



Outreach-Veranstaltung

„ESRS – Europäische Standards zur Nachhaltigkeitsberichterstattung“

econsense



Deutsches Aktieninstitut
Kapital. Markt. Kompetenz.



WLAN-Zugang für Teilnehmer vor Ort: User: „DRSC2022“, PW: „outreach22“

Die heutige Veranstaltung kann **live im Internet** verfolgt werden.

Bitte benutzen Sie die Mikrophone, wenn Sie sprechen.

Präsentationen: www.drsc.de (evtl. fehlende Papiere werden aktualisiert)

Mittagspause etc.: im Foyer des 2. OG (gleiche Ebene wie Auditorium Maximum)

Breakout-Sessions (siehe auch Beschilderung im Gebäude)

- **Umweltthemen** hier im Auditorium Maximum (2. OG)
- **Sozialthemen:** Auditorium 3 (Erdgeschoss)
- **Governance-Themen:** „Garden View“ (1. OG)

Für virtuelle Teilnehmer: Fragen, Anmerkungen via Chat-Funktion des Livestreams.

EFRAG & DRSC Outreach Event - Germany

ESRS - European Sustainability Reporting Standards

OVERVIEW OF THE EXPOSURE DRAFTS - INTRODUCTION

Stefan Schnell
10 June 2022



DISCLAIMER

These slides have been prepared by the EFRAG Secretariat supporting the presentations of the Exposure Drafts on the first set of draft ESRS in outreach events. The slides do not represent the official views of EFRAG or any individual member of the EFRAG Sustainability Reporting Board (EFRAG SRB), EFRAG Sustainability Reporting TEG, EFRAG PTF-ESRS or the EFRAG Administrative Board. The slides are made available to enable the public to follow the discussions in the outreaches.

The Exposure Drafts have been prepared solely by the EFRAG PTF-ESRS and submitted to public consultation by EFRAG SRB to inform the upcoming standard-setting steps. They, therefore, do not reflect the EFRAG SRB's position at this stage, nor the position of the European Union or European Commission DG Financial Stability, Financial Services and Capital Markets Union (DG FISMA), nor the position of organisations with which the EFRAG PTF-ESRS has cooperated.

Agenda

1. Sustainability reporting state of play
2. Project Task-Force achievements
3. ESRS: Overview
4. ESRS: Next steps





Sustainability reporting state of play

1.1 ESG Reporting: Three main standard-setting projects underway. A political priority for Europe with ambitious content and timeline



- **Green Deal: Directing capital allocation to sustainable investments** ⇒ **An advanced regulatory package**
 - **SFDR** - Sustainable Finance Disclosure Regulation: ESG reporting by financial actors
 - **Environmental taxonomy***: « Green » financial ratios
 - **CSRD** - Corporate Sustainability Reporting Directive*: ESG reporting by companies in general
 - **CSDDD** – Corporate Sustainability Due Diligence Directive*: European duty of care, management/governance responsibilities, climate transition plan
 - **GBS** - Green Bonds Standard*: label for « green » bonds
- **European Pillar of Social Rights**



- Creation of EFRAG SRB (Sustainability Reporting Board) and SR TEG (Technical Expert Group) – Responsible for developing ESRS draft standards
- First 13 draft standards under consultation* (2 on « General principles », 5 on « Environment », 4 on « Social », 2 on « Governance »)



International sustainability standards
⇒ **The start of a global baseline for sustainability reporting**



- Creation of ISSB (International Sustainability Standards Board) (integration of SASB, CDSB and VRF) – Responsible for developing IFRS S standards
- First 2 draft standards under consultation* (« General principles » and « Climate »)



US SEC regulations for listed companies
⇒ **A thematic approach**



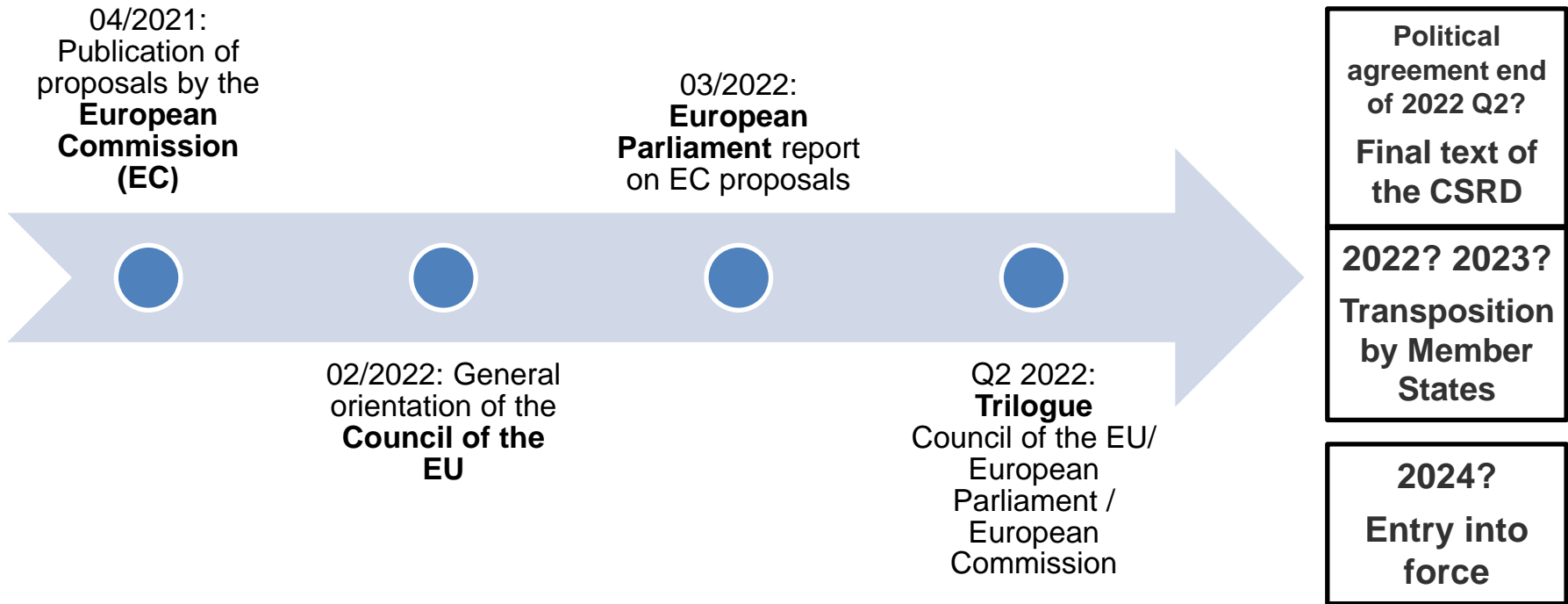
- Draft regulation under consultation* (« Climate » and shortly on « Human capital »)

*Proposals

1.2 Corporate Sustainability Reporting Directive (CSRD): The timetable

Level 1 text: CSRD to be transposed into EU legislation
Level 2 text (delegated acts): draft standards developed by EFRAG

Current negotiations will determine



1.3 Draft CSRD: Main provisions (I/II)

Publication in April 2021 – Proposed entry into force: 2023 (2026 for listed SMEs)*

1. Reporting areas (on the 3 ESG topics)*

- **Business model and strategy**, including plans to ensure compatibility with the transition to a sustainable economy and limiting global warming to 1.5°C and considering stakeholders' interests
- Sustainability **objectives** and **progress** towards the objectives
- Role of **governance bodies** on sustainability
- Sustainability **policies**
- **Description** of (i) due diligence, (ii) adverse value chain impacts and (iii) remedial actions
- Sustainability **risks** and management thereof
- **Indicators** related to the above
- **Intangibles** (intellectual, human, social and relational capital [<IR> / WICI])*
- **Assessing materiality** - process for identifying information to be reported
- **Time horizon**: short, medium and long term
- **Value chain including**: own operations, products and services, business relationships and supply chain

2. Characteristics

- **3 levels of reporting**: Sector-agnostic, sector-specific & entity-specific
- **Double materiality**
- **Connectivity** with financial reporting

*Ongoing discussions - Changes expected in the final CSRD text

1.3 Draft CSRD: Main provisions (II/II)

Publication in April 2021 – Proposed entry into force: 2023 (2026 for listed SMEs)*

3. Main new features (vs NFRD)

- **Mandatory sustainability reporting standards** drafts developed by EFRAG and issued as Delegated Acts
- Extended **scope of application***
 - All **large companies**⁽¹⁾ within the meaning of the Accounting Directive: 2 of the 3 criteria: >250 employees, balance sheet total >€20M and turnover >€40M
 - All **companies listed** on EU regulated markets (except micro-enterprises, i.e. less than 10 employees among others)*
- **Location** in the management report
- **Digitalisation**
- **Moderate assurance**, towards reasonable assurance*
- **Standards for SMEs**

4. Topics (ESG)

- **Environment:** (alignment with the 6 environmental objectives of the Taxonomy)
- **Social***: (i) equal opportunities (ii) working conditions and (iii) human rights
- **Governance***: (i) Composition and role of governance bodies, (ii) business ethics & culture, (iii) political engagement, (iv) management and quality of relationships with business partners and (v) internal control and risk management systems

⁽¹⁾ Large undertakings are defined in the Accounting Directive for each country.

*Ongoing discussions - Changes expected in the final CSRD text

1.4 International Sustainability Standards Board (ISSB): Aiming to propose a global benchmark as basis for sustainability reporting



November 2021: Announcement of the creation of the **International Sustainability Standards Board (ISSB)**

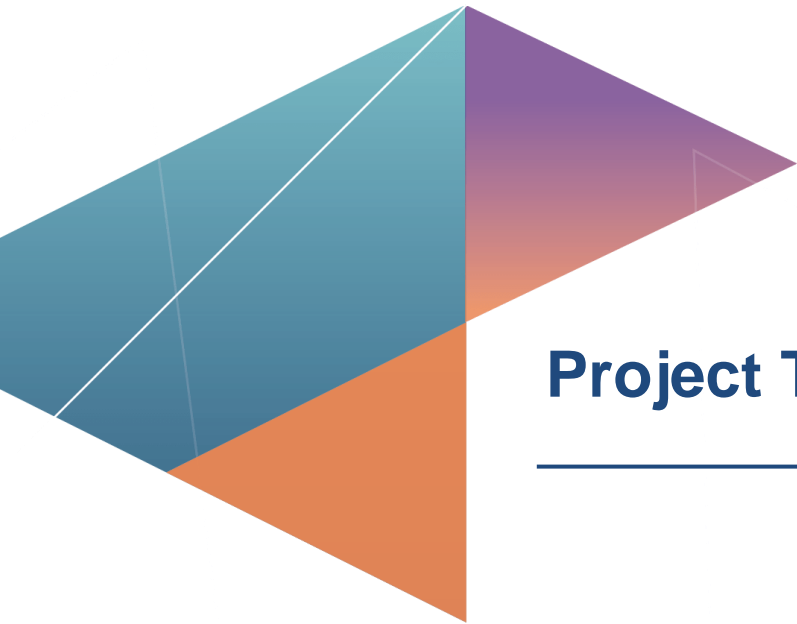
- Develop **standards that provide a global basis for sustainability information** - « *a global baseline of sustainability disclosure standards* »
- Working with the International Accounting Standards Board (IASB) to ensure connectivity and compatibility of International Accounting Standards (IFRS/IAS) and ISSB (IFRS S)

First 2 exposure drafts (comments by 29 July)

- IFRS S1: General provisions for sustainability-related financial disclosures - « *General requirements for disclosure of sustainability-related financial information* »
- IFRS S2: climate-related disclosures - « *Climate-related Disclosures* »

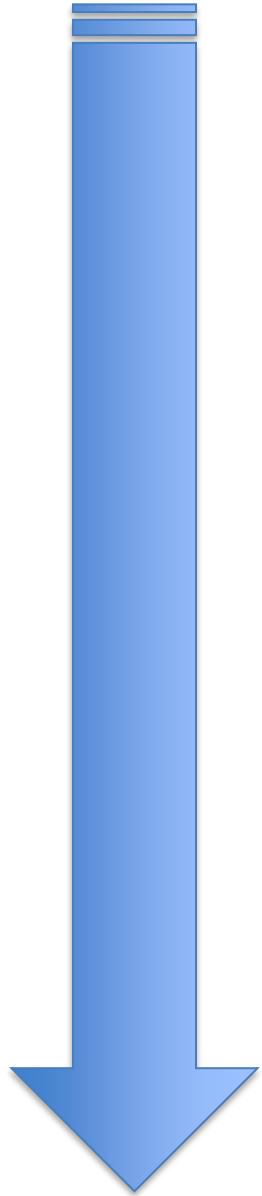
Further standards on other topics will be published later

- Regular technical exchanges between ISSB and EFRAG.
- Jurisdictional Working Group to enhance compatibility between global baseline and jurisdictional initiatives (May 2022): *the SEC, EFRAG and ISSB representatives all acknowledged that there is significant compatibility between their proposals.*
- Bilateral dialogue also taking place.
- Detailed comparison of ESRS 1&2 and ESRS E1 with IFRS S1&2 available in appendix V.



