

# Position Green<sup>o</sup>

**Webinar is starting soon...**

WEBINAR

# ESRS – Navigating a New Era for Sustainability Reporting



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Navigating EU sustainability reporting

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Key challenges in relation to the ESRS

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Q&A session

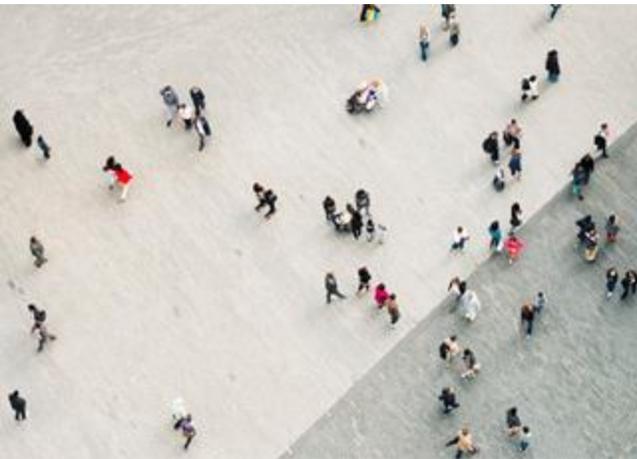
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# Housekeeping

- Your microphone will be muted
- The Q&A feature can be used to ask questions during the presentation
- The webinar will be recorded and published



# About Position Green



## Platform

Our purpose-built and data-driven software platform supports smart sustainability reporting through accuracy, traceability and compliance.

## Advisory

Our team of expert advisors help companies make the right strategic decisions and provide them with hands-on expertise to turn ambition into action.

## Academy

We offer ESG courses and e-learning modules to help companies build new capabilities and execute on their sustainability agenda.

## Assurance

With a separate legal entity, we offer independent verification of ESG reporting and ESG related frameworks, disclosures and green bonds.



# Navigating EU Sustainability Reporting

**2023 Corporate Disclosure Webinar Series**

**Guilherme Cassaro**

Senior Corporate and Policy Officer  
CDP Europe

# About CDP



CDP runs the global disclosure system that enables companies, cities, states and regions to measure and manage their environmental impacts.

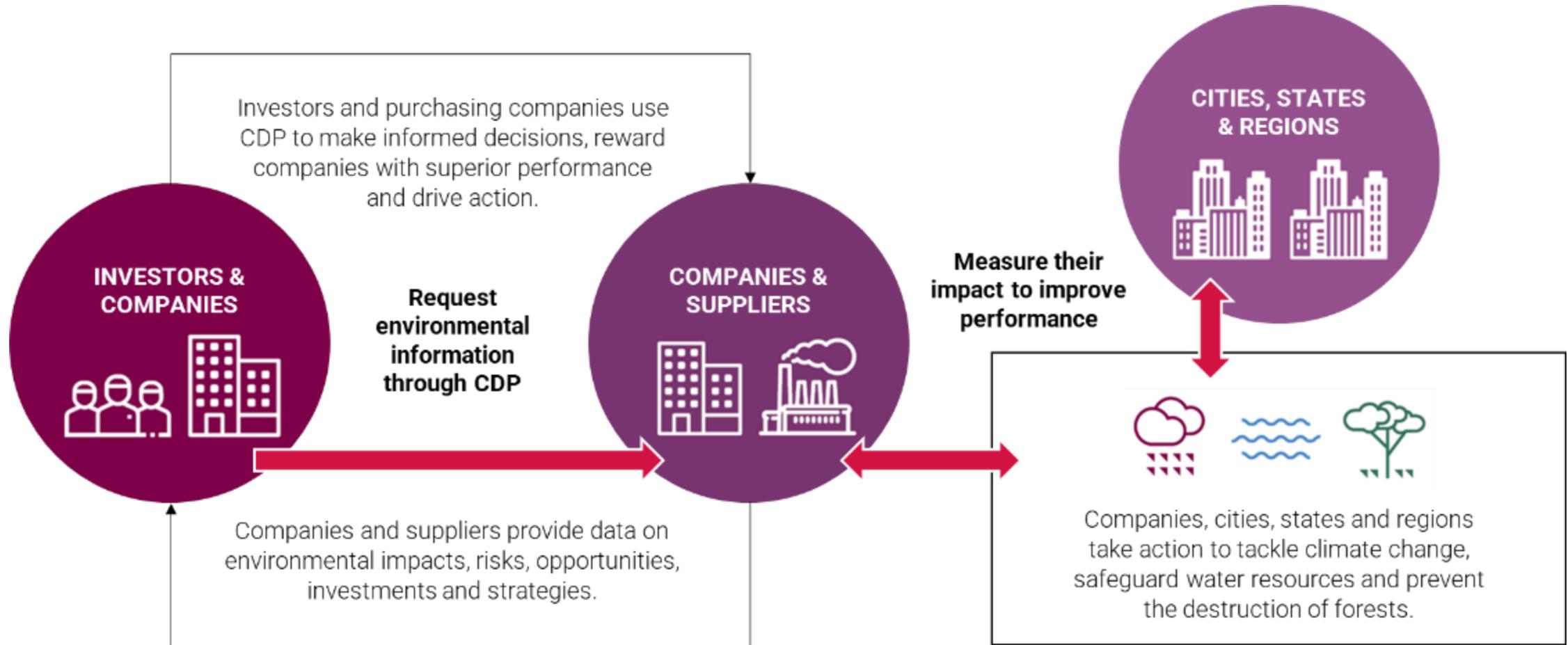


With the world's most comprehensive collection of self-reported data, the world's economy looks to CDP as the gold standard of environmental reporting.



Our network of capital markets, purchasers and policymakers around the globe use our data and insights to make better-informed decisions.

# The CDP system: linking finance and business to reduce risks



# CDP

## IN THE ESG ECOSYSTEM



Bloomberg



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STOXX



URGENTEM!



