully implemented in its 16th Integrated Sustainability Report issued on 28 March 2023. It effectively articulates its ESG performance that creates value for business and investors as well as the impact on the planet and people (see Figure 4).

The double materiality concept

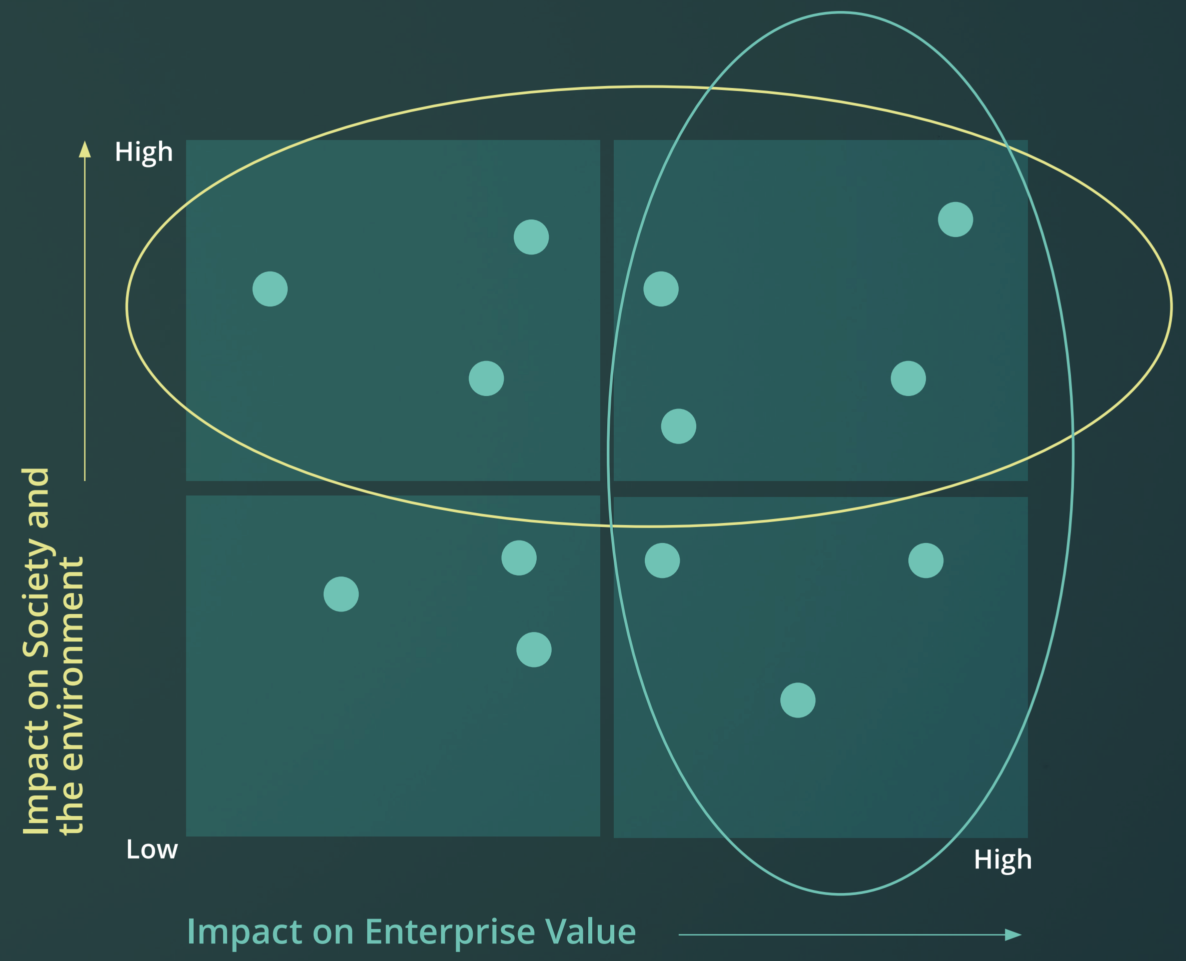
The double materiality concept is central to current developments in ESG reporting. The EU Green Taxonomy and guidelines on reporting climate-related information, for example, recently confirmed double materiality as the basis for comprehensive non-financial information disclosure. Similarly, the EU's CSRD, on schedule for implementation in 2023, will also incorporate double materiality.[6]

Double materiality acknowledges that risks and opportunities can be material from both financial and non-financial perspectives and recognizes that organizations must manage and take responsibility for both actual and potential adverse impacts of their decisions on people, society, and the environment.