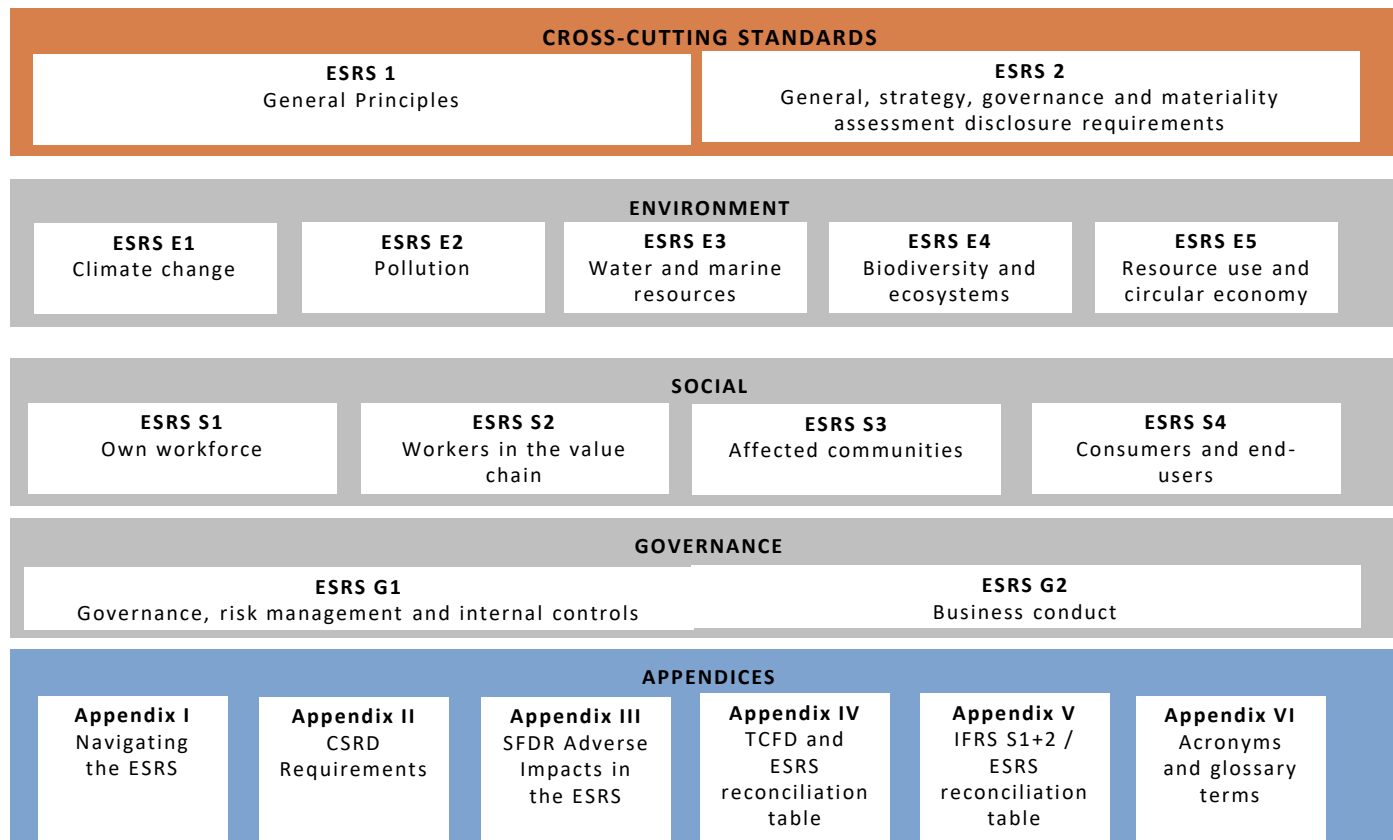
Project Task-Force achievements

2.1 Project Task-Force achievements – Main steps



- **1st Task-Force 2020/2021** for « Proposals for a relevant and dynamic EU sustainability reporting standard-setting » - report issued on 8 March 2021
- **Proposal by the EU Commission for a new CSRD on 21 April 2021**
- **2nd Task-Force re-launched in June 2021** following invitation letter from Commissioner McGuinness received on 12 May 2021 in order to start elaborating standards in project mode (PTF):
 - 35 members from 13 different Member States
 - Supported by Secretariat members (30 full-time equivalent)
 - Input from Expert Working Groups (appointed in November 2021)
 - Co-construction with GRI, Shift, WICI + dialogue with the IFRS Foundation (TRWG/ISSB) + meeting with the SEC
- **Final PTF –ESRS plenaries in Brussels and approval of the Exposure Drafts** for public consultation on 25/26 April 2022
- **Public consultation 13 Exposure drafts - 29 April 2022**

2.2 Project Task-Force achievements – Overview of deliverables to date on the basis of the CSRD architecture



Set 1 exposure drafts: 13 for public consultation

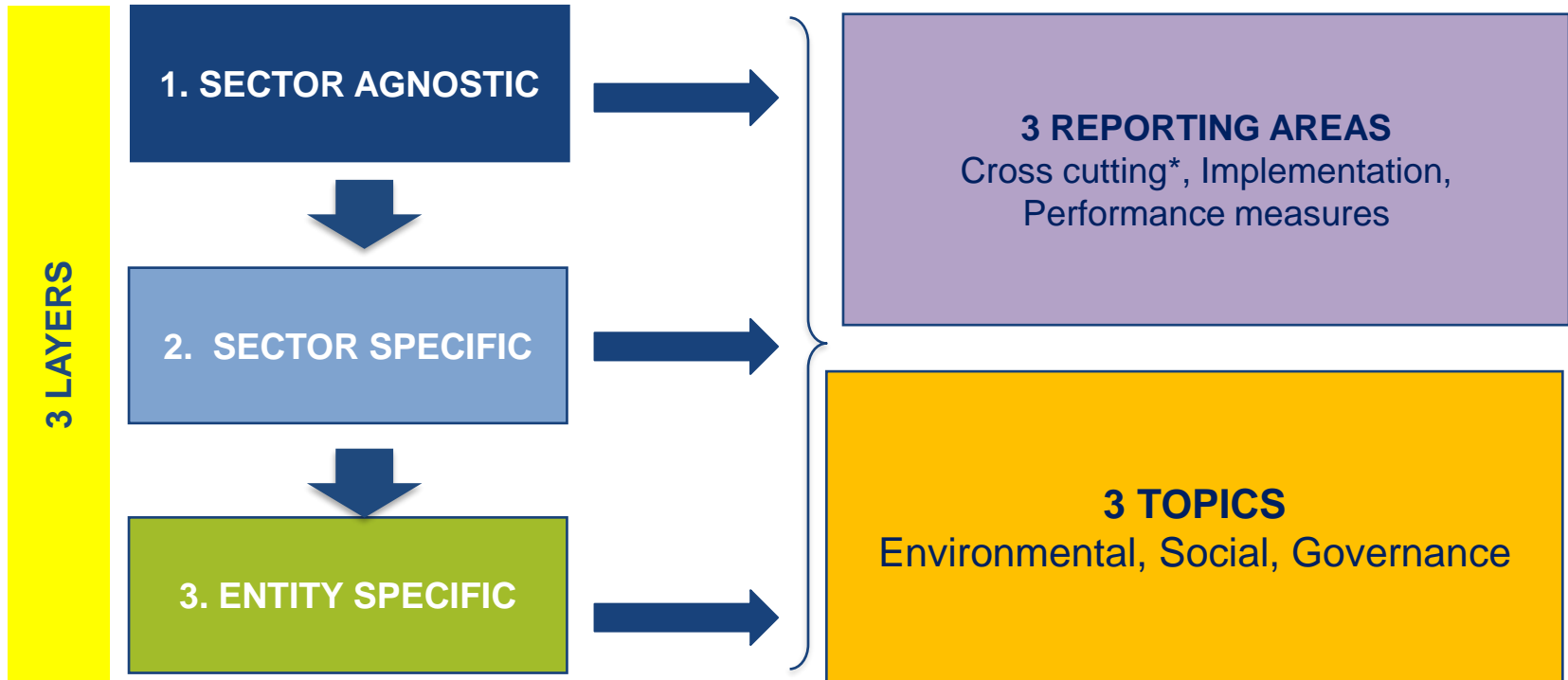


ESRS: Overview

3.1 ESRS Overview: Architecture

An EU comprehensive sustainability reporting

The 'rules of three' approach for the architecture of a mandatory sustainability reporting regime

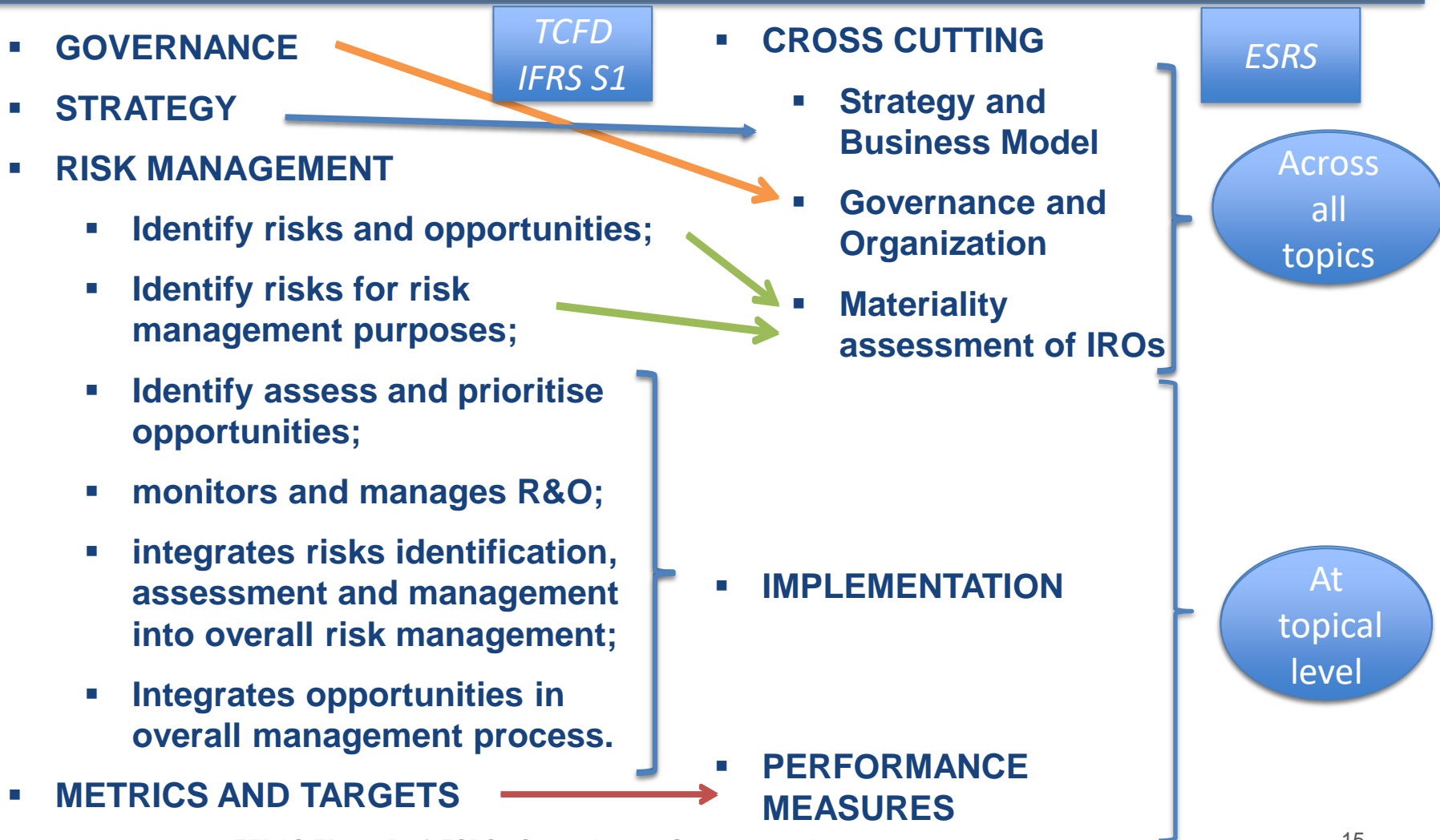


DOUBLE MATERIALITY : Financial materiality and impact materiality

(*) Cross-cutting standards: General principles and disclosures related to General Requirements, Strategy and Business Model (SBM), Impacts, risks and opportunities (IROSs) and Governance (GOV)

3.2 Compatibility with TCFD and IFRS S1 core contents

The structure and location of ESRS requirements reflects the need to cover the entire set of topics (not only one topic). Cross-cutting contents are dealt with in a single place, while implementation and performance measures are left at topical level

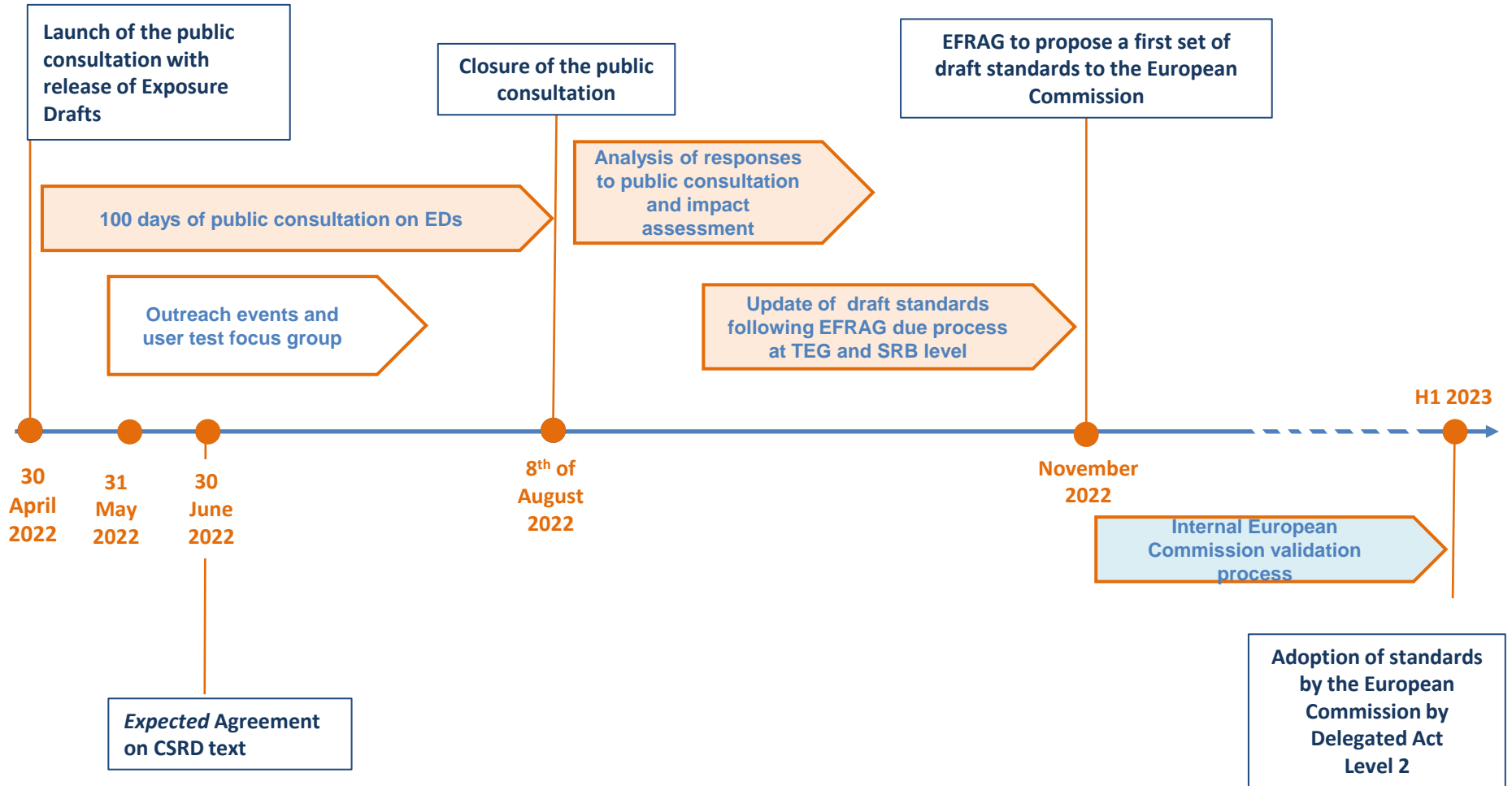




Next steps: Timetable

4.1 Next steps: Timetable

A critical step in the process of adopting European sustainability reporting standards

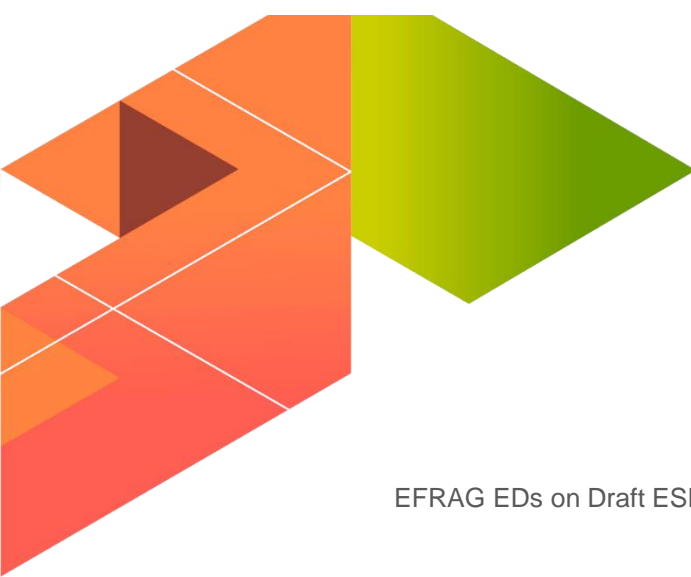


4.2 Public consultation EDs first set of draft ESRS (1/2)

- **Feedback from constituents on three key aspects of the EDs and the survey has followed the same structure :**
 1. The relevance of (i) the proposed architecture, (ii) the implementation of the CSRD principles and (iii) the overall content of each ED
 2. The possible options for prioritising / phasing-in the implementation of the ESRS, and
 3. the adequacy of each disclosure requirement mandated by each ED.
- **Section 3 of the survey on disclosure requirements split as follows:**
 - 3A. Cross Cutting standards
 - 3B. Environmental standards
 - 3C. Social standards
 - 3D. Governance standards
- **Respondents are strongly encouraged to respond to section 1 and 2.**
- **Due to comprehensive nature of section 3, constituents may select the questions and standards to which they provide feedback (no need for complete responses).**



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1.4 EFRAG Consultation. Exposure Drafts issued on 29 April and open for consultation until 8 August

Implementing concepts, contents, approach and timeline defined by the CSRD.