Dow Jones  
Sustainability Indexes



AVIVA  
INVESTORS

Climetrics  
The Climate Rating for Funds



World  
Benchmarking  
Alliance



BNP PARIBAS  
ASSET MANAGEMENT

ACT | ASSESSING LOW  
CARBON TRANSITION®



SCIENCE  
BASED  
TARGETS  
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION



asset  
management

# Disclosure to CDP

2003 - 2022



**+50%**

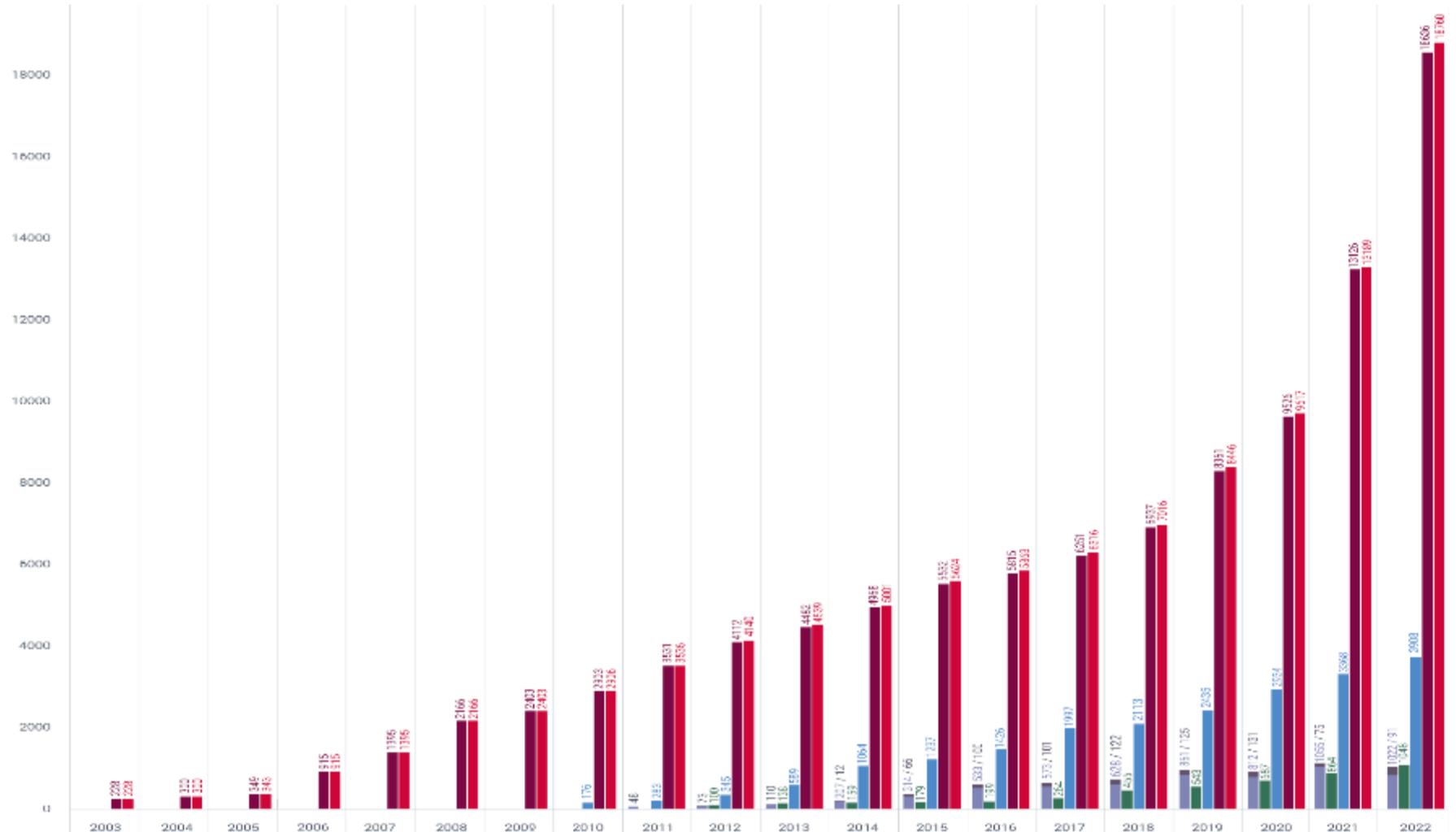
of global companies by market capitalization use CDP.

**38%**

Increase in disclosure from 2021

**18.700**

Companies reporting to investors and customers through CDP.



■ TOTAL DISCLOSING COMPANIES  
■ COMPANIES DISCLOSING ON CLIMATE CHANGE  
■ COMPANIES DISCLOSING ON WATER SECURITY  
■ COMPANIES DISCLOSING ON FORESTS  
■ DISCLOSING STATES & REGIONS  
■ DISCLOSING CITIES\*  
 \*as of October 2022



# EU Disclosure Regime

# The EU Disclosure Regime



## Environmental Objectives

Climate Change mitigation and adaptation	Sustainable water use	Biodiversity	Pollution prevention	Circular economy
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## Adverse Impacts

GHG emissions & Energy	Water consumption, water stress	Activities near biodiversity sensitive areas	Emission of air pollutants	Non-recycled waste
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## EU Taxonomy

Contribution to one or more of the environmental objectives: eligibility and alignment by economic activity

