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Carbon Tracking and ISSB Reporting Project

Making global trade and supply chains **green**, **inclusive**,
resilient, **transparent**, and **socially responsible**.

AGENDA



1. Project Objectives
2. Partnership
3. Standards and Reporting
4. Prototype Outline and Demo
5. Next Steps



Carbon Tracking and ISSB Reporting Project

Project Objectives

- *Digitalize the supply chain data collection processes to improve supply chain data traceability and help drive adoption of IFRS Sustainability Disclosure Standards (ISSB Standards), facilitate reporting*
- *Enable SME suppliers to demonstrate compliance with jurisdictional requirements and maintain market access*
- *Enable end-to-end carbon tracking across international supply chains, including Scope 3, and improve the accuracy of reporting*

Partnership

ADB – Multilateral Development Bank owned and overseen by 68 governments, globally recognized in trade

IFRS – highly authoritative, will drive consolidation of sustainability standards and reporting, including digitization

GS1 – Global not-for-profit standards organization with unmatched credibility and ecosystems of trusted identity and data exchange



The partnership (**all are not-for profit organizations focused on public good**) and our **shared vision** brings:

Complementary Capabilities and Reach

Unique, World-Class Combination

Capability to effect Global Change

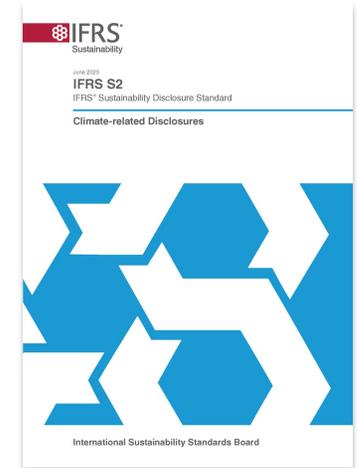
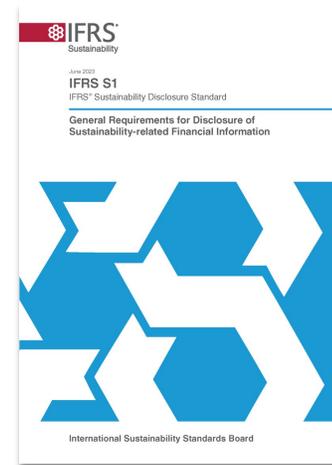
Convening Power



Carbon Tracking and ISSB Reporting Project

Standards and Reporting Landscape

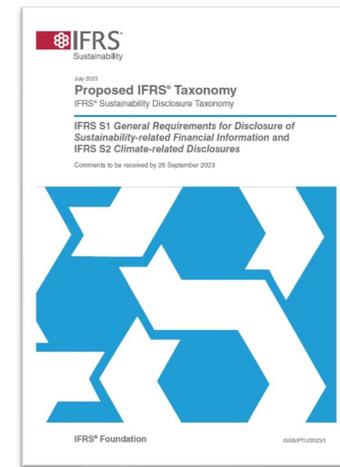
- **IFRS simplification of disclosure regimes:**
 - ✓ General Requirements Standard: IFRS S1
 - ✓ Climate-related Disclosures Standard: IFRS S2
 - ✓ Implementation beginning
- **IFRS S1 and IFRS S2 are interoperable with:**
 - ✓ Global Reporting Initiative Standards
 - ✓ European Sustainability Reporting



- ***IFRS is a global authority on accounting standards and practices, aims to achieve similar standing in ESG/sustainability standards and reporting***
- The project will help ***advance global adoption of the ISSB standards***, which will be integrated, digitally, into annual financial reporting requirements

Digital Reporting

- To facilitate digital consumption of sustainability data by investors, the ISSB proposed creating a digital taxonomy that would enable digital tagging of company's ISSB disclosures
- Digitalization could also help companies in preparing ISSB disclosures (e.g. supply chain reporting, including Scope 3). This project explores the digitalization of supply chain data collection processes to improve data traceability and help companies to report in accordance with the ISSB Standards.



Illustrative Challenges

- Multiple, misaligned definitions, standards and scores (some convergence with IFRS S1 & S2)
- Numerous (climate, sustainability and ESG) data repositories and storage formats – mix private and public access
- Numerous (climate, sustainability and ESG) data inputs required – single manufacturing plant might have 30+ certifications

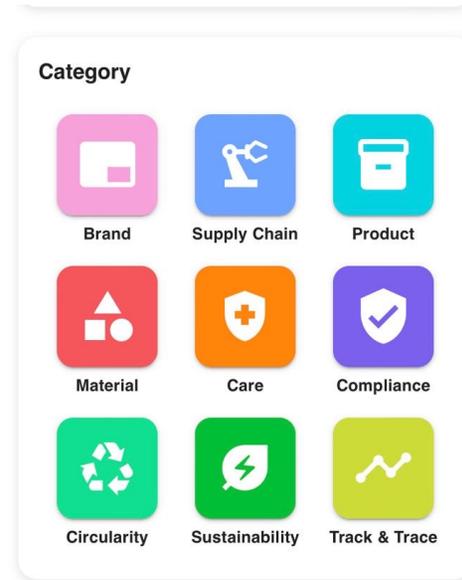
Prototype

- **uses structured data** – based on analysis and data models specific to a sector or supply chain
- **works at point of sale and smartphone**
- **dynamic** – allows for update of data without changing code
- commercial and regulatory **adoption is underway**



Prototype demonstration – Apparel

Prototype of Sportswear Club
T-Shirt



Smart phone menu

Developed with support from
Sri Lanka Apparel
Manufacturers



Sportswear Club T-Shirt

04891668001173
SL Sportswear Club
BATCH: BAT001



Product Description

Classic white t-shirt from SL Sportswear Club. Crafted from organically sourced cotton and recycled polyester just for you.

Category



Brand



Supply Chain



Product



Material



Care



Compliance



Sustainability



Track & Trace



Next Steps

- Assess what is required to gain consistent supply chain adoption and use of the new technology to help facilitate ISSB disclosures
- Finalize first pilot exploration and prototype
- Explore means to scale and gain greater digital access to trusted data sources to track carbon footprint in supply chains and Scope 3