2.2 Project Task-Force : a robust due process

20 January 2022: 1st set of working papers released by the Task Force: Cross-cutting standards and Climate



20 January – 25 March 2022 : Remaining working papers released by the Task Force: Environmental, Social & Governance; Sector Specific classification and Sustainability Statements



February to April 2022: All working papers subject to the **triple review process:**

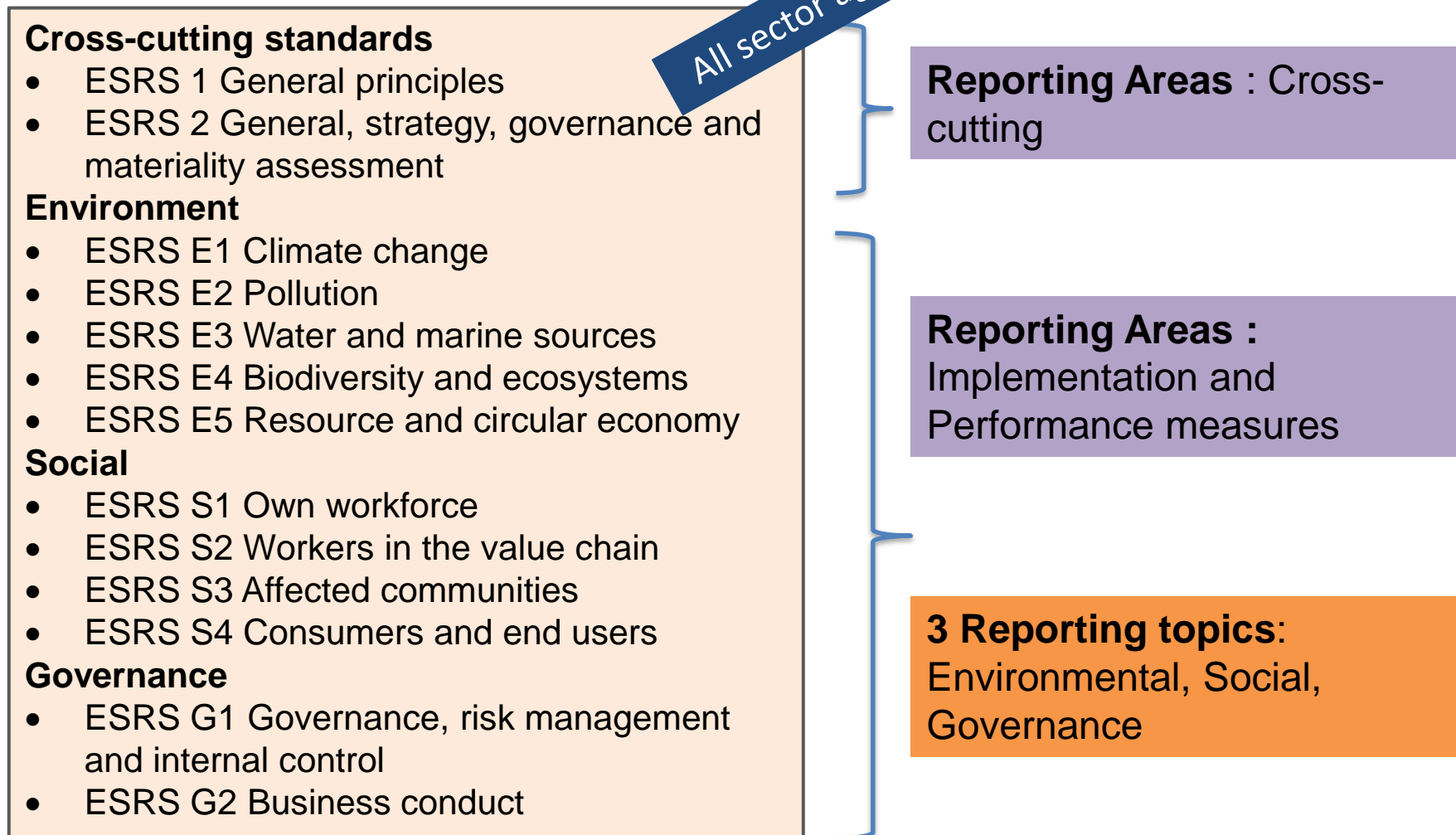
- Consensus Building within the PTF at plenary
 - Review Panel from the PTF
 - Expert Working groups
- + Feedback received and meetings arranged with European Commission (DG FISMA, DG ENV, DG EMPL, DG GROW, DG JUST)
- + Other feedback (Platform of Sustainable Finance, ESAs)



OUTPUT:

- **Exposure drafts issued on 29th April 2022**
- **Basis for Conclusions (not part of the Delegated Act) on 31st May 2022**

3.2 ESRS Overview – Exposure drafts release



3.4 ESRS Overview : Sustainability statements – as a second pillar of standardised corporate reporting

FOCUS

1. Cross-cutting information

General provisions

- **ESRS 2** General requirements DRs

Strategy and business model

- **ESRS 2** Strategy, Business Model DRs
- **Specific topical DR/AG from topical standards**

Governance and Organisation

- **ESRS 2 – Governance** DRs
- **Specific topical DR/AG from topical standards**

Impacts, Risks and Opportunities

- **ESRS 2 - Impacts, Risks & Opportunities** DRs
- **Specific topical DR/AG from topical standards**

+ Sustainable Corporate Governance initiative?

2. Environmental information

- **PTAPR related DR from ESRS E1 to E5**
- **Performance DR from ESRS E1 to E5**
- **Additional DR from relevant sector specific standards**
- **Potential additional entity specific information***

Disclosures pursuant to Article 8 of the taxonomy regulation

3. Social information

- **PTAPR related DR from ESRS S1 to S4**
- **Performance DR from ESRS S1 to S4**
- **Additional DR from relevant sector specific standards**
- **Potential additional entity specific information***

4. Governance information

- **PTAPR related DR from ESRS G1 to G2**
- **Performance DR from ESRS G1 to G2**
- **Additional DR from relevant sector specific standards**
- **Potential additional entity specific information***

*Prepared in compliance with ESRS 1 general provisions

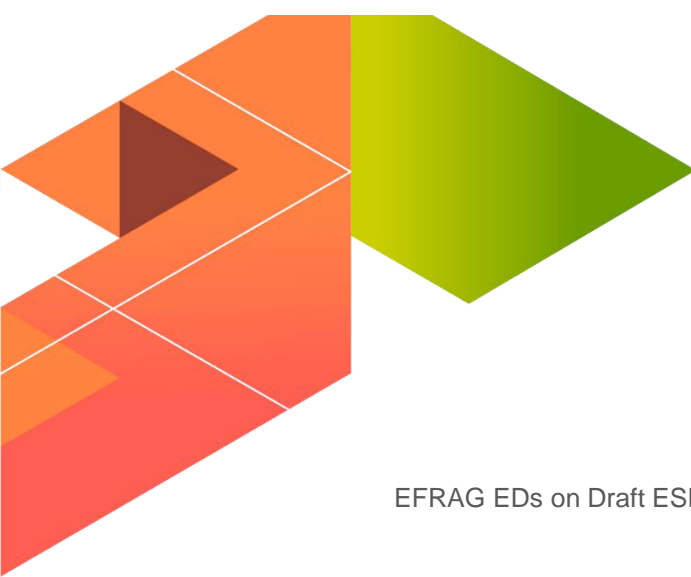
NOTE:
DR: Disclosure requirement
AG: Application Guidance
PTAPR: Policies, targets, action plans and resources (Implementation reporting area)
Performance: Performance measures

4.3 Public consultation EDs first set of draft ESRS (2/2)

- **Other information included in the public consultation:**
 - Cover note
 - Appendix I: Navigating the ESRS
 - Appendix II: CSRD requirements mapping
 - Appendix III: SFDR PAI mapping
 - Appendix IV: TCFD recommendations and ESRS reconciliation table
 - Appendix V: IFRS Sustainability standards and ESRS reconciliation table
 - Appendix VI: Acronyms and glossary of terms
- **EC survey tool**
- **Not consulting on second set of draft ESRS (SMEs and and sector specific)**
- **Outreaches during consultation period**

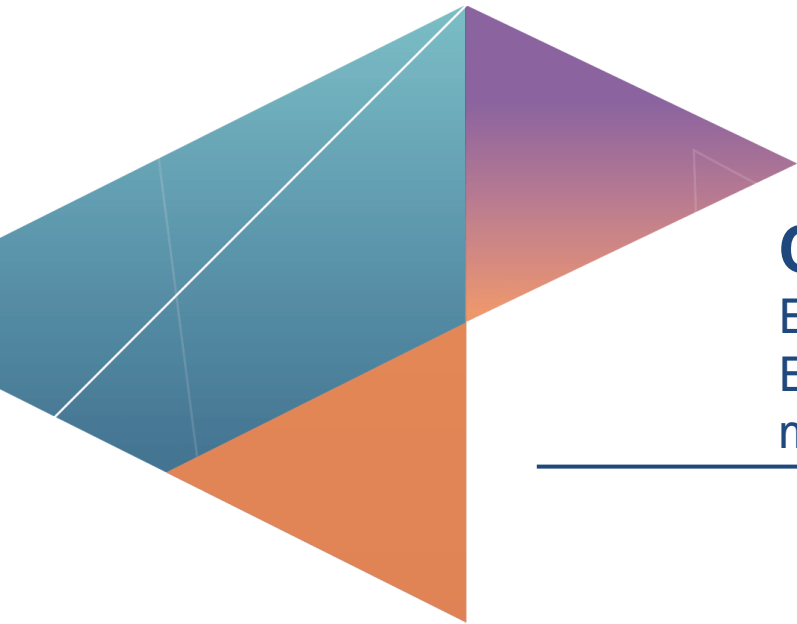


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Cross-cutting:

ESRS 1 General principles

ESRS 2 General, strategy, governance and
materiality assessment

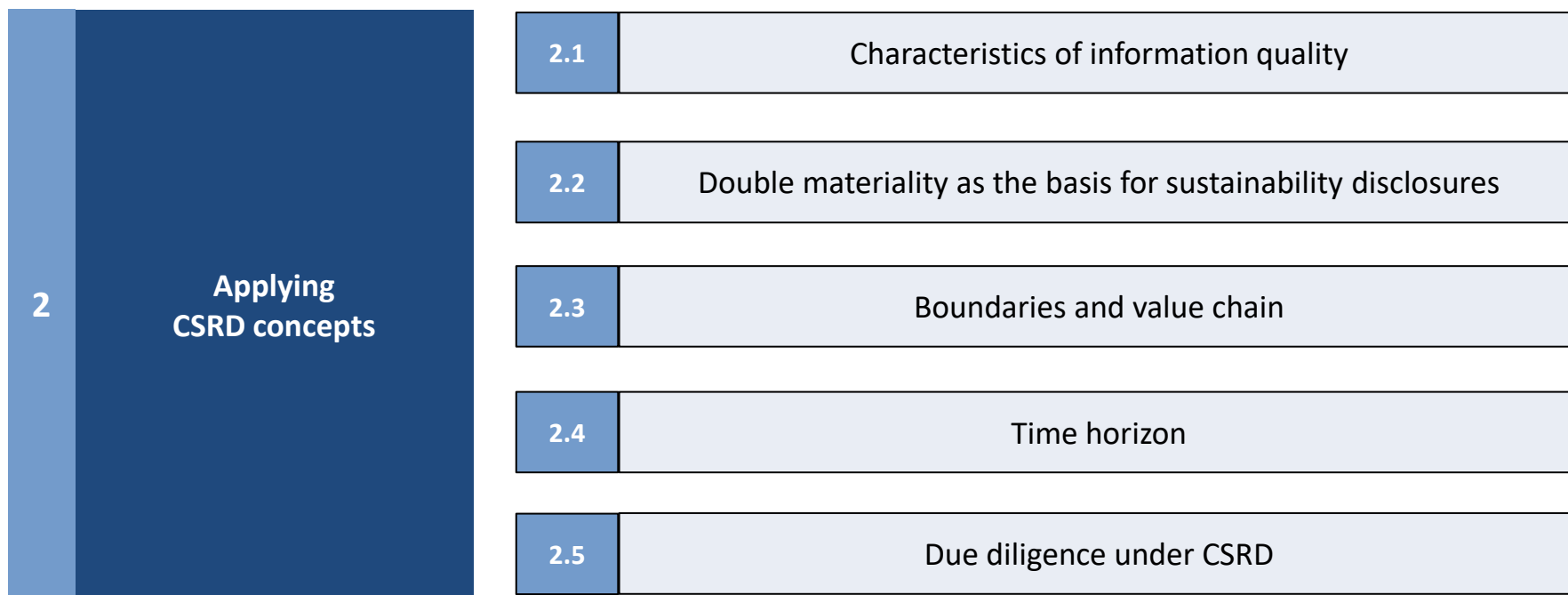
Prof. Dr. Alexander Bassen

5.1 Chapter 1 Reporting under ESRS: implementation of the “rules of three”

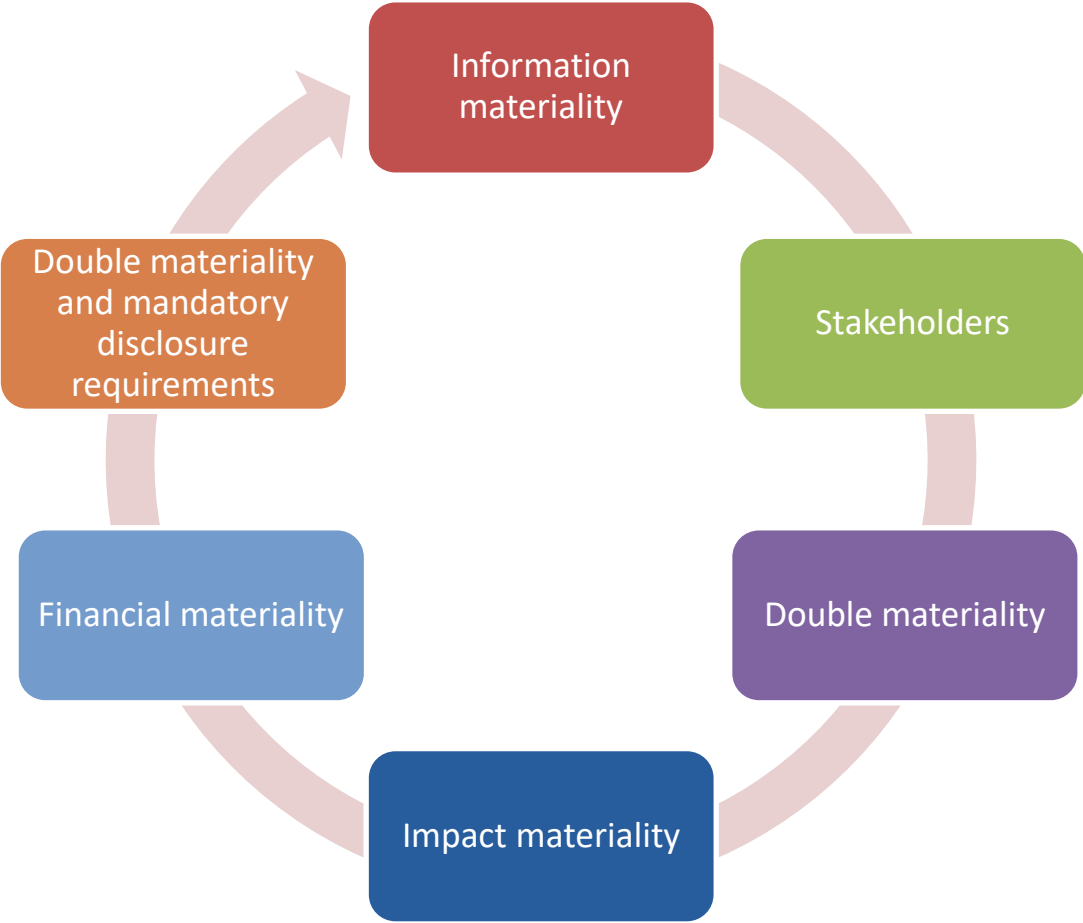
(CSRD information quality) **High degree of comparability** across undertakings: standardized **sector-agnostic (and sector specific) disclosure requirements are mandated** for all undertakings

1	Reporting under European Sustainability Reporting Standards (ESRS)	1.1	Complying with ESRS
		1.2	Standardised and entity-specific disclosures
		1.3	Sector-agnostic and sector-specific standards
		1.4	Relationship between cross-cutting standards and topical standards
		1.5	Developing entity-specific disclosures

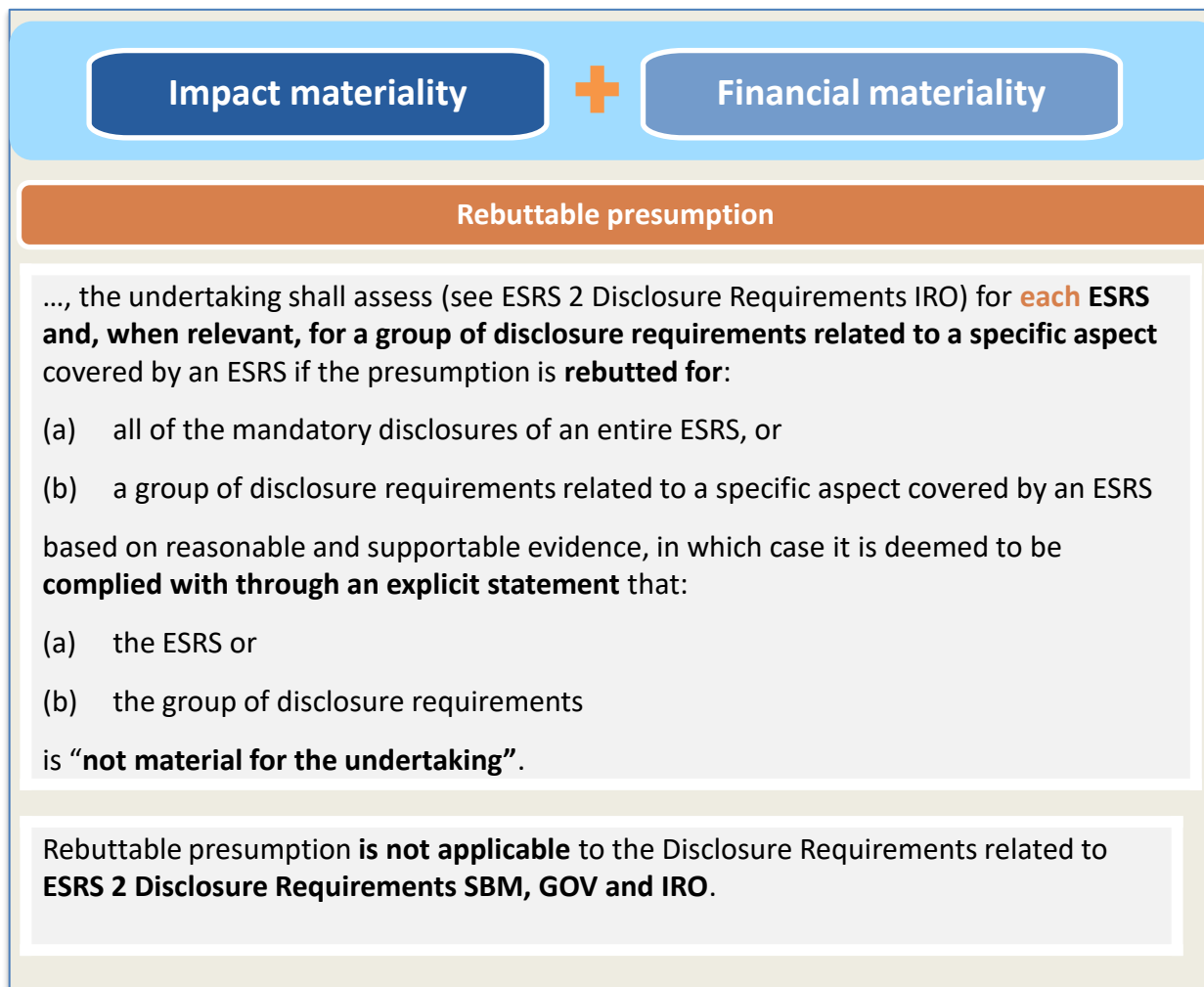
5.2 Chapter 2 Applying CSRD concepts: CSRD concepts as « Bedrock » of ESRS



5.3 Chapter 2 Applying CSRD concepts: 2.2. Double materiality as the basis for sustainability disclosures



5.4 ESRS 1 – Key concepts: Double materiality and the possibility of rebutting the presumption of materiality



- No additional costs expected compared to assessing materiality without a list of requirements - in both cases judgement and evidence are required
- Having a predefined list supports comparability
- Having to rebut the presumption mitigates the risk of loss of relevant information

5.5 Chapter 2 Applying CSRD concepts: 2.2 Double materiality: From mandated DR to information material for the undertaking

Universe of sector-agnostic and sector-specific **mandated** disclosure requirements

-

Rebuttable presumption (at level of ESRS or group of DR)

-

Individual **disclosure requirement**/datapoint that **is below materiality criteria/thresholds** and that is not part of an ESRS (or a group) for which the presumption has been rebutted **may be omitted** and therefore considered implicitly disclosed as “not material”

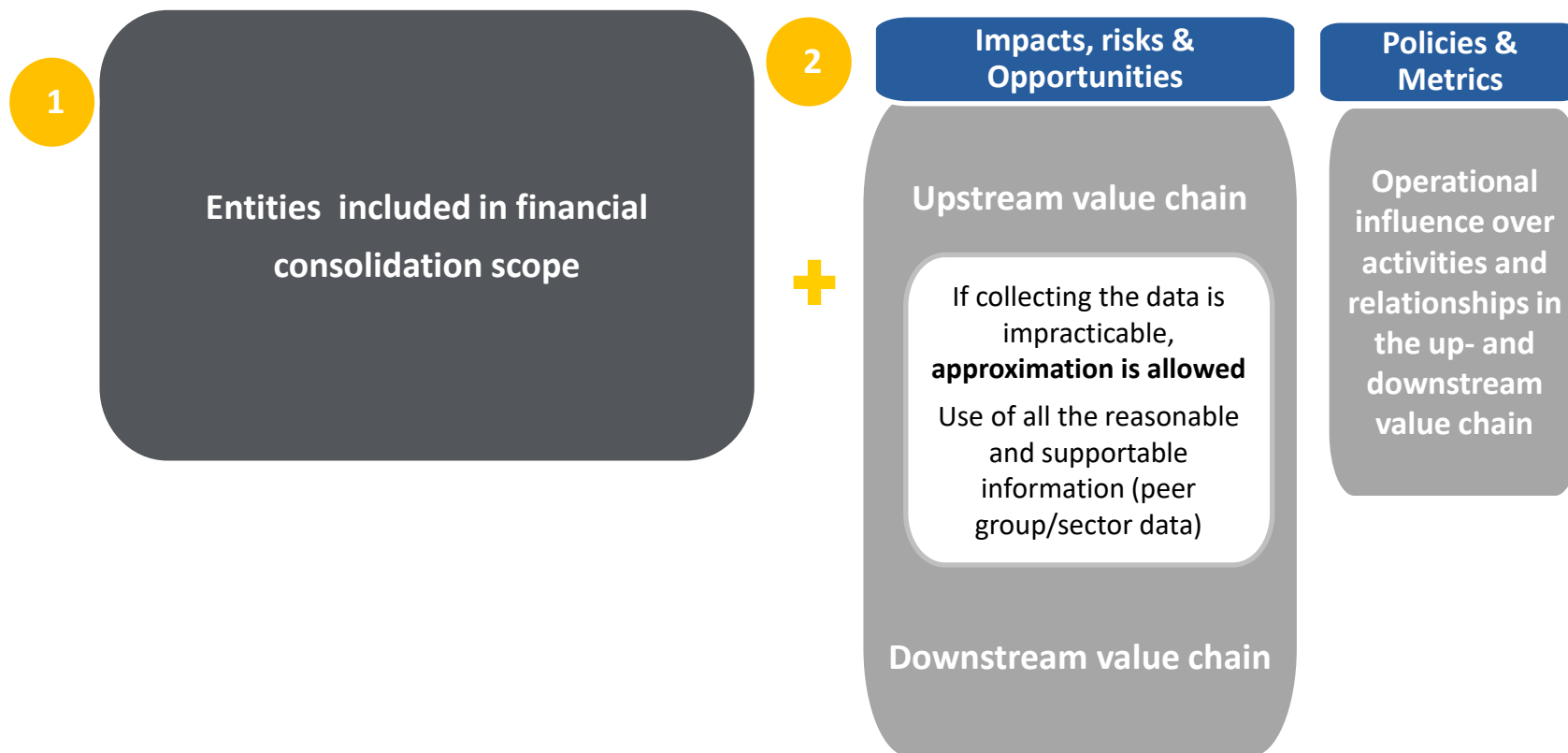
+

Entity specific disclosures

=

Material disclosure requirements for the undertaking

5.6 ESRS 1 – Key concepts: Boundaries and value chain: Consolidation scope plus up- and down-stream



Not all the data need to include value chain information: “Risk-based” approach and link to materiality. The boundary has to be expanded when the integration is necessary to allow a proper understanding of material impacts, risks and opportunities and to produce a set of complete information that meets the qualitative characteristics of information quality.

5.7 Chapter 6 - Structure of sustainability statements: Three presentation options give flexibility. Incorporation by reference to other sections of MR

6	Structure of the sustainability statements	Content of the sustainability statements
		<p>6.1 Undertaking <u>shall</u> report all the applicable disclosures required by ESRS within identifiable parts of the management report constituting the 'Sustainability Statements'.</p> <p>Undertaking <u>may</u> include in its sustainability statements additional disclosures clearly identified and referenced to local legislation or general accepted framework.</p>
		Structure of the sustainability statements
		<p>Options:</p> <p>6.2 a) <u>Single separately identifiable section</u> of the management report</p> <p>b) <u>Aggregating the disclosures into four separately identifiable parts</u> of the management report: i) general information; ii) environmental information; iii) social information; and iv) governance information</p> <p>c) <u>Aggregating the disclosures required by each ESRS</u> and reporting them as non-separable blocks in identifiable parts of the management report "on a standard-by-standard basis"</p>

Par. 135/146 and AG 33 of ESRS 1: information mandated by ESRS may be incorporated by reference to another section of the MR (if separate, clearly identified as addressing the relevant ESRS disclosure requirement). A list of incorporation by references is required. Incorporation by reference to the financial statements is also allowed.