It requires that both impact materiality and financial materiality be applied, without ignoring their interactions[7], where:

- **Impact materiality** refers to the identification of ESG issues that are material in terms of the impacts on the reporting entity's own operations and its value chain. This assessment should consider the severity (scale, scope and remediability), and where appropriate, the likelihood of actual and potential negative impacts on people and the environment; the scale, scope, and likelihood of actual positive impacts on people and the environment; and the urgency derived from social or environmental public policy goals and planetary boundaries.
- **Financial materiality** refers to the identification of ESG issues that are financially material for the reporting entity based on evidence that such matters are reasonably likely to affect its value beyond what is already recognized in financial reporting. The determination of financially material effects can rely on nonmonetary quantitative or monetary quantitative/qualitative data while recognizing the dynamic relationship between the two.

Figure 2: Example of a double materiality assessment



Understand your readiness to disclose

ESG-related disclosures such as the ISSB stress the interrelationship between climate-related risks and opportunities and their impact on enterprise value.

This emerging global set of baseline ESG-related disclosures will be used by shareholders and investors to understand risks and opportunities by considering the potential financial impacts of climate-related issues.[8]

It is imperative for organizations to evaluate their systems, processes, data and controls in place to effectively report and disclose. However, changes to these systems take time, and your organization must be ready once these standards are released.

Developing your data strategy

Data is a key component of all ESG reporting and it is important to optimize your organization's data strategy. Since data is multifaceted and often resides in multiple systems across an organization's ecosystem, challenges such as a lack of coordination and incomplete or inconsistent data standards can impede the flow of data across your organization.

To ensure your climate-related data is accurate, timely and consistent across your organization's data system, you will need to develop a strategy that integrates data management with the use of technology, controls and processes.

This strategy should cover the following key dimensions[9]

Definition of metrics
Standard protocols and measurements in compliance with the relevant standards, assumptions, projections and conversion factors for use in calculations, and protocols for avoiding aggregation and conversion errors (e.g., US ton vs. metric ton).

Methodology
Comprehensive, comparable and consistent method of collection and reporting of climate-related data to allow data users and decision makers to gain a clear understanding of your organization's ESG performance over time, including current impacts against past impacts and future targets.[10]

Roles and responsibilities
Clear allocation and definition of ownership and responsibilities and formal procedures to help ensure sufficient knowledge-sharing.

Technology and processes
Formal reporting processes, definitions and descriptions of relevant data, and robust interfaces between manual and automated processes.

Internal controls
Formal and operational control systems for non-financial key metrics, design of controls to help address the risk of false statements, and implementation and operating effectiveness of controls.

Improve your monitoring and reporting capabilities

An effective climate-led transformation requires effective leadership and processes to deliver against the climate strategy.

It is vital that your organization's senior leadership understand the importance of sustainability and climate data reporting and monitoring for your climate strategy, operations and value proposition to your customers and shareholders.

Once your senior leadership is aligned on the importance of reporting and monitoring, the next step is to ensure your methods of measuring and reporting are effective for your unique business needs and can be leveraged to support your organization's climate strategy.

Does your organization need to develop a climate strategy? Unsure of how your climate targets, strategy and reporting needs intersect? *See Step 2 'Develop a climate strategy'.*

Understand the capabilities of the board and senior management

To monitor the progress of your organization's ESG integration, your board and senior management team needs to understand how ESG considerations are linked to strategy, opportunities and risks, especially those which are climate-driven.

Given the inherent complexities of such an endeavor, your senior leadership will need to be familiar not only with the overarching strategic direction of your organization as it relates to your climate strategy, but also the specifics, including the ESG measurement criteria.[11]

Boards and ESG committees will need these capabilities to counsel and challenge management regularly to understand how your organization's ESG and climate-related initiatives are maturing and delivering against the climate strategy. Senior management teams will also require knowledge and insight as they are usually leading the effort to cascade ESG considerations into the strategies, plans and operating models of each department.

It is therefore crucial that, as a first step, your organization develops a comprehensive understanding of the capabilities your board and senior management team may need regarding ESG and climate-related requirements.