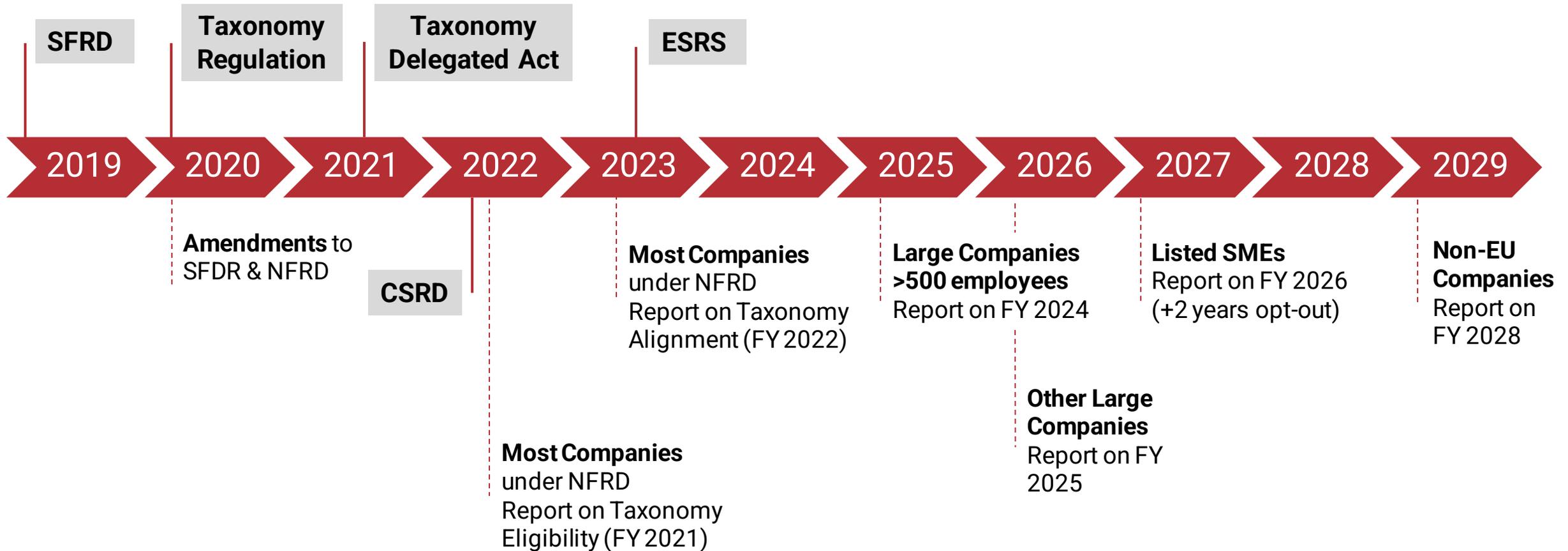


## Disclosure Mechanisms

Corporate Reporting Standards - CSRD	Sustainable Finance Disclosure - SFDR
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# Timeline of Implementation



# The CSRD: What is it?



The EU Corporate Sustainability Reporting Directive (CSRD) has been **adopted in December 2022** and EU member states are expected to **transpose** it into national legal frameworks by **July 2024**.

It replaces the EU Non-Financial Reporting Directive and is estimated to **apply to about 50.000 EU companies** and at least **10.000 foreign firms**.

**Rules** requiring all large companies and all listed companies (except listed micro-enterprises) to **disclose** information on what they see as the **risks** and **opportunities** arising from **social** and **environmental issues**, and on the **impact** of their activities **on** people and the **environment**.

This **helps** investors, civil society organisations, consumers and other **stakeholders** to **evaluate** the **sustainability performance** of companies.

**CSRD (Directive (EU) 2022/2464)**

# The CSRD: who does it apply to? (1/2)

## All “large undertakings” (whether listed or not)

Large companies (listed and not listed) are defined as exceeding two of the following three criteria (either as a single entity or on a consolidated group basis):

- ✓ balance sheet total > €20mn
- ✓ net turnover > €40mn
- ✓ employees > 250

## Listed SMEs, (except listed micro-enterprises) small and non-complex credit institutions, and captive insurance undertakings

Listed SMEs are defined as having securities listed on a regulated EU market, and meeting at least two of the following criteria:

- ✓ balance sheet total > €4mn
- ✓ net turnover > €8mn
- ✓ employees > 50

## Non-EU undertakings

A non-EU parent company with i) an EU-established large/listed subsidiary or a listed SME subsidiary, or ii) a large EU branch, meeting the following criteria:

- ✓ generate a net turnover of more than €150,000,000 in the EU (for two consecutive years) and have either:
  - ✓ for a subsidiary: meets the criteria of a large company or listed company.
  - ✓ for a branch: has a turnover of more than €40 million.

The subsidiary or branch will be responsible for preparing a sustainability report for the third country undertaking at a consolidated level. These sustainability reports will need to be prepared according to one of the following:

- ▶ Separate standards to be adopted by the European Commission by June 30, 2024
- ▶ The standards applicable to EU undertakings;
- ▶ Standards which are deemed equivalent by the Commission.

## Corporate Sustainability Reporting Directive (CSRD)

NFRD remains in force until companies have to apply CSRD.