5.8 Overview of ESRS 2

22 Disclosure requirements

Provides DRs for principles laid out in
ESRS 1

Not subject to "rebuttable
presumption" = fully mandatory

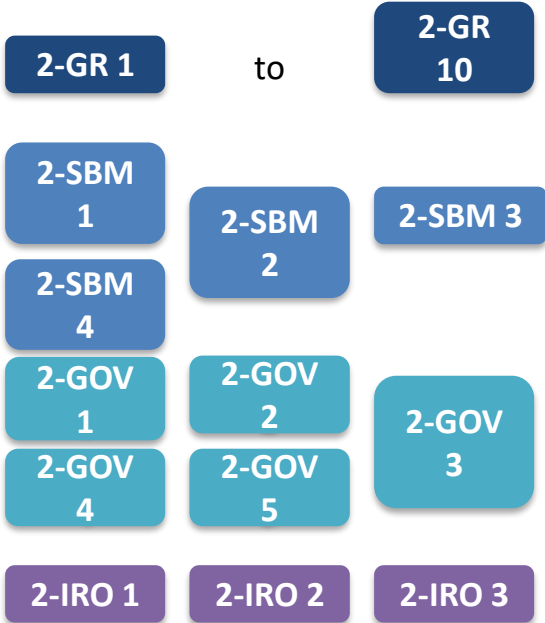
Cross-cutting
= provides context for all topical DRs

1st step in sustainability reporting in line with ESRS:
MATERIALITY ASSESSMENT

5.9 Objective and Overview: Objective of ESRS 2

To set out the disclosure requirements of the undertaking’s sustainability reporting that are of a cross-cutting nature. They are those:

- A. of a general nature
- B. on the strategy and business model of the undertaking
- C. on its governance in relation to sustainability
- D. on its materiality assessment of sustainability impacts, risks and opportunities



5.10 Objective and Overview: Disclosure Requirements of ESRS 2 (I/II)

GENERAL CHARACTERISTICS

DR 2-GR1: **General characteristics** of the sustainability reporting of the undertaking

DR 2-GR2: **Sector(s) of activity** ISSB SFDR

DR 2-GR3: **Key features** of the value chain ISSB TCFD

DR 2-GR4: **Key drivers** of the value creation ISSB

DR 2-GR5: **Using approximations** on the disclosure in relation to boundary and value chain

DR 2-GR6: Disclosing on significant **estimation uncertainty** ISSB

DR 2-GR7: **Changes** in preparation and presentation ISSB

DR 2-GR8: Prior period **errors** ISSB

DR 2-GR9: On other sustainability reporting **pronouncements** ISSB

DR 2-GR10: General **statement of compliance** ISSB

STRATEGY & BUSINESS MODEL

DR 2-SBM1: **Overview** of strategy and business model ISSB CSRD

DR 2-SBM2: Views, interests and expectations of **stakeholders** ISSB CSRD

DR 2-SBM3: **Interaction of impacts and the undertaking's Strategy** and business model ISSB CSRD

DR 2-SBM4: **Interaction of risks and opportunities and the undertaking's strategy** and business model TCFD CSRD ISSB

5.10 Objective and Overview: Disclosure Requirements of ESRS 2 (II/II)

GOVERNANCE

- DR 2-GOV1: **Roles and responsibilities** of the administrative, management and supervisory bodies
 - TCFD
 - ISSB
 - CSRD
- DR 2-GOV2: **Information** of administrative, management and supervisory bodies **about sustainability matters**
 - TCFD
 - ISSB
- DR 2-GOV3: **Sustainability matters addressed** by the undertaking’s administrative, management and supervisory bodies
 - ISSB
- DR 2-GOV4: Integration of sustainability strategies and Performance in **incentive schemes**
 - TCFD
 - ISSB
- DR 2-GOV5: Statement on **due diligence**
 - ISSB
 - SFDR

IMPACTS, RISKS & OPPORTUNITIES

- DR 2-IRO1: **Description of the processes** to identify material sustainability impacts, risks and opportunities
 - ISSB
 - CSRD
 - TCFD
- DR 2-IRO2: **Outcome of the undertaking’s assessment** of material sustainability impacts, risks and opportunities as identified by reference to and in compliance with **sector-agnostic and sector-specific level ESRS**
 - SFDR
 - ISSB
 - CSRD
 - TCFD
- DR 2-IRO3: **Outcome of the undertaking’s assessment** of material sustainability impacts, risks and opportunities that are not covered by an ESRS (**entity-specific level**)
 - SFDR
 - ISSB
 - CSRD
 - TCFD

Focus on DR – GOV 5: Statement on due diligence

DR related to Governance in ESRS 2



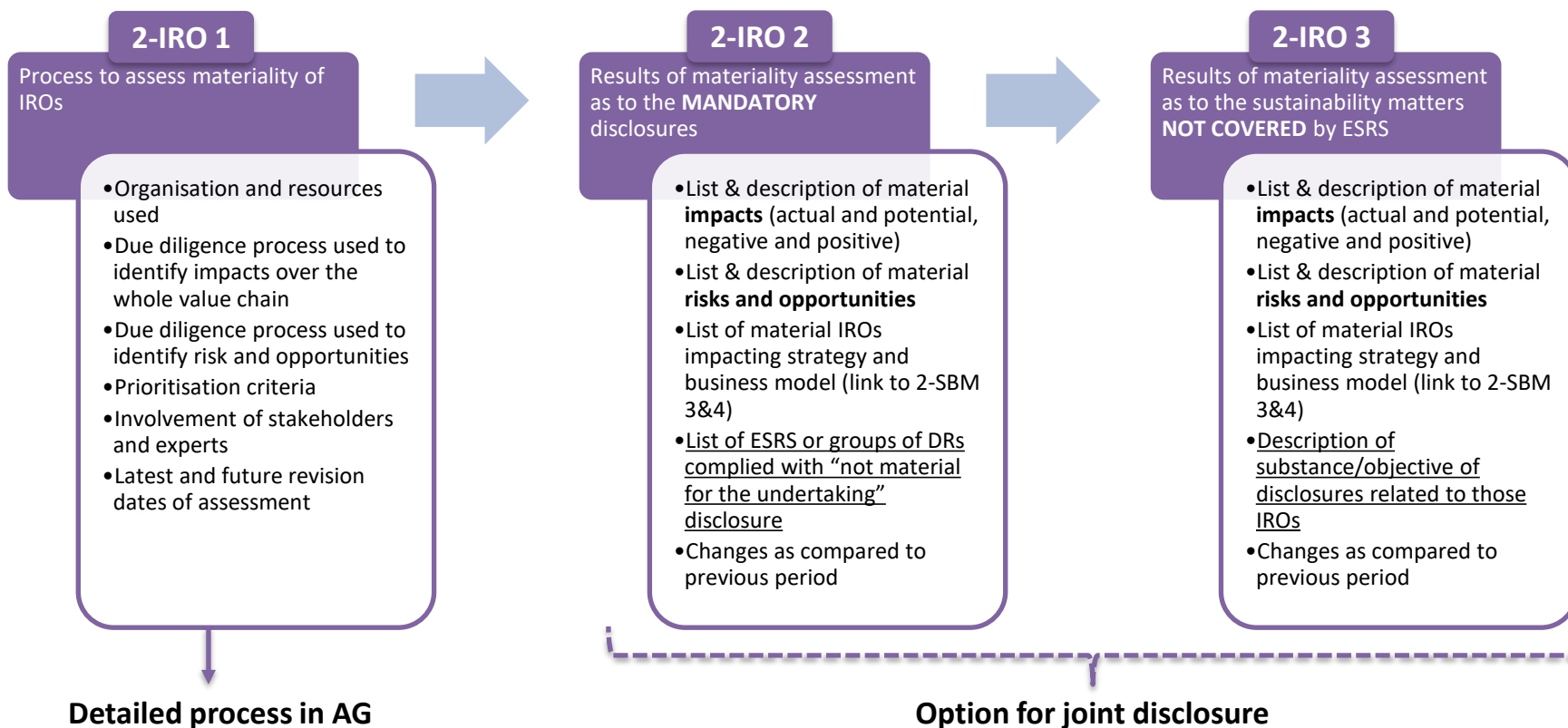
DR 2- GOV 5: Statement on due diligence

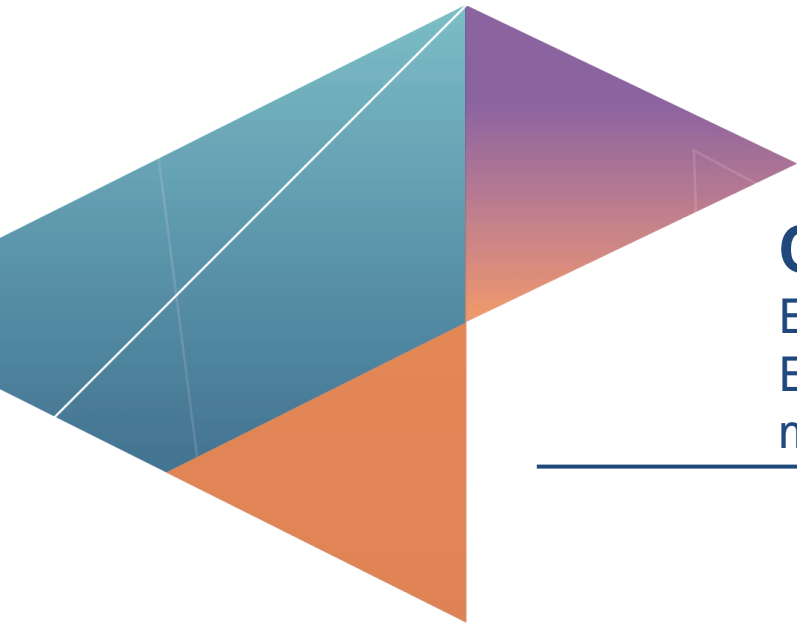
The undertaking shall provide a mapping that reconciles the main aspects of sustainability due diligence to the relevant disclosures in its sustainability statements

Main aspect of sustainability due diligence	Relevant disclosures
• Embedding due diligence in governance and organizations	
• Engaging with stakeholders	
• Identifying and assessing adverse impacts	
• Taking action	
• Tracking effectiveness and communicating	

Focus on DR – IRO1, 2 and 3

DRs related to Materiality assessment impacts, risks and opportunities in ESRS 2





Cross-cutting:

ESRS 1 General principles

ESRS 2 General, strategy, governance and
materiality assessment

Prof. Dr. Alexander Bassen



ESRS – Europäische Standards zur Nachhaltigkeitsberichterstattung

Breakout-Session „Themenspezifische Standards / Environment“

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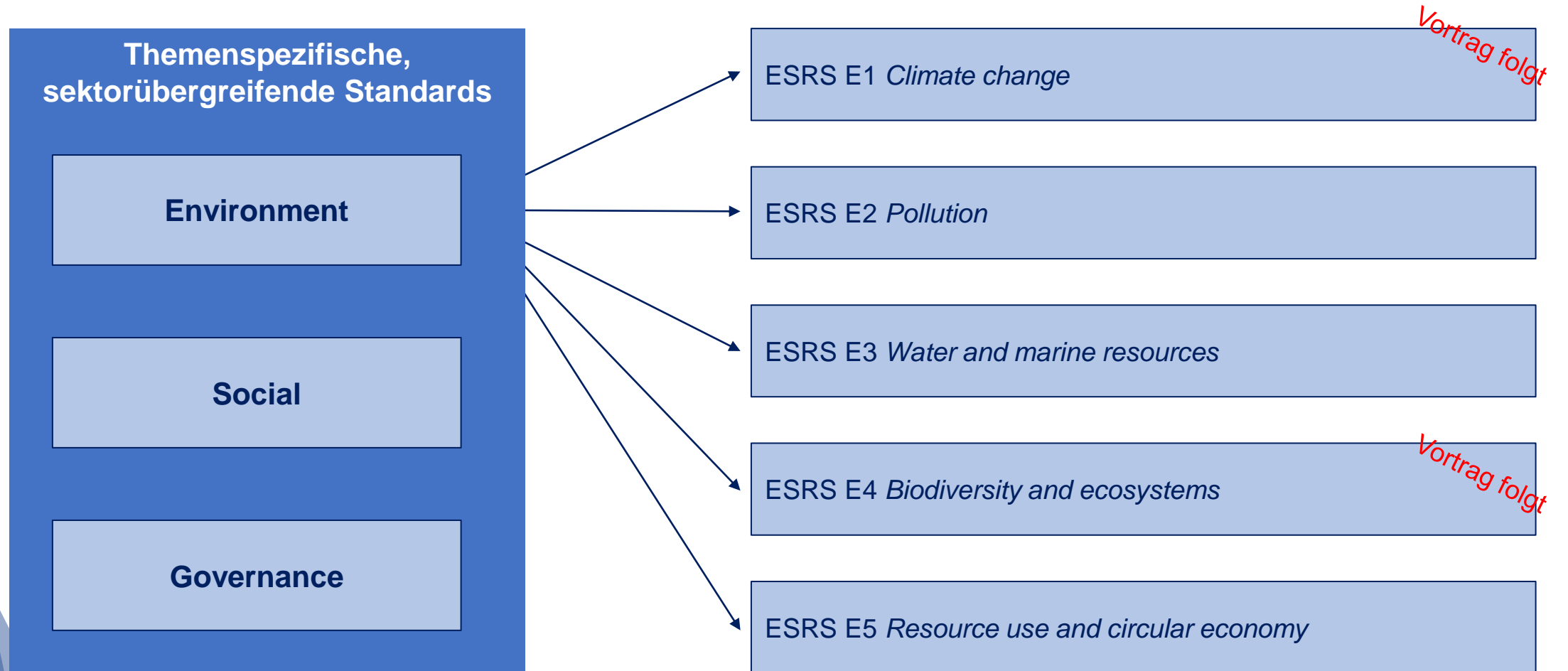
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- **Überblick themenspezifische Standards zu „Environment“**
- **Vortrag und Austausch mit den Teilnehmern zu den Standardentwürfen**
 - ESRS E1 *Climate change*
 - ESRS E4 *Biodiversity and ecosystems*

Kommentare und Rückmeldungen sind ausdrücklich willkommen.

Überblick themenspezifische Standards



“Enable users to understand”



ESRS E2 Pollution

Auswirkungen auf Verschmutzung von Luft, Wasser, Boden, lebende Organismen, Nahrungsressourcen

Maßnahmen (inkl. Ergebnisse) zur Vermeidung, Minderung, Behebung

Pläne und Fähigkeit zur **Anpassung des Geschäftsmodells**

- Umwelt ohne Umweltverschmutzung; inkl. EU „Null-Schadstoff-Aktionsplan für Luft, Wasser und Boden“

Wesentl. **Risiken/Chancen** des Unternehmens (Art, Typ, Ausmaß) und Umgang damit

- i.Z.m. umweltrelevanten Auswirkungen und Abhängigkeiten des Unternehmens
- i.Z.m. Vermeidung, Kontrolle, Beseitigung, Verringerung der Verschmutzung (auch aufgrund gesetzl. Vorgaben)

Kurz-, mittel-, langfr. **Auswirkungen** der mit Umweltverschmutzung verbundenen Risiken/Chancen auf

- Unternehmensentwicklung, -leistung, -lage
- Fähigkeit zur Schaffung von Unternehmenswert
- Auch i.Z.m. Auswirkungen und Abhängigkeiten des Unternehmens auf bzw. von Umweltverschmutzung

“Enable users to understand”



ESRS E3 *Water and marine resources*

Auswirkungen der Unternehmenstätigkeit auf Wasser und Meeresressourcen (WMR)

Maßnahmen (inkl. Ergebnisse) zum Schutz von WMR

- Reduktion von Wasserentnahmen, -verbrauch, sonstige Wassernutzung, Einleitung in Gewässer/Ozeane, Beeinflussung von Lebensräumen, Intensität der Belastung von Meeresressourcen

Beitrag des Unternehmens zu verschiedenen Initiativen der EU und anderen

- Green Deal Ziele (Saubere Luft, sauberes Wasser, gesunder Boden, Biodiversität), EU Wasserrahmenrichtlinie ...
- SDG 6 (Sauberes Wasser und Sanitäreinrichtungen), SDG 14 (Leben unter Wasser) ...