With this knowledge, training and education sessions and upskilling opportunities can be tailored to your organization to help address any existing capability gaps and enhance skillsets related to managing the ESG integration process.

Want to understand the methods and considerations to help you assess, define and enhance your board and senior management's climate capabilities? *See Step 4 'Enhance organizational capability'.*

Case study

City Developments Limited

Direct Board Oversight

CDL believes that integrating sustainability at the highest governance level is key to enabling strategic oversight of ESG issues for long-term value creation. To this end, its Board Sustainability Committee was established in 2012 to ensure direct advisory supervision of CDL's sustainability strategy, material ESG issues, work plans, performance targets, and sustainability reporting.

The Board Sustainability Committee convenes at least twice annually to discuss CDL's sustainability plans and review its performance. CDL's Chief Sustainability Officer (CSO), who is responsible for the ESG integration of the Group's business, operations and growth, reports directly to the Board Sustainability Committee.

Leverage technology to embed ESG metrics and climate-related data into core business processes

Embracing new technology solutions and platforms enables your organization to develop a holistic reporting solution that includes transparent data and visibility over financial, operational, compliance, environmental and other climate-related and social-related metrics.

This will empower your organization to understand its progress against key markers and checkpoints in your climate strategy and adjust your efforts when needed.

There are a growing number of technology solutions currently available and emerging from various vendors, including the following:

- **Oracle's risk and performance management solutions:** Provided through Oracle Cloud, these solutions enable organizations to measure, manage, and report on sustainability initiatives with environmental data that is comprehensive, auditable, and timely. This is achieved through solutions that cover all aspects of the nexus of information technology (IT) and sustainable business practices, hardware, technology, and applications, from cloud data centers to business intelligence to smart utility grids.

- **SAP Sustainability Control Tower:** Using established frameworks such as the Global Reporting Initiative (GRI) and TCFD, SAP Sustainability Control Tower offers transparency across financial, operational, compliance, environmental, and social data to integrate and automate sustainability reporting and enterprise performance management solutions. This enables organizations to embed ESG throughout their organization and gain actionable insights across the value chain.

- **Workday Adaptive Planning:** Many organizations have reached an impasse in responding to pressures to comply with carbon emissions reduction targets because these data metrics usually sit apart from financial metrics. This makes it difficult for organizations to analyze the potential effects of abatement options, and virtually impossible to quantify the bottom-line impact of their carbon reduction strategies. To resolve these issues, Deloitte's Emissions Planning Model, Accelerate2Zero, developed on Workday Adaptive Planning, integrates, and automates three main components of the puzzle: emissions data, financials, and science-based targets. This helps organizations understand the sources of emissions, measure and manage emissions over time, model carbon footprint scenarios, and comply with emissions reduction mandates on tight timeframes.

- **Workiva's ESG reporting platform:** Workiva Inc.'s end-to-end ESG reporting platform supports and automates the process of collection and integration of structured data from multiple source systems as well as unstructured data from different teams. Regardless of ESG frameworks, industry standards, or custom lists, companies can manage and dynamically link the data to produce stakeholder-trusted and audit-ready corporate reporting disclosures including sustainability reports, surveys, statutory disclosures, and internal reporting, all while maintaining complete audit trails, data lineage, security, control, collaboration, consistency, and transparency.

Integrate ESG considerations into the business review process

To establish your organization as an industry leader and stay ahead of the curve in ESG-related disclosure, there are several foundational steps that your organization should take to integrate ESG and climate-related data into the ways your organization evaluates risk, makes decisions and identifies new opportunities[12], including:

- **Giving ESG a permanent spot on the board agenda:** Dedicate time on the agenda for robust discussions on how ESG and climate change are affecting your organization and ensure that the board understands the relevant regulatory requirements and has access to the data it needs to make strategic decisions with ESG in mind.

- **Engaging the board to encourage support for ESG:** Obtain buy-in and visible support from the board to help ensure ESG is a priority and that they receive compelling feedback and data on the impact that ESG matters are having on enterprise value.

- **Dedicating sufficient resources to integrating ESG into the business:** Understand and assign the appropriate skills and resources to lead ESG initiatives and establish a clear link between ESG initiatives and the corporate strategy and business model.

- **Assessing the impact of your strategy:** Monitor how the business strategy is responding to the new business reality caused by climate change and the transition to a low-carbon future and identify areas of opportunity for the organization to have a stronger impact.