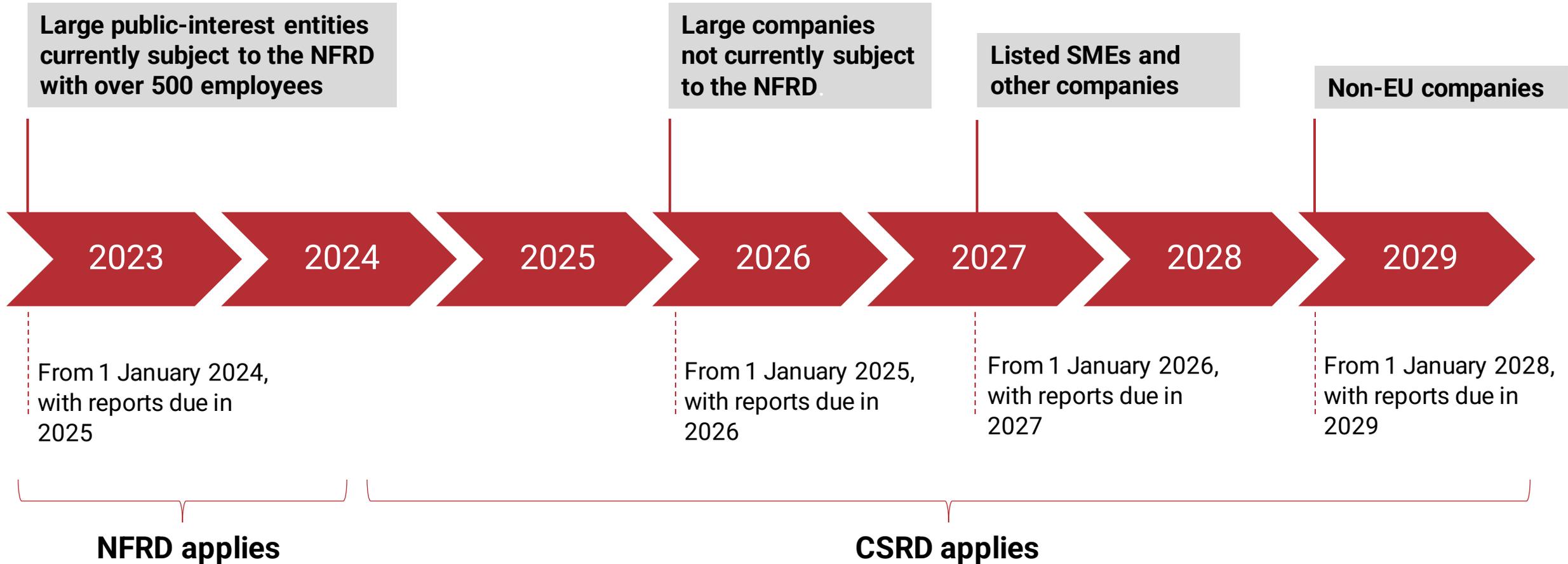
# Where & how to report

- ▼ Companies should report sustainability information in a clearly identifiable dedicated section of the management report



- ▼ Electronic reporting format (EU Reg. 2019/815), in XHTML format
- ▼ Including disclosures required under **EU Taxonomy** Art. 8
- ▼ EU subsidiaries of third country undertakings shall publish sustainability report

# The CSRD: who does it apply to? (2/2)



# Scope of the ESRS

- ▼ The ESRS should specify the information that undertakings disclose on all major environmental factors, including their impacts and dependencies on climate, air, land, water and biodiversity as per the environmental objectives of the European Union enacted in the 'EU Taxonomy Regulation'.



- ▼ The ESRS should therefore specify both information that undertakings in **all sectors should disclose** and information that undertakings should disclose **depending on their sector of activity**.

# Rules regarding ESRS (1/2)

## Provision

## ESRS reporting requirements as per CSRD

### Double materiality

Building on the **double materiality principle**, ESRS should cover all information that is material to users of that information.

### Environmental factors

The ESRS shall specify the information that undertakings are to disclose about the following environmental factors:

- (i) climate change mitigation, including as regards scope 1, scope 2 and, where relevant, scope 3 greenhouse gas emissions;
- (ii) climate change adaptation;
- (iii) water and marine resources;
- (iv) resource use and the circular economy;
- (v) pollution;
- (vi) biodiversity and ecosystems;

# Rules regarding ESRS (2/2)

## Provision

## ESRS reporting requirements as per CSRD

### Governance factors

The ESRS shall specify the information that undertakings are to disclose about the following governance factors:

- (i) the role of the undertaking's administrative, management and supervisory bodies with regard to sustainability matters, and their composition, as well as their **expertise** and **skills** in relation to **fulfilling** that **role** or the access such **bodies** have to such expertise and skills;
- (ii) the main features of the undertaking's **internal control** and **risk management** systems, in relation to the **sustainability reporting** and decision-making process;
- (iii) **business ethics** and corporate **culture**, including anti-corruption and anti-bribery, the protection of whistleblowers and animal welfare;
- (iv) **activities** and **commitments** of the undertaking related to **exerting** its **political influence**, including its lobbying activities;
- (v) the management and quality of **relationships** with **customers**, **suppliers** and **communities** affected by the activities of the undertaking, including payment practices, especially with regard to late payment to small and medium-sized undertakings.

# CSRD reporting requirements (1/5)



## Information in management report

**Undertakings shall include in the management report information that is:**

- ▶ necessary to understand the undertaking's **impacts** on **sustainability** matters, and
- ▶ necessary to understand **how sustainability** matters **affect** the **undertaking's** development, performance and position,
- ▶ both related to **short-, medium- and long-term time horizons**, as applicable,
- ▶ on the **process** carried out to identify this information.

# CSRD reporting requirements (2/5)



*Reporting area*

*CSRD reporting requirements*

**Business  
model &  
strategy**

A brief **description** of the undertaking's business model and strategy, including:

- (i) the **resilience** of the undertaking's business model and strategy in relation **to risks** related to sustainability matters;
- (ii) the **opportunities** for the undertaking related to sustainability matters;
- (iii) the **plans** of the undertaking, including implementing actions and related financial and investment plans, to **ensure** that its business **model** and **strategy** are **compatible** with the transition to a **sustainable economy** and with the limiting of global warming to 1,5 °C in line with the 'Paris agreement' and the objective of achieving **climate neutrality by 2050** as established in the 'European Climate Law' and, where relevant, the exposure of the undertaking to coal-, oil- and gas-related activities;
- (iv) how the undertaking's business model and strategy **take account** of the **interests** of the undertaking's **stakeholders** and of the impacts of the undertaking on sustainability matters;
- (v) how the undertaking's strategy has been **implemented** with regard to sustainability matters;

# CSRD reporting requirements (2/5)



*Reporting area*

*CSRD reporting requirements*

**Targets**

A **description** of the **time-bound targets** related to sustainability matters set by the undertaking, including, where appropriate, **absolute greenhouse gas emission reduction targets** at least for **2030** and **2050**, a description of the **progress the undertaking has made towards achieving those targets**, and a statement of whether the undertaking's targets related to environmental factors are **based on conclusive scientific evidence**;

# CSRD reporting requirements (3/5)



## Reporting area

## CSRD reporting requirements

### Governance

A description of the **role** of the administrative, **management** and supervisory bodies with regard to sustainability matters, and of their expertise and skills in relation to **fulfilling** that **role** or the access such bodies have to such expertise and skills;

### Policies

A description of the undertaking's **policies** in relation to **sustainability** matters;