Pläne, Fähigkeit zur **Anpassung des Geschäftsmodells**: Erhaltung/ Wiederherstellung globaler WMR

Wesentl. **Risiken/Chancen** des Unternehmens (Art, Typ, Ausmaß) aus WMR und Umgang damit

Kurz-, mittel-, langfr. **Auswirkungen** der mit WMR verbundenen Risiken/Chancen auf

- Unternehmensentwicklung, -leistung, -lage
- Fähigkeit zur Schaffung von Unternehmenswert
- Auch i.Z.m. Auswirkungen und Abhängigkeiten des Unternehmens auf bzw. von Wasser und Meeresressourcen

“Enable users to understand”



ESRS E5 *Resource use and circular economy*

Auswirkungen der Unternehmenstätigkeit auf

- Ressourcennutzung/-verbrauch (inkl. Nutzung nicht erneuerbarer Ressourcen)
- Regeneration erneuerbarer Ressourcen

Maßnahmen (inkl. Ergebnisse) zur Vorbeugung/Vermeidung, Sanierung negativer Effekte (*impacts*)

- Inkl. Maßnahmen zur Entkopplung von Ressourcenentnahmen und Wachstum

Pläne und Fähigkeit zur **Anpassung des Geschäftsmodells** an Grundsätze der Kreislaufwirtschaft

- Inkl. Abfallvermeidung, Zirkulation von Produktion und Materialien zum höchsten Wert, Regeneration der Natur

Wesentl. **Risiken/Chancen** des Unternehmens (Art, Typ, Ausmaß) und Umgang damit

- i.Z.m. Auswirkungen/Abhängigkeiten des Unternehmen, Effekten aus Ressourcennutzung und Kreislaufwirtschaft

Kurz-, mittel-, langfr. **Auswirkungen** der mit dem o.g. Aspekt verbundenen Risiken/Chancen auf

- Unternehmensentwicklung, -leistung, -lage
- Fähigkeit zur Schaffung von Unternehmenswert
- Auch i.Z.m. Auswirkungen und Abhängigkeiten des Unternehmens auf bzw. von Ressourcennutzung und Kreislaufwirtschaft



DRSC

Vielen Dank!

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Exposure Draft ESRS E1 – Climate change

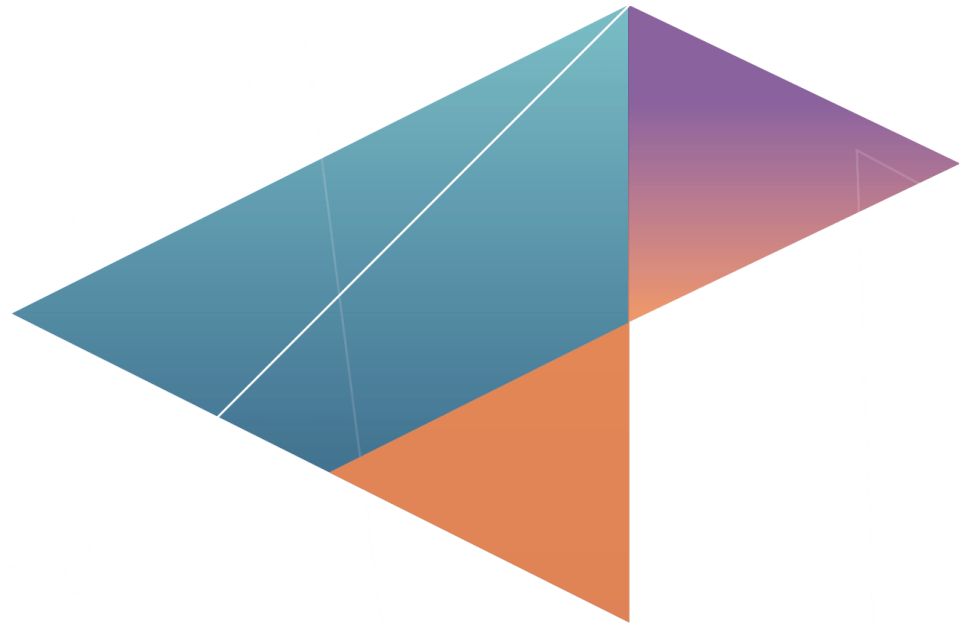
DRSC/EFRAG Outreach-Veranstaltung
„ESRS – Europäische Standards zur Nachhaltigkeitsberichterstattung“

10. Juni 2022



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Agenda

1. Zielstellung des Standards und Überblick
2. „Deep dive“ in ausgewählte Berichtsanforderungen
3. Q&A

Zielstellung und Überblick

Zielstellung des ESRS E1

Nutzer*innen der Berichte sollen nachvollziehen können:

A. Beitrag des Unternehmens zum Klimawandel

B. Klimaschutzanstrengungen des Unternehmen im Verhältnis zu den Zielen des Übereinkommens von Paris und der Begrenzung des Klimawandels auf 1,5°C

C. Pläne und Fähigkeit des Unternehmens das Geschäftsmodell und den Betrieb in Übereinstimmung mit dem Übergang zu einer nachhaltigen Wirtschaftsweise und zur Begrenzung des Klimawandels auf 1,5°C anzupassen.

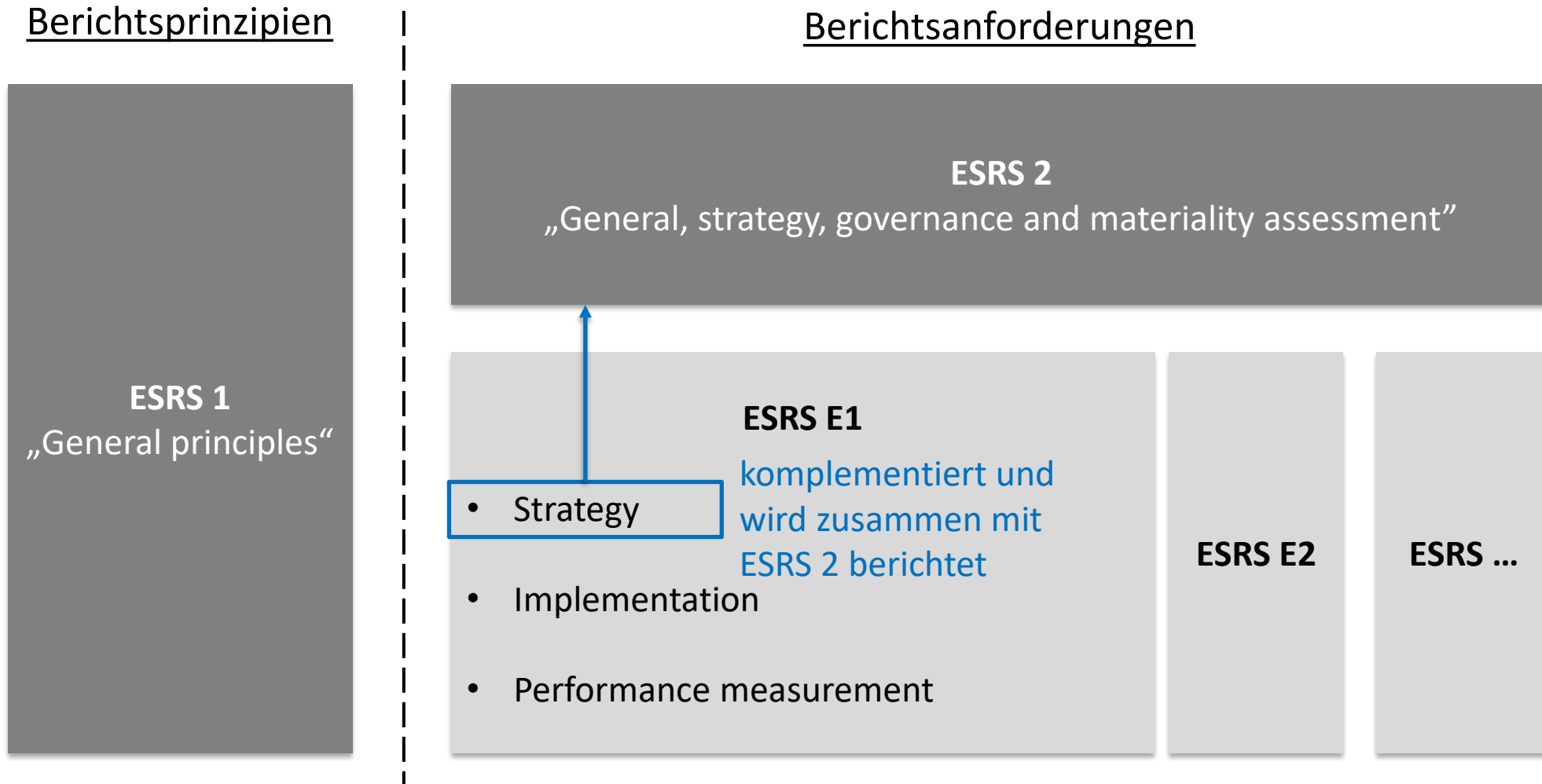
E. Wesentliche klimabezogene Risiken und Chancen des Unternehmens

F. Kurz- mittel- und langfristige Auswirkungen ("effects") der klimabezogenen Risiken und Chancen auf Geschäftsverlauf, Geschäftsergebnis und Lage des Unternehmens und seiner Fähigkeit Wert zu schaffen.

ESRS E1 befasst sich mit Klimaschutz und Klimaanpassung

Zielstellung und Überblick

Zusammenhang von Querschnittsstandards und ESRS E1



Zielstellung und Überblick

Aufbau des ESRS E1

Zielstellung (Objective)

Zusammenspiel mit anderen ESRS (Interaction with other ESRS)

Berichtsanforderungen (Disclosure Requirements – DR)

- Strategy
- Implementation
- Performance measurement

Anhang A – Definitionen (Defined Terms)

Anhang B – Anwendungsbestimmungen (Application guidance – AG)

Zielstellung und Überblick Inhalte des ESRS E1

CSRD = EU Vorschlag zur Corporate Sustainability Reporting Directive (CSR-Richtlinie)

CSDDD = EU Vorschlag zur Corporate Sustainability Due Diligence Directive

SFDR = EU Sustainable Finance Disclosure Regulation (Offenlegungsverordnung)

Taxo = EU Taxonomie-Verordnung

ISSB = International Sustainability Standards Board – Entwurf zur klimabezogenen Berichterstattung

US SEC = United States Security and Exchange Commission – Entwurf zur klimabezogenen Berichterstattung

STRATEGY (complementing ESRS 2)

DR E1-1: **Transition plan** for climate change mitigation

CSRD
CSDDD
ISSB
US SEC*

AG für ESRS 2: **Resilience** of strategy and business model

CSRD
ISSB
US SEC

AG für ESRS 2: Climate-related **remuneration**

ISSB

AG für ESRS 2: Internal **carbon pricing** schemes

ISSB
US SEC

AG für ESRS 2: material climate-related **impacts, risks and opportunities**

CSRD
ISSB*
US SEC*

*nur finanzielle Wesentlichkeit

IMPLEMENTATION

DR E1-2: **Policies** implemented to manage climate change mitigation and adaptation

CSRD

DR E1-3: Measurable **targets** for climate change mitigation and adaptation

CSRD
ISSB
US SEC

DR E1-4: Climate change mitigation and adaptation **action plans and resources**

CSRD*
Taxo*
ISSB*

*nur ausgewählte Anforderungen

PERFORMANCE MEASUREMENT

Energy

E1-5: Energy **consumption & mix** SFDR

E1-6: Energy **intensity** per revenue SFDR

GHG emissions / removals

E1-7: **Scope 1** GHG emissions SFDR ISSB US SEC

E1-8: **Scope 2** GHG emissions SFDR ISSB US SEC

E1-9: **Scope 3** GHG emissions SFDR ISSB US SEC

E1-10: **Total** GHG emissions

E1-11: **GHG intensity** per net turnover SFDR ISSB US SEC

E1-12: **GHG removals** CSRD*

E1-13: **Carbon credits** CSRD* ISSB US SEC

Optional E1-14: **Avoided GHG emissions** from products and services

Financial effects

E1-15: Financial effects from **physical risks** ISSB US SEC

E1-16: Financial effects from **transition risks** ISSB US SEC

E1-17: Financial **opportunities** Taxo** ISSB US SEC

*in Erwägungsgrund 41; ** indirekte Verknüpfung

Deep dive in ausgewählte Berichtsanforderungen DR E1-1 Transition plan for climate change mitigation

“The undertaking shall disclose its plans to ensure that its business model and strategy are compatible with the transition to a climate-neutral economy and with limiting global warming to 1.5 °C in line with the Paris Agreement.”

TRANSITION PLAN ELEMENTS



Alignment of GHG emission reduction targets with limiting global warming to 1.5°C



Decarbonisation levers identified and key actions planned



Financial resources supporting the implementation of the transition plan



Locked-in GHG emissions from key assets and products



Role of aligning its economic activities with the provisions of the **EU Taxonomy**



Alignment with overall business strategy, implementation progress, approval by highest governance body

“...the undertaking is expected to provide a high-level explanation on how it will adjust its strategy and business model to ensure compatibility with the transition to a climate-neutral economy and with limiting of global warming to 1.5°C in line with the Paris Agreement ... and shall, where applicable, refer to and contextualise information presented under other disclosures requirements of this [draft] standard.” (AG 1)

Deep dive in ausgewählte Berichtsanforderungen
DR E1-1 Transition plan for climate change mitigation

...und wenn ich (noch) keinen derartigen Plan aufgestellt habe?