- **Being clear about how you will measure success:** Understand what success looks like for your organization in the new low-carbon future and communicate the vision with clear targets and metrics to measure effectiveness. These metrics and targets should flow from your climate targets and strategy.

Enhancing accountability with ESG-linked KPIs

Another key focus area for your organization is accountability. Governance and oversight alone are insufficient to ensure adequate accountability for ESG metrics. To fully integrate accountability at all levels, it is necessary to set ESG-linked targets for key activities across your organization.

These, in turn, must be measured with dedicated KPIs that are relevant to your organization and your stakeholders' material challenges.

By synchronizing your organization's KPIs with ESG-linked KPIs, performance can be better measured with consideration of the societal and environmental impacts for a broader understanding of return on investment (ROI) and the profitability of activities.

The choice of KPIs is crucial, they must be selected based on their added value and be sufficiently limited in number to facilitate reporting and encourage adherence to your climate strategy.

Questions you could ask include:

- Does the right support exist from your organization's board and senior management and are there processes and systems established to provide the required data, insights and knowledge to inform decision-making?
- What technologies are well-suited to your organization's needs and how can you integrate them within your business systems and processes?
- What KPIs could help enable accountability and how are they best integrated and aligned with existing business goals and climate targets?

Want to understand how to design an operating model to deliver on your climate strategy that is aligned with your ESG-linked KPI? *See Step 3 'Align the operating model'.*

Operationalize monitoring and reporting

In the past, financial information was published in corporate reports and ESG information was published in separate corporate social responsibility (CSR) reports.

However, as it is now widely accepted that sustainability and climate-related issues can affect the ability of organizations to create enterprise value over time, or manage climate-related risks, stakeholders increasingly expect to see disclosure of ESG and climate-related information that relates to enterprise value creation in mainstream corporate reporting.

This stance was reflected in the exposure drafts issued by the ISSB in March 2022, which recommended that ESG-related financial information be disclosed at the same time as the financial statements.

Indeed, connectivity with financial information plays a critical role: existing materials by the International Accounting Standards Board (IASB) and Financial Accounting Standards Board (FASB) remind preparers that many current accounting standards already require an entity to consider ESG matters that have a material effect on the financial statements. This is especially true where judgments and estimates are required, for example in assessing the impairment of long-life assets.

Moving beyond long-term financial planning, you should consider how to produce non-financial disclosures of the necessary quality and comparability for your organization. Implementing oversight, control and verification mechanisms of the same rigor as for financial reporting and seeking out independent assurance to enhance the credibility and reliability of this information would be helpful strategies to accomplish this goal.[13]

In the longer term, your organization may also need to make a more fundamental shift in your understanding of value creation and embed ESG and climate-related monitoring and reporting into your overall corporate strategy, governance and risk management processes.

Case study

CITY DEVELOPMENTS LIMITED

Digitalization of its Sustainability Reports

Since 2017, CDL has gone 100% digital for its annual sustainability reports. In addition, the company took a step further to publish an online quarterly sustainability report that tracks its targets set out in the CDL Future Value 2030 Sustainability Blueprint to ensure more timely and transparent disclosures.

Robust External Assurance to ensure Transparency and Credibility

To enhance the credibility of its disclosures and instill confidence in the users of its reports, CDL also undertakes an annual external assurance of its ISR–a practice that has been in place since 2009. In its ISR 2022 and 2023, the assurance level of its disclosures against the GRI Standards and SASB Standards were raised to reasonable assurance; and the disclosures against the CDSB and TCFD frameworks were assured at limited assurance level.

Sustainability Reporting Sharpens Business Advantage

Strategic sustainability reporting has strong impact on a company's triple bottom line, connecting ESG with financial performance. CDL has been a strong supporter of the TCFD vision and was one of the four pioneering Singapore companies to adopt TCFD into its reporting framework in 2017.

Setting targets to measure carbon footprint is critical to manage a company's environmental performance. CDL was the first real estate company in Singapore to have its carbon reduction targets assessed and validated by the SBTi, aligned with 2°C warmer scenario in 2018. In 2021, the company raised its ambitions and renewed its SBTi-validated targets to align with a 1.5°C warmer scenario. The more ambitious targets also support its World Green Building Council (WorldGBC) Net Zero Carbon Buildings Commitment.