### Board incentives

Information about the existence of **incentive** schemes **linked** to **sustainability** matters which are offered to members of the administrative, management and supervisory bodies;

# CSRD reporting requirements (4/5)



*Reporting area*

*CSRD reporting requirements*

## Due Diligence & Actions

### A description of:

- (i) the **due diligence** process implemented by the undertaking with regard to sustainability matters, and, where applicable, in line with **Union requirements** on undertakings to conduct a due diligence process;
- (ii) the principal **actual** or **potential adverse impacts** connected with the undertaking's **own operations** and with its **value chain**, including its products and services, its business relationships and its supply chain, **actions taken** to identify and monitor those impacts, and other adverse impacts which the undertaking is required to identify pursuant to other Union requirements on undertakings to conduct a due diligence process;
- (iii) any **actions taken** by the undertaking to prevent, mitigate, remediate or bring an end to actual or potential adverse impacts, and the result of such actions;

## Risks

A description of the principal **risks** to the undertaking related to sustainability matters, including a description of the undertaking's principal **dependencies** on those matters, and how the undertaking **manages** those risks;

# CSRD reporting requirements (5/5)



## *Reporting area*

## *CSRD reporting requirements*

### **Metrics**

**Indicators** relevant to the **disclosures** referred to in all points above. The information on business model and strategy shall include information related to short-, medium- and long-term time horizons, as applicable.

### **Own operations & value chain**

Where applicable, the information above shall contain information about the undertaking's own operations and about its value chain, **including** its **products** and **services**, its business relationships and its supply chain.

# Assurance under the CSRD

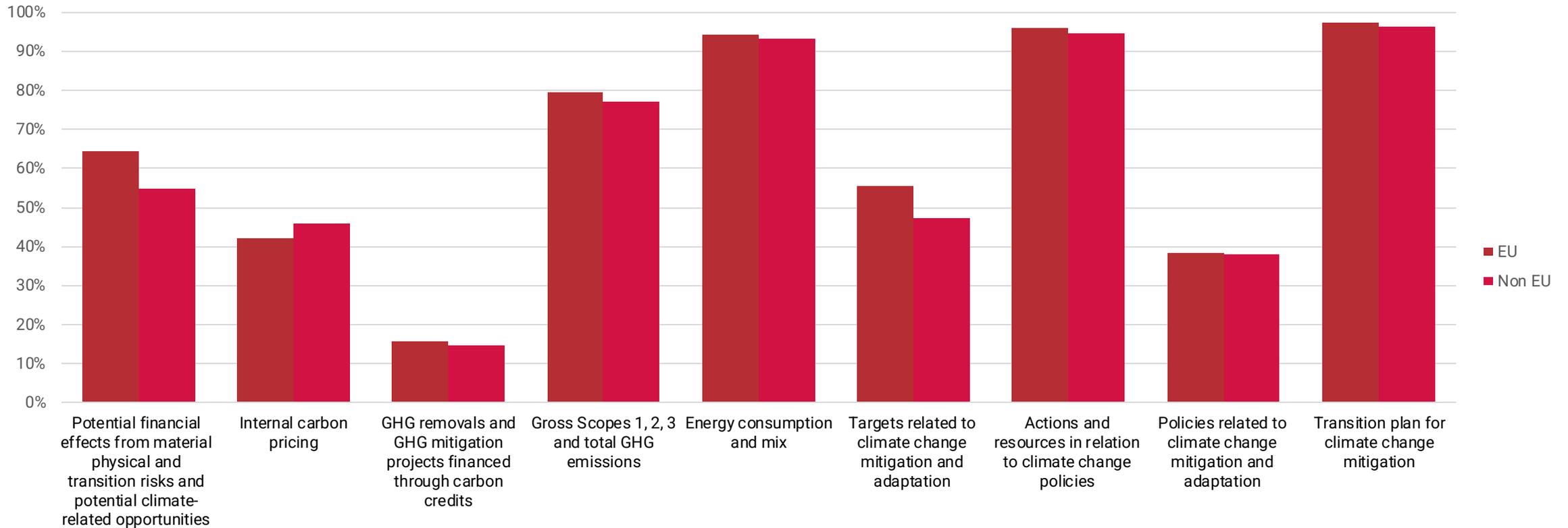


## Accredited independent auditors or certifiers

- ▼ **Ensure** companies – EU & non-EU – **comply** with reporting rules, methodology, and digital formatting
  - ▼ **Assess** whether companies are also complying with EU Taxonomy Art. 8
  - ▼ Provide a **similar** level of assurance for **financial** and **sustainability** reporting
- 
- ▼ Assurance standards for sustainability reporting – **limited assurance**:
    - By **1 October 2026**, the European Commission shall adopt **delegated acts** in order to provide for limited assurance standards setting out the **procedures** that the auditor(s) and the audit firm(s) shall perform in order to draw their **conclusions** on the assurance of **sustainability reporting**, including engagement planning, risk consideration and response to risks and type of conclusions to be included in the assurance report on sustainability reporting, or, where relevant, in the audit report.
  - ▼ Assurance standards for sustainability reporting – **reasonable assurance**:
    - By **1 October 2028**, the European Commission shall adopt **delegated acts** in order to provide for reasonable assurance standards, following an assessment to **determine** if reasonable **assurance is feasible** for auditors and for undertakings.

# Mainstreaming Global Standards

### Percentage of EU and non-EU companies reporting to CDP that disclose on ESRS Climate Related Disclosure Requirements



# Alignment with ISSB S2

- ▼ CDP provides companies, investors and policymakers access to information that is consistent, comprehensive, and comparable across geographies.
- ▼ The ISSB provides a **global baseline** that will help drive even more ambitious regulations in line with a science-based transition to a net-zero and nature-positive world.

# Alignment with IFRS S2 (ex-TCFD)



- Both the CDP Questionnaire and the EU’s Corporate Sustainability Reporting Directive (CSRD) greatly overlap with ISSB S2 & TCFD guidelines. CDP 2024 will integrate all ISSB S2.
- By reporting through CDP’s questionnaire, companies are well prepared for the new ISSB S2 & ESRS E1 reporting requirements.