“...[the undertaking] shall provide an explanation of its climate change mitigation ambition and whether and when it will adopt a transition plan.” (AG 2)

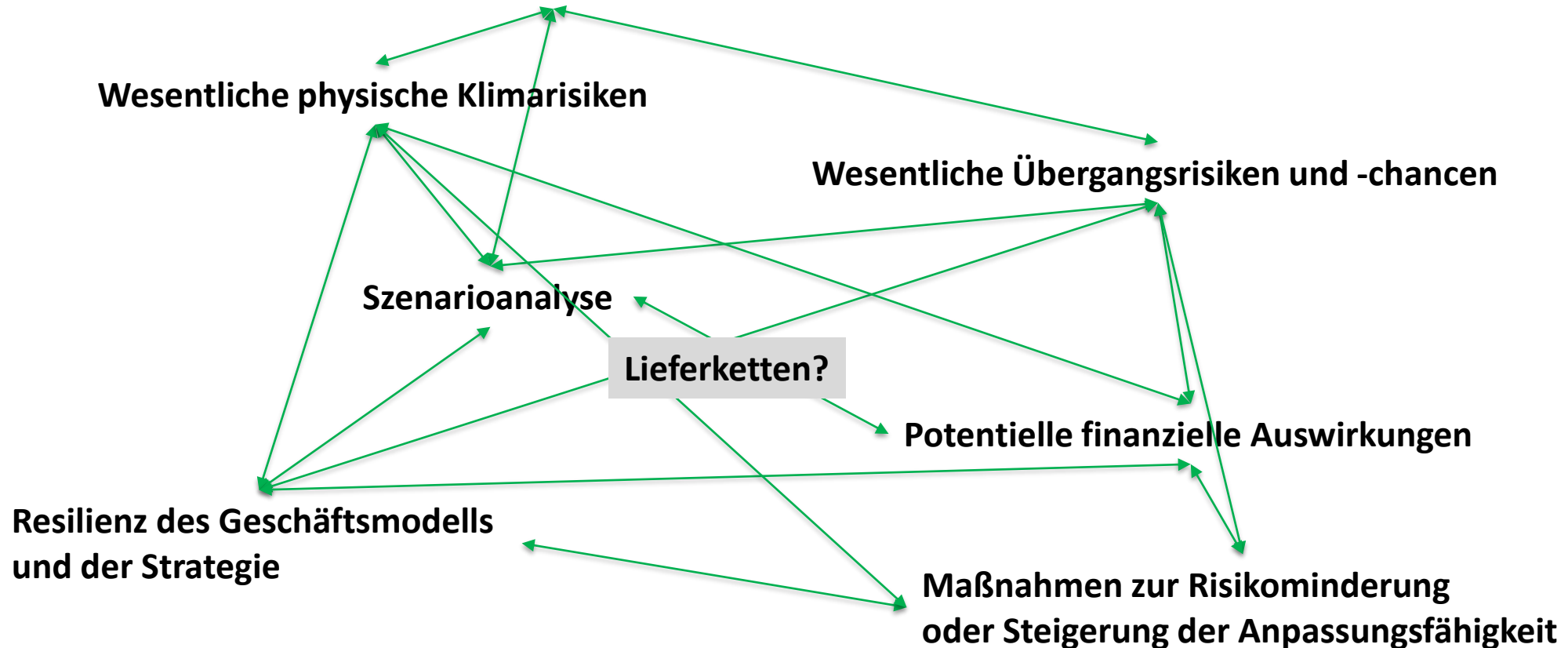
Deep dive in ausgewählte Berichtsanforderungen

Berichterstattung über klimabezogene Risiken und Chancen

“The undertaking shall provide a description of its processes to identify its sustainability impacts, risks and opportunities and assess which ones are material” (ESRS 2-IRO 1)

“The undertaking shall provide a description of the outcome of its assessment processes [...]” (ESRS 2-IRO 2)

Identifikation und Bewertung von klimabezogenen Risiken und Chancen



Deep dive in ausgewählte Berichtsanforderungen

Berichterstattung über klimabezogene Risiken und Chancen

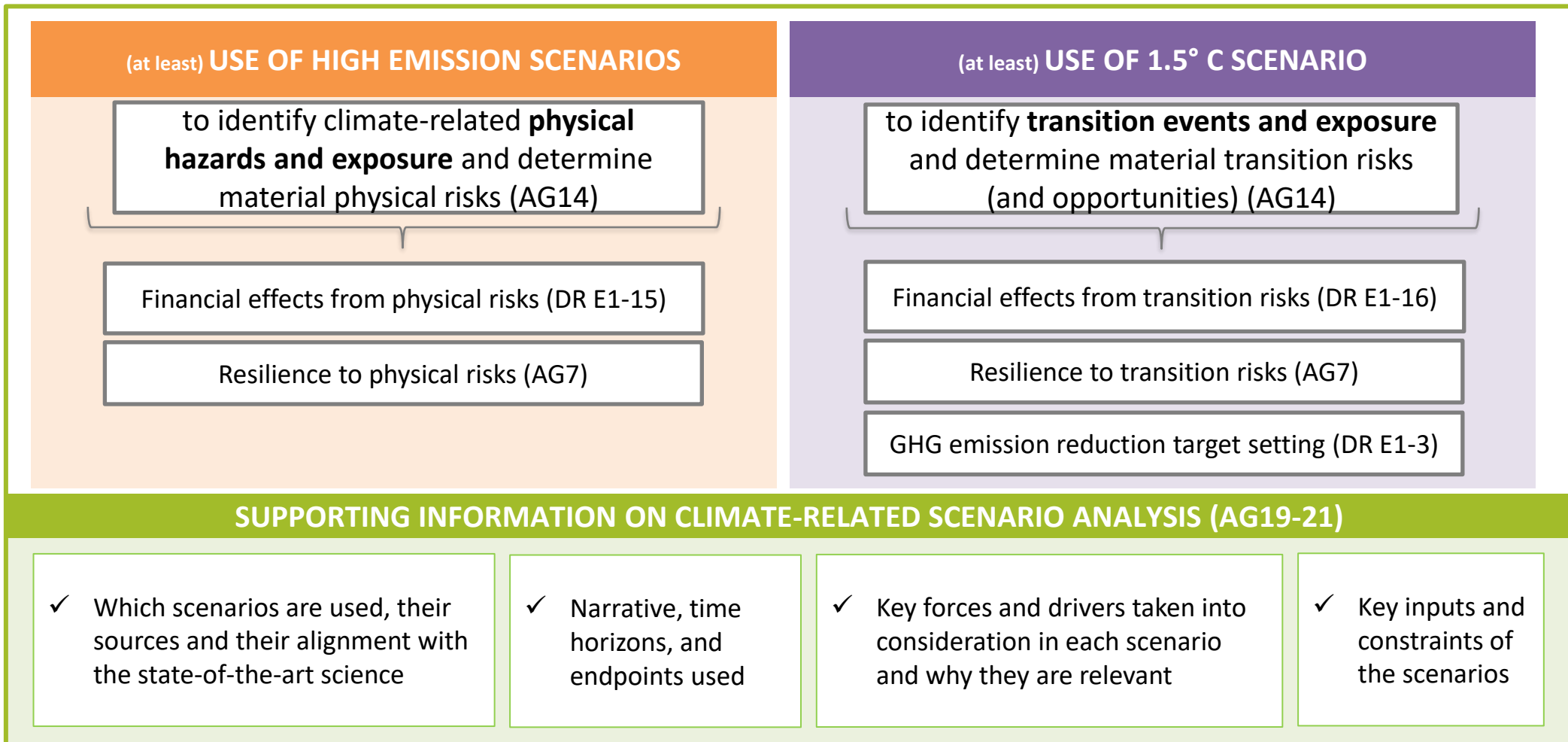
Classification of climate-related hazards (Source: Commission delegated regulation (EU) 2021/2139)						
	Temperature-related	Wind-related	Water-related	Solid mass-related	Exposure	
Chronic	Changing temperature (air, freshwater, marine water)	Changing wind patterns	Examples of climate-related transition events (examples based on TCFD classification)			
	Heat stress		Policy and legal	Technology	Market	Reputation
	Temperature variability		Increased pricing of GHG emissions	Substitution of existing products and services with lower emissions options	Changing customer behaviour	Shifts in consumer preferences
	Permafrost thawing		Enhanced emissions-reporting obligations	Unsuccessful investment in new technologies	Uncertainty in market signals	Stigmatization of sector
Acute	Heat wave	Cyclone, hurricane, typhoon	Mandates on and regulation of existing products and services	Costs of transition to lower emissions technology	Increased cost of raw materials	Increased stakeholder concern
	Cold wave/frost	Storm (including blizzards, dust, and sandstorms)	Mandates on and regulation of existing production processes			Negative stakeholder feedback
	Wildfire	Tornado	Exposure to litigation			

Mithilfe von Szenarioanalysen

Deep dive in ausgewählte Berichtsanforderungen

Rolle von Szenarioanalysen

"[...] the undertaking shall explain how it has used climate-related scenario analysis to inform the identification and assessment of physical and transition risks and opportunities over the short-, medium- and long-term [...]" (AG 19)



Deep dive in ausgewählte Berichtsanforderungen Treibhausgas (THG)-Emissionen

Berichtsanforderungen basieren auf den Bilanzierungsregeln des GHG Protocols und sind in Übereinstimmung mit GRI 305 – Emissionen

DR E1-7: Scope 1 – direkte THG-Emissionen

DR E1-8: Scope 2 – indirekte energiebezogene THG-Emissionen

DR E1-9: Scope 3 – andere indirekte THG-Emissionen in der Wertschöpfungskette

DR E1-10: Gesamte THG-Emissionen (Scope 1 + 2 + 3)

Deep dive in ausgewählte Berichtsanforderungen

DR E1-9 Scope 3 GHG emissions

“The undertaking shall disclose its gross indirect Scope 3 GHG emissions in metric tons of CO₂ equivalent.”

ANSATZ ZUR SCOPE 3-BERICHTERSTATTUNG (AG 48)

1

SCREENING

Screening der Scope 3-Emissionen basierend auf den **15 Scope 3 Kategorien des GHG Protocols**, um mengenmäßig oder aufgrund anderer Kriterien bedeutende Kategorien zu identifizieren (z.B. durch Nutzung bestehender Screening Tools)

2

BERECHNUNG

Berechnung bzw. Schätzung der THG-Emissionen in bedeutenden Scope 3 Kategorien

Proportionalität: Aktualisierung mindestens alle drei Jahre oder bei bedeutenden Änderungen



THG-Emissionen aus bedeutenden Scope 3 Kategorien

3

BERICHTERSTATTUNG

- ✓ Scope 3-Emissionen aus bedeutenden Kategorien;
- ✓ % der Emissionen basierend auf Primärdaten;
- ✓ Annahmen zu Bilanzierungsgrenzen, Berechnungsmethoden, genutzte Tools je bedeutender Kategorie;
- ✓ List der Scope 3-Kategorien, die im Inventar enthalten sind und die nicht enthalten sind

Jährliche Berichterstattung

DARSTELLUNG IM BERICHT



Upstream purchasing



Optional: ICT



Downstream sold products



Goods transportation



Travels



Financial investments

Deep dive in ausgewählte Berichtsanforderungen Umgang mit freiwilliger CO₂-Kompensation im ESRS E1

Prinzip: *“Undertakings should prioritise GHG emission reduction over offsetting and compensation practices”*
(Basis for Conclusions, S. 35)

ESRS E1 erkennt den Nutzen für den Klimaschutz an, den Projektfinanzierungen durch den Erwerb von CO₂-Zertifikaten am freiwilligen Markt leisten können, betrachtet den „Kompensationstrend“ aber mit Vorsicht.

DR E1-13 – GHG mitigation projects financed through carbon credits

“The undertaking shall disclose the amount of GHG emission reductions or removals from climate change mitigation projects outside its value chain it has financed through the purchase of carbon credits.”

Erfüllung von Qualitätsstandards

In die Berichterstattung einbezogene Zertifikate müssen international oder national anerkannte Qualitätsstandards erfüllen („recognised quality standards for carbon credits“, Definition mit Qualitätskriterien in Anhang A)

Kein „Offsetting“ / „Netting“ von Emissionen

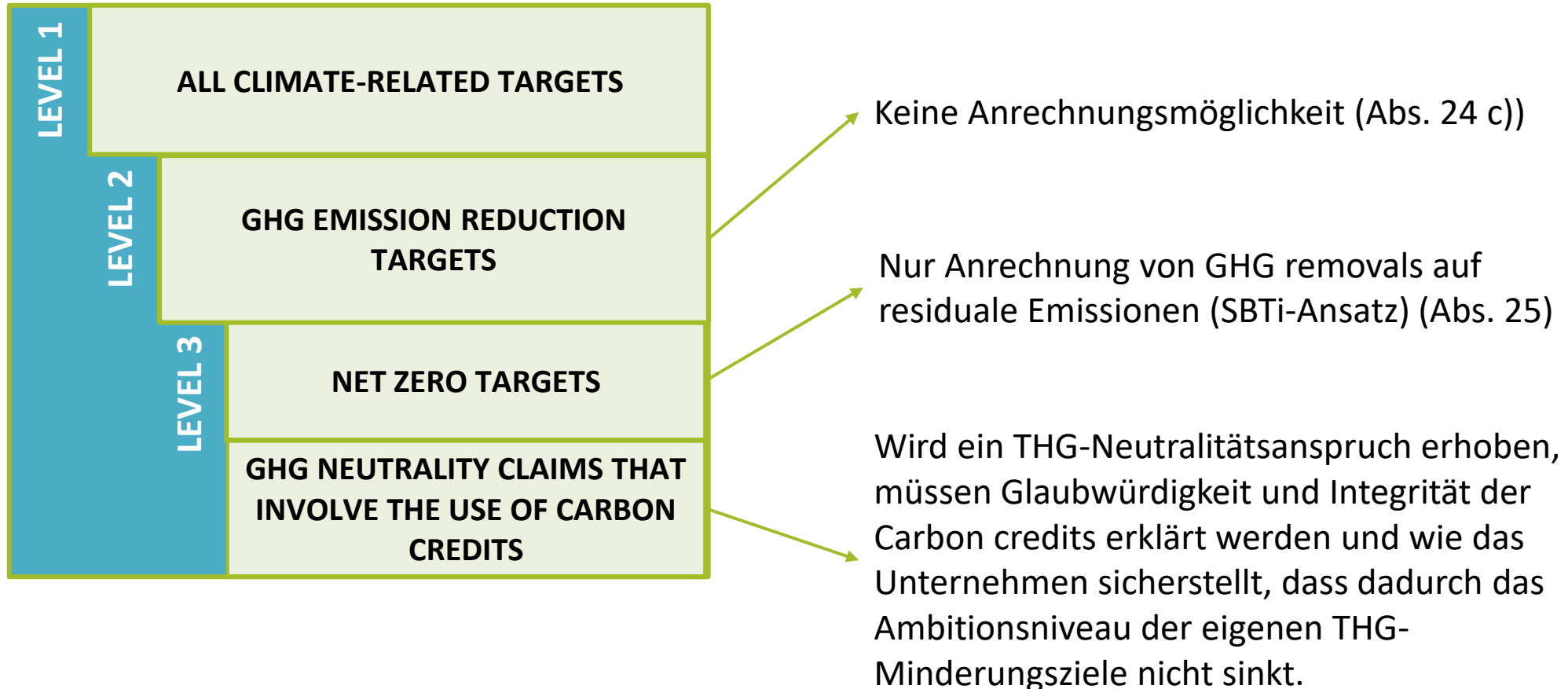
Carbon credits sind getrennt von den THG-Emissionen und THG-Minderungszielen zu berichten (AG 63)

- Zertifikate dürfen in der Berichterstattung nicht zur Verrechnung mit den Scope 1, 2 oder 3 Emissionen genutzt werden
- Zertifikate dürfen in der Berichterstattung nicht für THG-Minderungsziele angerechnet werden (DR E1-3, Abs. 24 c)