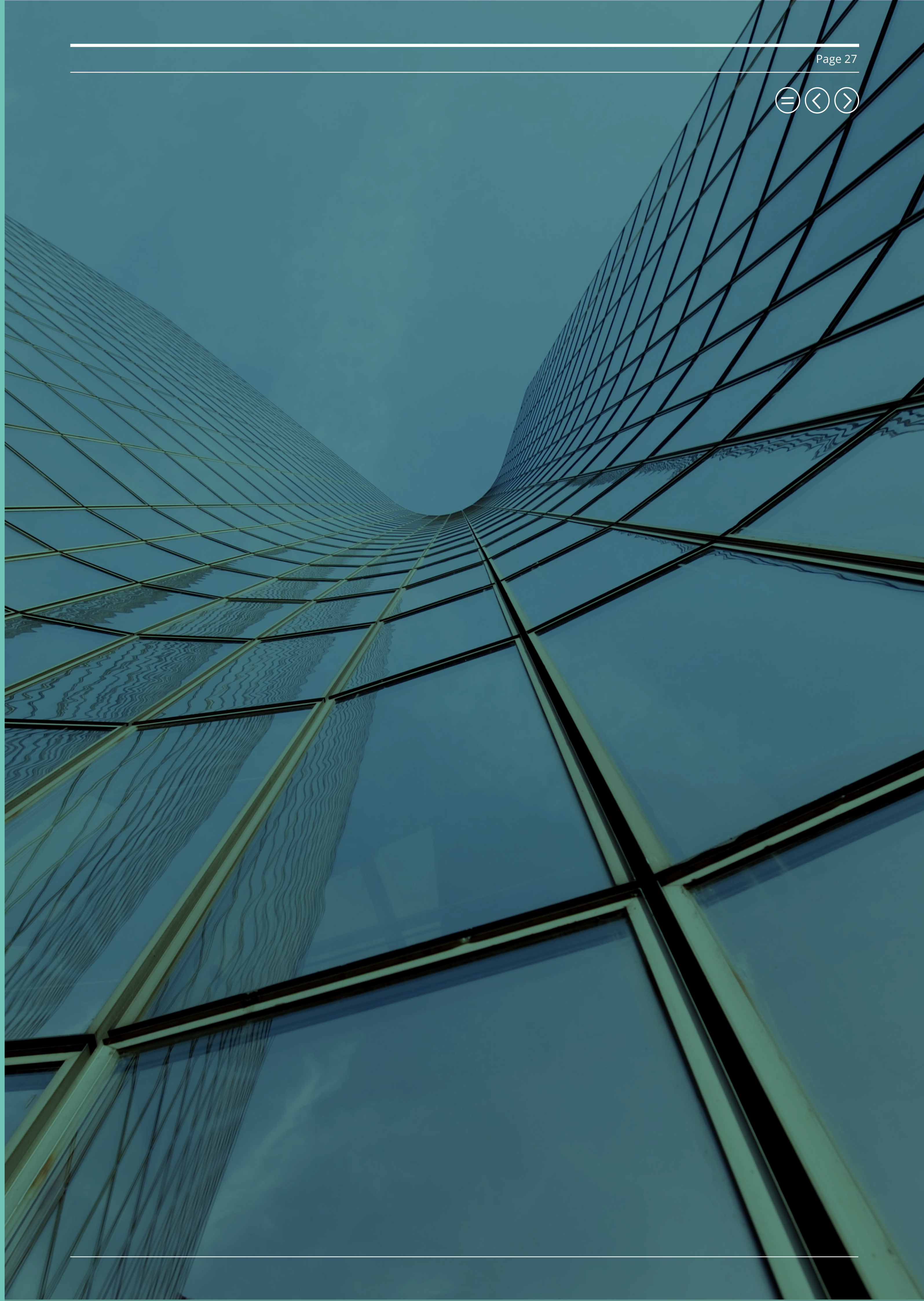
CDL is the only Singapore company on the CDP A List, and the only company in Southeast Asia and Hong Kong to remain on the CDP A List for five consecutive years to-date. The company has received an 'A' score for climate change since 2018 and an 'A' score for water security since 2019.

Step 5
Summary

Your organization will likely have invested significant financial and non-financial resources in reaching this step in the framework.

Ensuring that you are appropriately monitoring and disclosing your ESG and climate-related data is essential to underpin your climate strategy. Preparing to thrive in a low-carbon future is not just good for the planet, people and our ecosystems, it is essential for the future success of your organization in the face of the changing climate.