<b>ESRS Reporting Requirements</b>	Strategy	Policies & Actions	Metrics & Targets	Risks & Opportunities	Metrics & Targets
<b>TCFD Recommendations</b>	Strategy	Governance	Metrics & Targets	Risk Management	Metrics & Targets
<b>IFRS S2</b>	Strategy	Governance	Metrics & Targets	Risk Management	Metrics & Targets
<b>CDP Climate Questionnaire Modules</b>	Business Strategy (C3)	Governance (C1)	Targets & Performance (C4)	Risks & Opportunities (C2)	Emissions Data (C6)

# A major difference: Materiality



## ▼ “Financial Materiality”, embedded into IFRS S1&S2:

The ISSB uses the same definition of ‘material’ that is used in IFRS Accounting Standards – that is, **information is material if omitting, obscuring or misstating it could be reasonably expected to influence investor decisions.**

## ▼ “Double Materiality”, embedded into ESRS:

Considers that it's not just climate-related impacts on the company that can be material, but **also impacts of a company on the climate – or any other dimension of sustainability.**

# Materiality in ESRS



## ▼ **Climate-Change Materiality Assessment:**

Companies that do not consider their impact on Climate to be material, and therefore do not provide information to stakeholders on their impact, shall **disclose a detailed explanation** of the conclusions of its materiality assessment.

## ▼ **SFDR Materiality Assessment:**

Companies that conclude that a datapoint mapped to the SFDR regulation is not material to them **shall explicitly state the datapoint in question**. In addition, **companies should provide a table with all SFDR datapoints**, showing where they shall be found or stating “not material” as appropriate.

# ESRS Phase-ins



- ▼ **Undertakings with less than 750 employees may omit:**
  - ▼ **In the First Year:** Scope 3
  - ▼ **In the First Two-Years:** “Own Workforce” datapoints in the first year; **and**
  - ▼ Biodiversity, Value-Chain Workers, Affected Communities, Consumers and End Users in the first two years of ESRS disclosures.
  
- ▼ **ALL Undertakings may omit, in the first-year:**
  - ▼ Anticipated financial effects related to non-climate environmental issues, i.e.: Pollution, Water, Biodiversity and Resource Use;
  - ▼ Certain datapoints related to their own workforce, i.e.: Social protection, persons with disabilities, work-related ill-health, and work-life balance.



ESRS E1:  
Climate-Change

# CDP mapping to draft ESRS\*

## E1 – Climate Change



<b>Draft ESRS Climate Related Disclosure Requirement</b>	<b>IFRS S2 Subtopics</b>	<b>Relevant 2023 CDP questions (TCFD aligned questions in green)</b>
1 – Transition plan for climate change mitigation	Strategy and decision-making	C1.1b, C2.2, C2.3a, C3.1, C3.2a, C3.2b, C3.5a, C3.5b, C4.1a, C4.1b, C4.3, C4.3a, C4.3b, C4.5a, C-FS4.5a

\*Mapping subject to change pending adoption of ESRS.

# CDP mapping to draft ESRS\*

## E1 – Climate Change



<b>Draft ESRS Climate Related Disclosure Requirement</b>	<b>IFRS S2 Subtopics</b>	<b>Relevant 2023 CDP questions (TCFD aligned questions in green)</b>
2 – Policies related to climate change mitigation and adaptation	Risk management	C2.2

\*Mapping subject to change pending adoption of ESRS.

# CDP mapping to draft ESRS\*

## E1 – Climate Change



Draft ESRS Climate Related Disclosure Requirement	IFRS S2 Subtopics	Relevant 2023 CDP questions (TCFD aligned questions in green)
3 – Actions and resources in relation to climate change policies	Strategy and decision-making	C3.5a, C3.5b, C4.1a, C4.1b, C4.2a, C4.2b, C4.3, C4.3a, C4.3b

\*Mapping subject to change pending adoption of ESRS.

# CDP mapping to draft ESRS\*

## E1 – Climate Change



<b>Draft ESRS Climate Related Disclosure Requirement</b>	<b>IFRS S2 Subtopics</b>	<b>Relevant 2023 CDP questions (TCFD aligned questions in green)</b>
4 – Targets related to climate change mitigation and adaptation	Climate-related metrics Climate-related targets	C4.1a, C4.1b, C4.2a, C4.2b, C4.2c

\*Mapping subject to change pending adoption of ESRS.

# CDP mapping to draft ESRS\*

## E1 – Climate Change



<b>Draft ESRS Climate Related Disclosure Requirement</b>	<b>IFRS S2 Subtopics</b>	<b>Relevant 2023 CDP questions (TCFD aligned questions in green)</b>
5 – Energy consumption and mix	N/A	C6.10, C8.1, C8.2, C8.2a, C8.2c, C8.2d, C-EU8.2d

\*Mapping subject to change pending adoption of ESRS.

# CDP mapping to draft ESRS\*

## E1 – Climate Change



<b>Draft ESRS Climate Related Disclosure Requirement</b>	<b>IFRS S2 Subtopics</b>	<b>Relevant 2023 CDP questions (TCFD aligned questions in green)</b>
6 – Gross Scopes 1, 2, 3 and Total GHG emissions	Climate-related metrics	C5.1a, C5.1b, C5.1c, C6.1, C6.3, C6.5, C6.10, C11.1b

\*Mapping subject to change pending adoption of ESRS.

# CDP mapping to draft ESRS\*

## E1 – Climate Change



<b>Draft ESRS Climate Related Disclosure Requirement</b>	<b>IFRS S2 Subtopics</b>	<b>Relevant 2023 CDP questions (TCFD aligned questions in green)</b>
7 – GHG removals and GHG mitigation projects financed through carbon credits	Climate-related targets	C4.2c, C-FS4.5a, C-AC6.8a/C-FB6.8a/C-PF6.8a, C11.2a

\*Mapping subject to change pending adoption of ESRS.

# CDP mapping to draft ESRS\*

## E1 – Climate Change



Draft ESRS Climate Related Disclosure Requirement	IFRS S2 Subtopics	Relevant 2023 CDP questions (TCFD aligned questions in green)
8 – Internal carbon pricing	Climate-related metrics	C11.1b, C11.3, C11.3a

\*Mapping subject to change pending adoption of ESRS.

# CDP mapping to draft ESRS\*

## E1 – Climate Change



<b>Draft ESRS Climate Related Disclosure Requirement</b>	<b>IFRS S2 Subtopics</b>	<b>Relevant 2023 CDP questions (TCFD aligned questions in green)</b>
9 – Potential financial effects from material physical and transition risks and potential climate-related opportunities	Financial position, financial performance and cash flows	C2.3a, C2.4a

\*Mapping subject to change pending adoption of ESRS.

# ESRS E2:

General, strategy, governance and  
materiality assessment disclosure  
requirements

# CDP mapping to draft ESRS\*

**E2** – General, strategy, governance and materiality assessment disclosure requirements



Draft ESRS Climate Related Disclosure Requirement	IFRS S2 Subtopics	Relevant 2023 CDP questions (TCFD aligned questions in green)
1 – Basis for preparation	N/A	C0.5

\*Mapping subject to change pending adoption of ESRS.

# CDP mapping to draft ESRS\*

**E2** – General, strategy, governance and materiality assessment disclosure requirements



Draft ESRS Climate Related Disclosure Requirement	IFRS S2 Subtopics	Relevant 2023 CDP questions (TCFD aligned questions in green)
2 – Governance	Governance	C1.1a, C1.1b, C1.1d, C1.2, C1.3a, C2.2, C2.3a

\*Mapping subject to change pending adoption of ESRS.

# CDP mapping to draft ESRS\*

## E2 – General, strategy, governance and materiality assessment disclosure requirements



Draft ESRS Climate Related Disclosure Requirement	IFRS S2 Subtopics	Relevant 2023 CDP questions (TCFD aligned questions in green)
3 – Strategy	Business model and value chain Strategy and decision-making	C2.2, C2.3a, C2.4a, C3.3, C3.4

\*Mapping subject to change pending adoption of ESRS.

# CDP mapping to draft ESRS\*

**E2** – General, strategy, governance and materiality assessment disclosure requirements



Draft ESRS Climate Related Disclosure Requirement	IFRS S2 Subtopics	Relevant 2023 CDP questions (TCFD aligned questions in green)
4 – Impact, risk and opportunity management	Climate-related risks and opportunities Risk management	C2.2, C2.2g, C2.4a

\*Mapping subject to change pending adoption of ESRS.

# CDP mapping to draft ESRS\*

## E2 – General, strategy, governance and materiality assessment disclosure requirements



Draft ESRS Climate Related Disclosure Requirement	IFRS S2 Subtopics	Relevant 2023 CDP questions (TCFD aligned questions in green)
5 – Metrics and targets	Climate-related metrics Climate-related targets	C4.1a, C4.1b, C4.1c, C4.2, C4.2a, C4.2b, C4.2c, C10.1, C10.1a, C10.1b, C10.1c, C10.2a

\*Mapping subject to change pending adoption of ESRS.

# Useful Resources



## CDP Resources

- ▼ [CDP's integration of the EU disclosure regime: Insight Note](#)
- ▼ [CDP Policy Explainer on CSRD and ESRS](#)
- ▼ [CDP is piloting EU Taxonomy questions in 2023 - what does that mean for your company?](#)

## EFRAG's Mapping to ISSB & GRI:

- ▼ [Interoperability between ESRS, ISSB & GRI](#)

## EU Taxonomy Regulation and Taxonomy Tools

- ▼ [EU Taxonomy for Sustainable Activities \(europa.eu\)](#)
- ▼ [EU Taxonomy Compass \(europa.eu\)](#)

# Thank you!

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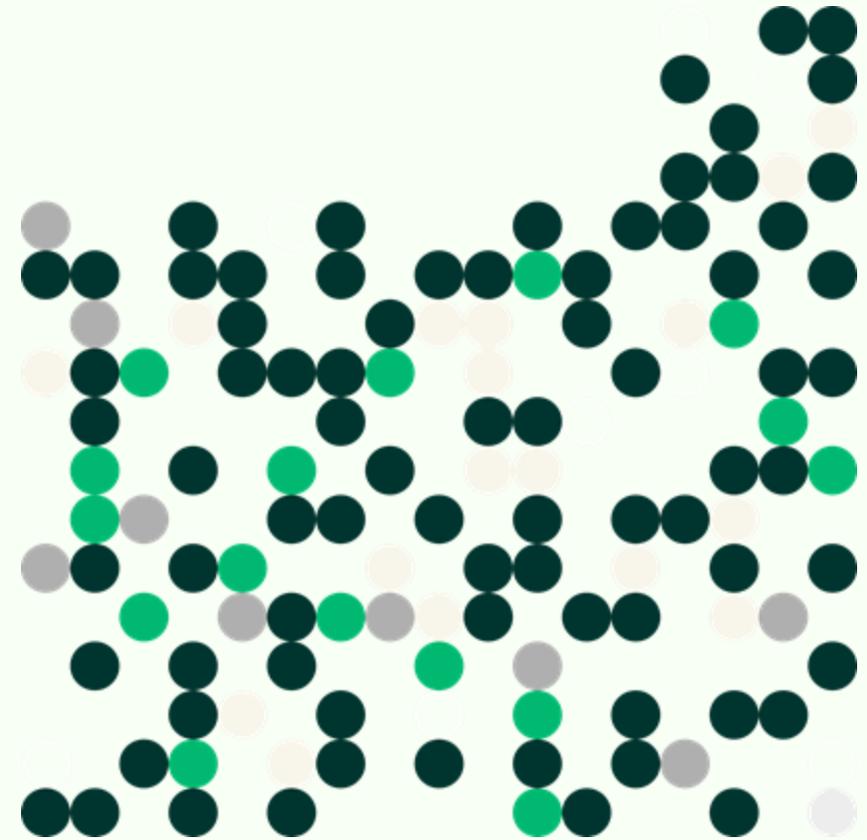
More information about how CDP can help you prepare for upcoming mandatory disclosures [here](#).