Taking the final, critical step of ensuring your organization is prepared to monitor, track and report your ESG and climate-related data will provide you with the necessary knowledge to track your successes, make informed decisions and deliver your climate strategy.



Step 5 in action

City Developments Limited case study

Case study

CITY DEVELOPMENTS LIMITED

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1995	Ethos of "Conserving as We Construct" has been the foundation of CDL's sustainability strategy to date
2001	Launched the CDL 5-Star Environmental Health and Safety (EHS) Assessment to engage and raise EHS performance of its supply chain
2003	Rolled out an EHS Policy
2008	Published the first dedicated Sustainability Report by a Singapore company
2012	Set up the Board Sustainability Committee to provide the board oversight of sustainability policies and practices
2014	Appointment of a Chief Sustainability Officer
2015	Formalized a Climate Change Policy
	Established linkages between employee and executive remuneration, and the company's ESG performance, including performance indicators aligned with global standards such as ISO 26000, ISO 14001, GRI Standards and UN SDG
2016	Became the first Singapore developer to validate greenhouse gas (GHG) emissions against ISO 14064: Greenhouse Gases
2017	Launched the CDL Future Value 2030 Sustainability Blueprint setting out strategic ESG goals that are aligned with global and national sustainability goals and plans
	Became one of four pioneering Singapore companies to adopt TCFD reporting
	Launched the first green bond by a Singapore company
2018	Became the first real estate company in Singapore to have its 2°C-aligned carbon reduction targets assessed and validated by SBTi
2019-20	Completed two climate change scenario studies
2020	Conducted supply chain segmentation study to study Scope 3 emissions of its supply chain
2021	Signed the WorldGBC Net Zero Carbon Buildings Commitment, and pledged to achieve net-zero operational carbon by 2030 in February; expanded to cover whole-life cycle approach at COP26 in November
	Commenced third climate change scenario study to account for impacts of COVID-19 and COP26 outcomes
	Renewed SBTi-validated targets aligned with 1.5°C warmer scenario
	First corporate sustainability reporter in the region to have its TCFD report externally assured, in addition to the auditing of GRI, SASB and CDSB disclosures
2022	First real estate company to receive a plastic neutral certification for one of its commercial properties, 11 Tampines Concourse
	Pledged to support COP27 Action Declaration to Strengthen Climate Policy Engagement
2023	First in Southeast Asia to apply two-pillar ESG disclosure framework in its 16th Integrated Sustainability Report to capture value and impact
	Maintained its position as the world's most sustainable real estate management and development company in Corporate Knights' Global 100 Most Sustainable Corporations in the World since 2020

Step 5	CDL's actions and commitment

Assess your monitoring and reporting needs and readiness to disclose

A Blended Two-Pillar Reporting Framework

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In anticipation of the global reporting standards harmonisation efforts, CDL made a bold attempt to consolidate its 10 standards and ratings used in its reporting model into a two-pillar ESG disclosure framework. This has been successfully implemented in its 16th Integrated Sustainability Report issued on 28 March 2023. It effectively articulates its ESG performance that creates value for business and investors as well as the impact on the planet and people (see Figure 4).

Figure 4: CDL's Two-Pillar ESG Disclosure & Reporting Framework, Capturing Value and Impact

Step 5	CDL's actions and commitment

Improve your monitoring and reporting capabilities

Direct Board Oversight

CDL believes that integrating sustainability at the highest governance level is key to enabling strategic oversight of ESG issues for long-term value creation. To this end, its Board Sustainability Committee was established in 2012 to ensure direct advisory supervision of CDL's sustainability strategy, material ESG issues, work plans, performance targets, and sustainability reporting.

The Board Sustainability Committee convenes at least twice annually to discuss CDL's sustainability plans and review its performance. CDL's CSO, who is responsible for the ESG integration of the Group's business, operations and growth, reports directly to the Board Sustainability Committee.

Operationalize monitoring and reporting

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Robust External Assurance to ensure Transparency and Credibility

To enhance the credibility of its disclosures and instill confidence in the users of its reports, CDL also undertakes an annual external assurance of its ISR–a practice that has been in place since 2009. In its ISR 2022 and 2023, the assurance level of its disclosures against the GRI Standards and SASB Standards were raised to reasonable assurance; and the disclosures against the CDSB and TCFD frameworks were assured at limited assurance level.

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Strategic sustainability reporting has strong impact on a company's triple bottom line, connecting ESG with financial performance. CDL has been a strong supporter of the TCFD vision and was one of the four pioneering Singapore companies to adopt TCFD into its reporting framework in 2017.

Setting targets to measure carbon footprint is critical to manage a company's environmental performance. CDL was the first real estate company in Singapore to have its carbon reduction targets assessed and validated by the Science Based Targets Initiative (SBTi), aligned with 2°C warmer scenario in 2018. In 2021, the company raised its ambitions and renewed its SBTi-validated targets to align with a 1.5°C warmer scenario. The more ambitious targets also support its WorldGBC Net Zero Carbon Buildings Commitment.

CDL is the only Singapore company on the CDP A List, and the only company in Southeast Asia and Hong Kong to remain on the CDP A List for five consecutive years to-date. The company has received an 'A' score for climate change since 2018 and an 'A' score for water security since 2019.

Key terms

List of the key terms used in this publication and their definitions.

Term	*Definition*
Science-based targets	Targets that are in line with what the latest climate science says is necessary to meet the goals of the Paris Agreement–to limit global warming to well below 2°C above pre-industrial levels and pursue efforts to limit warming to 1.5°C.
ESG approach	An ESG approach is applied to business activities and decisions to consider the wider, non-financial impacts of an organization's actions on its shareholders. This approach is often used to encompass social welfare, climate-conscious, and community-focused metrics in decision-making processes.
GHG emissions categories	**Scope 1**: Direct organization-owned or controlled emissions occurring at the source. **Scope 2**: Emissions associated with the production of energy consumed by your organization. **Scope 3**: Indirect emissions associated with your organization's activities from sources not owned or controlled by your organization.
Carbon footprint	A carbon footprint, otherwise known as a carbon inventory, is the emissions attributable to that organization. This may include the organization's Scope 1, 2 or 3 emissions for a given year.
External assurance	Seeking external assurance over an organization's sustainability and climate, ESG report, for example, is a way to provide the organization's shareholders or regulators with additional assurance the data, report or subject matter is prepared in accordance with the relevant standards or regulations. External assurance tests both the accuracy and completeness of the subject matter and can include varying levels of assurance, including limited and reasonable assurance.

Endnotes

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Contacts

Asia Pacific
Will Symons
Partner, Sustainability & Climate Leader
Deloitte Asia Pacific
wsymons@deloitte.com.au

Australia
David McCarthy
Partner, Executive Sponsor, Climate & Sustainability
Deloitte Australia
damccarthy@deloitte.com.au

China
Lily Li
Partner, Sustainability & Climate Leader
Deloitte China
lilyxcli@deloitte.com.cn

Japan
Yotaro Akamine
Partner, Sustainability & Climate Leader
Deloitte Japan
yotaro.akamine@tohmatsu.co.jp

Korea (Republic of)
In Kyoo Baek
Partner, ESG Centre Leader and Board Chair
Deloitte Korea
inbaek@deloitte.com

New Zealand
Andrew Boivin
Partner, Sustainability & Climate Leader
Deloitte New Zealand
aboivin@deloitte.co.nz

South Asia
Viral Thakker
Partner, Sustainability & Climate Leader
Deloitte South Asia
vthakker@deloitte.com

Southeast Asia
Ei Leen Giam
Partner, Sustainability & Climate Leader
Deloitte Southeast Asia
eilgiam@deloitte.com

Taiwan (China)
Joe Chen
Partner, Sustainability & Climate Leader
Deloitte Taiwan
joechen4@deloitte.com.tw

Acknowledgments

Will Symons
Partner
Sustainability & Climate Leader
Deloitte Asia Pacific
wsymons@deloitte.com.au

Victoria Chantra
Partner
Climate & Sustainability
Deloitte Australia
vchantra@deloitte.com.au

A special thanks to the following individuals who provided the support to make this publication possible:

Deloitte.

Fredrik Andersen
Janice Chiang
Ei Leen Giam
Brian Ho
Libby Lang
Carina Paladino
Anna Shelton-Agar
Josette Soh
Taylor Stewart
Jackie Xie

City Developments Limited

Esther An
Stephanie Chua
Teng Kai Wen

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