With the contribution of  
the LIFE Programme of  
the European Union



# Key challenges in relation to the **ESRS**



# Two key themes emerge from changes in Jun. '23 vs. Nov. '22 drafts

1

## All topical standards depend on DMA



All topical standards now dependent on double materiality assessment. *Climate* (E1) and *Own Workforce* (S1) are no longer special cases.

2

## Provisions to make compliance more feasible



Reduced burden to enable firms (especially smaller firms) to achieve compliance



Expanded phase-in provisions (mostly for firms <750 employees)



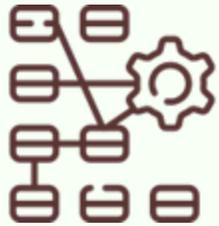
Reduced number of datapoints, conversion of required datapoints to optional datapoints ('shall' to 'may')

***Despite these concessions, adhering to the ESRS remains an intensive task.***

# Four themes emerging as companies face challenges preparing for the CSRD

1

## Double Materiality Assessment



This assessment is demanding. Requiring more rigor, specificity and precise terminology than how materiality has been assessed previously.

2

## Limited availability of human resources



The comprehensiveness of the ESRS and the rapid rate of implementation is putting additional time requirements on already busy teams

3

## Heaps of diverse information to collect and disclose



The sheer volume of information that is now required to disclose, is often fragmented across the organization. Collecting, consolidating and managing this information is a challenge.

4

## Internal skepticism



Colleagues outside of the sustainability team may view the CSRD as a purely bureaucratic burden

# Companies are applying more analytical rigor; and using more precise terminology when conducting materiality

1

The Double Materiality Assessment is much more specific and systematic than how materiality was determined in the past



## Analytical rigor:

- Involvement of broader groups including Finance and Risk teams
- Quantification of specific characteristics of sustainability-related impacts & risks
- Use of workbooks/tools/software to document the analysis and allow traceability

## Precise terminology:

- Harmonizing ESG-topics to the ESRS nomenclature
- Impacts vs. risk vs. financial effect → no longer interchangeable words, now have specific and different meanings
- Identification and assessment of specific impacts and risks; rather than subjective “importance” of topics themselves

2



3



4



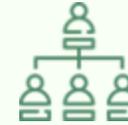
# Companies are adapting their organisational setups to add the needed competencies and execute new processes

1



2

## Adapting people and organizations to address resource/competency constraints



Sustainability is beginning to play a more central role within organizations:

### In larger firms:

- More senior management with sustainability credentials
- Sustainability more integrated with other departments through “dotted lines”
- Sustainability-related specific competencies required within operations and other departments, requiring trainings, development of new skills

### In smaller firms:

- Reliance on 3<sup>rd</sup> parties and software to support them in their compliance efforts, avoiding need to build sustainability-specific teams
- Necessary competencies are established within Finance, HR and other pre-existing departments

3



4



# Companies are upgrading their systems and software to address deficiencies and streamline the processes

1



2



3

## Upgrading of systems to overcome challenges with data and processes



### ESG Data Management

- Implementation of softwares that can streamline ESG data management and reporting

### Risk Management

- The ESRS demands that sustainability-related risks need to be identified, assessed and managed in specific manners – and also to be integrated into companies' overall risk processes
- Impetus to re-examine their existing risk management systems and modernize them to handle sustainability-related & long-term/strategic risks – and to more robustly estimate their financial effects

4



# Companies will need to convey the value of sustainability reporting to persuade sceptics and to change minds

1



2



3



4

## Conveying the value to the company in enhancing disclosure of sustainability-related information



- Changing perspective of sustainability reporting from a pure compliance exercise to identify new angles for strategic resilience and differentiation
- Newly identified, sustainability-related risks and opportunities (by definition are typically strategic in nature) → integration into company strategy creates value through mitigation of hitherto overlooked risks and potential to
- Internal communication of value-adding aspects: greater resilience of company strategy and business models and potential for competitive advantages
- Involvement of management and diverse groups in DMA and other sustainability-related processes

# Companies can apply these 4 thematic solutions to more effectively and efficiently navigate their respective journeys towards CSRD-readiness

1

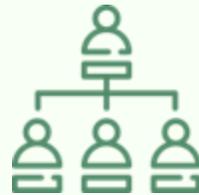
**Apply analytical rigor, precise language, and structured tools when executing DMAs**



Standardized terminology and more robust analyses; with greater degrees of objectivity and specificity.

2

**Build the needed competencies – or rely on qualified 3rd parties**



Sustainability is becoming more central within organizations: shifting org. structures and demand for specific knowledge and competencies.

3

**Upgrade softwares & systems**



More sophisticated solutions to streamline handling of diverse sustainability-related data.

Risk management systems are being re-examined and modernized.

4

**Communicate the strategic value of sustainability reporting**



Companies will need to successfully convey the value of sustainability-reporting to persuade sceptics and to change minds

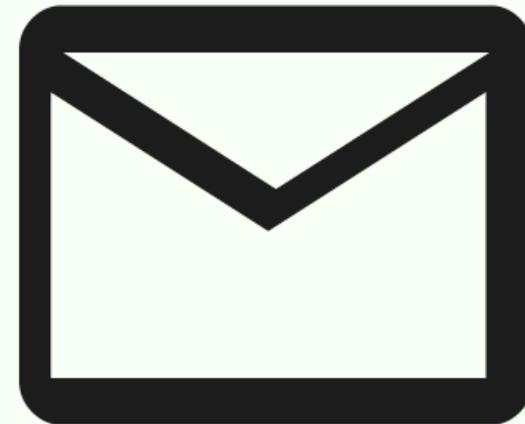
# Q&A session



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**Thank you!**