Deep dive in ausgewählte Berichtsanforderungen

Rolle von Berichterstattung über Net zero und THG-Neutralität

DR E1-3 – Measurable targets for climate change mitigation and adaptation





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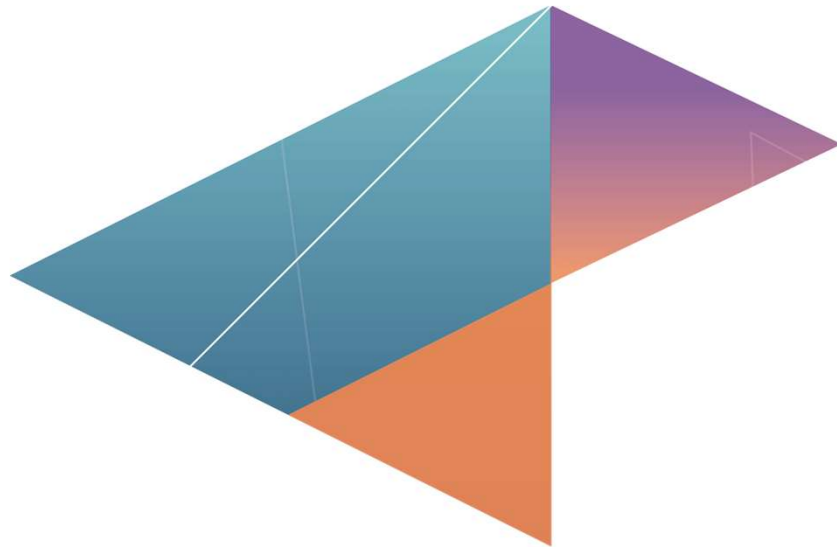
Exposure Draft ESRS E4 – Biodiversity and ecosystems

10. Juni 2022



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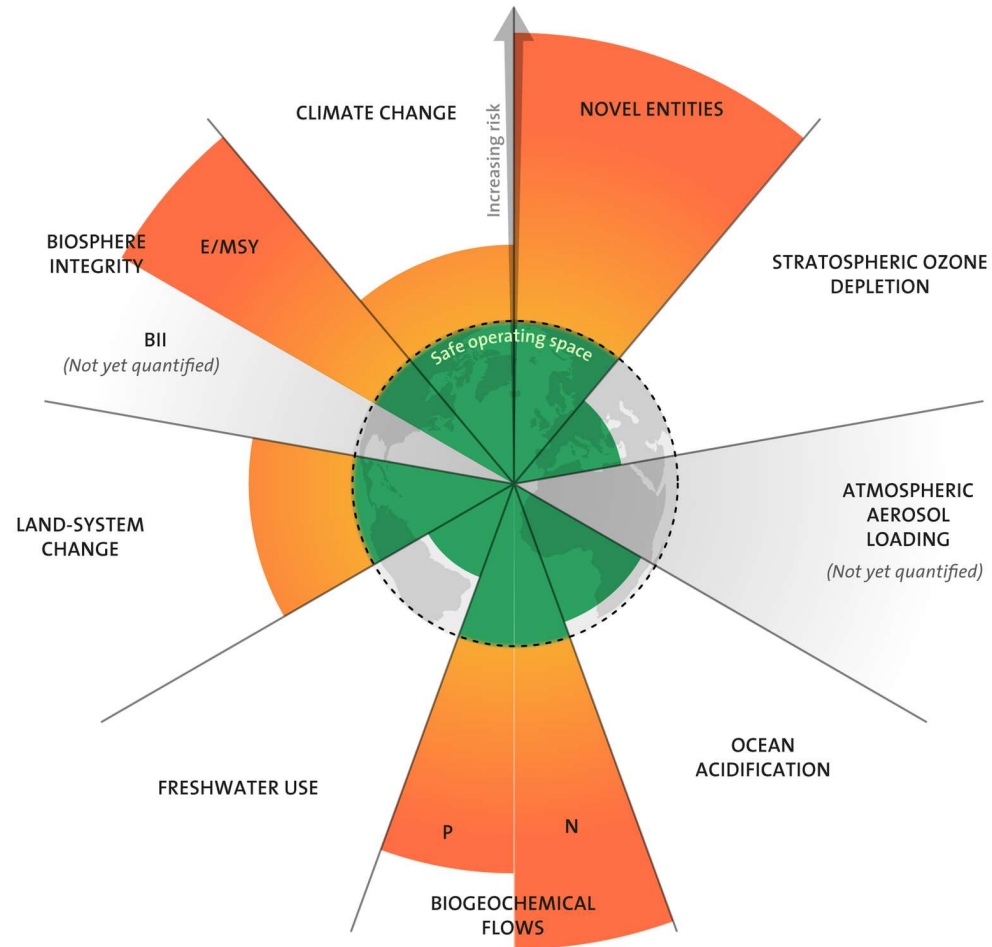
Agenda

1. Überblick
 - a) Notwendigkeit der Standards
 - b) Erwartung an die Berichterstattung

2. Schwerpunkte
 - a) Aspekte der Lieferkette
 - b) Performance Disclosures
 - c) ESRS E4-9 Kompensation

Relevanz von Daten zu Biodiversität und Ökosystemen

Planetare Grenzen zu Ökosystemen und Biodiversität



Relevanz von Daten zu Biodiversität und Ökosystemen

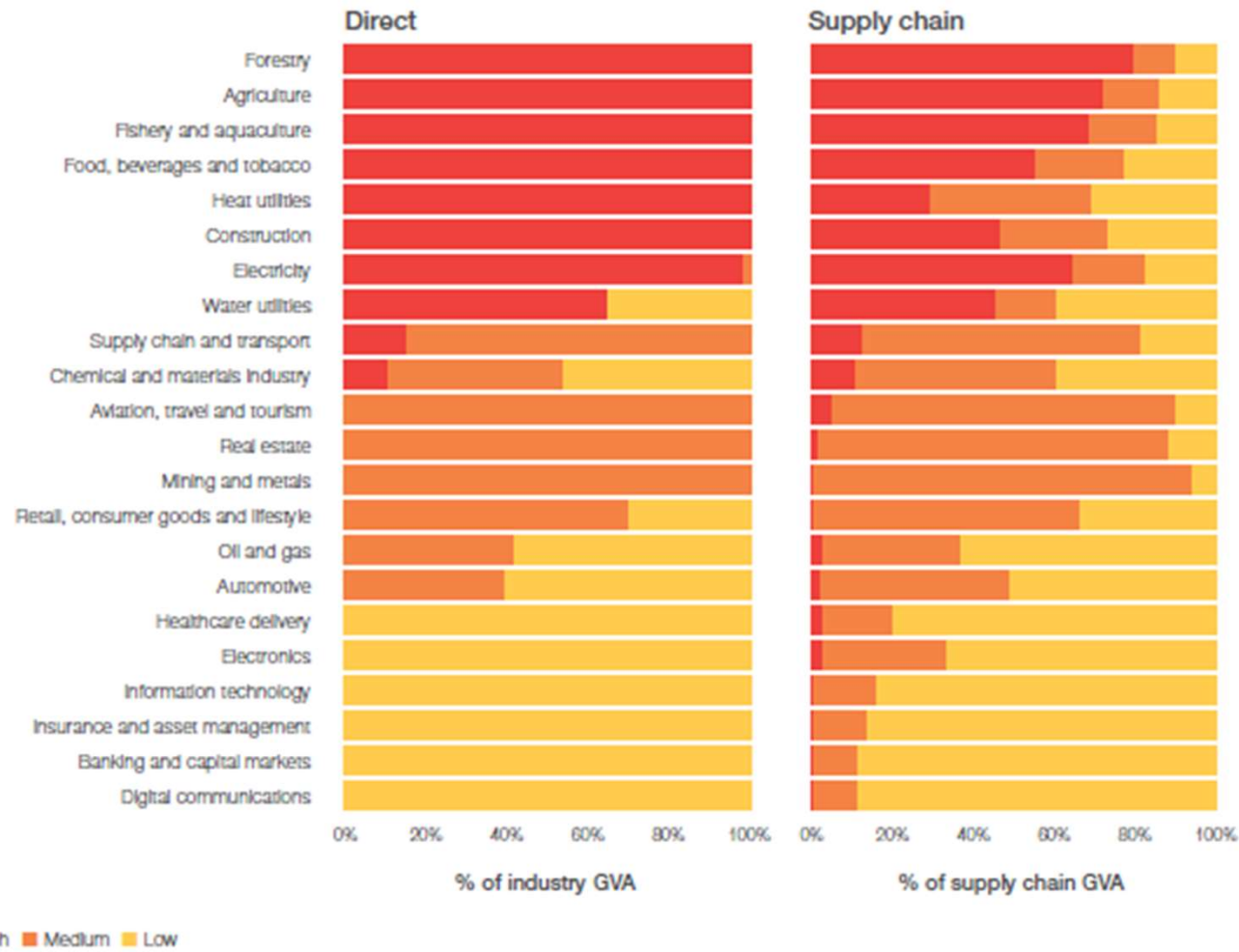
Top 10 Risiken über die nächsten 10 Jahre



■ Economic ■ Environmental ■ Geopolitical ■ Societal ■ Technological

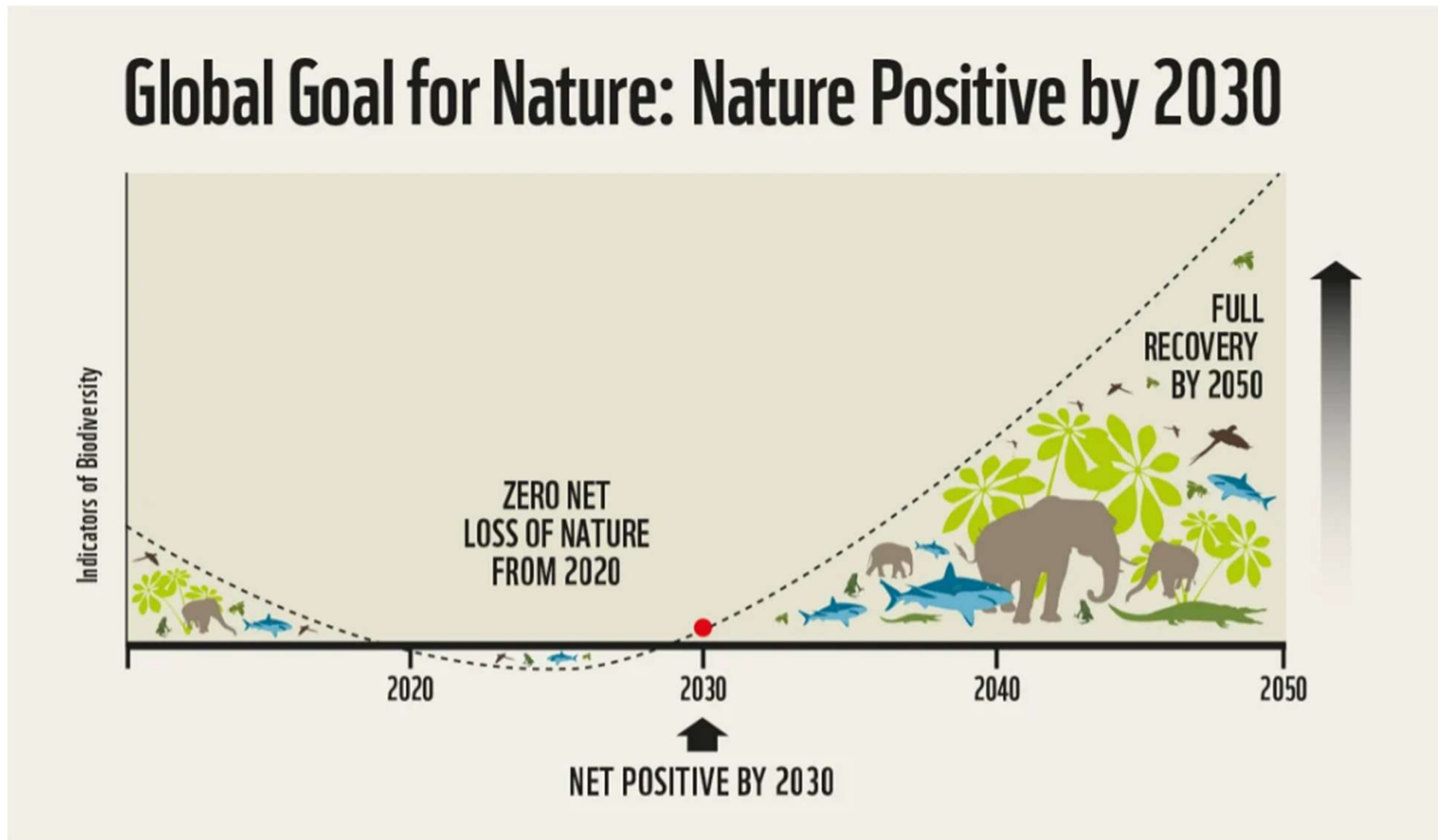
Relevanz von Daten zu Biodiversität und Ökosystemen

Abhängigkeiten von Natur



Relevanz von Daten zu Biodiversität und Ökosystemen

Blick in die Zukunft



Relevanz von Daten zu Biodiversität und Ökosystemen

15 Übergänge in den drei sozioökonomischen Systemen könnten bis 2030 jährliche Geschäftsmöglichkeiten in Höhe von 10,1 Billionen USD und 395 Millionen Arbeitsplätze schaffen



*Based on estimated savings or project market sizing in each area. These represent revenue opportunities that are incremental to business-as-usual scenarios. Where available, the range is estimated based on analysis of multiple sources. Rounded to nearest US\$5 billion.

Ziel von ESRS E4

Festlegung von Offenlegungsanforderungen (Disclosure Requirements, DR), die es den Nutzern der Nachhaltigkeitsberichterstattung ermöglichen, diese zu verstehen:

A. Wie Unternehmen Biodiversität und Ökosystem beeinflussen im Sinne von positiven und negativen wesentlichen, tatsächlicher und potenzieller Wirkungen.

B. Welche Aktivitäten Unternehmen unternehmen, um negative Auswirkungen zu vermeiden, reduzieren oder umzukehren sowie Biodiversität und Ökosystem zu schützen und wiederherzustellen.

C. Inwieweit trägt das Unternehmen zu (i) den Zielen des EU Green Deal zum Schutz der biologischen Vielfalt und der Ökosysteme und (ii) zur Einhaltung globaler Umweltgrenzen bei?

D. Der Plan und die Fähigkeit des Unternehmens, sein Geschäftsmodell und Betrieb im Einklang mit der Erhaltung und Wiederherstellung der biologischen Vielfalt und der Ökosysteme anzupassen.

E. Art, Typ und Umfang der wesentlichen Risiken und Chancen, die sich aus den Auswirkungen und Abhängigkeiten des Unternehmens von der biologischen Vielfalt und den Ökosystemen ergeben, und wie das Unternehmen damit umgeht.

F. Die Auswirkungen von Risiken und Chancen im Zusammenhang mit der biologischen Vielfalt und den Ökosystemen auf die Entwicklung, die Leistung, die kurz-, mittel- und langfristige Lage des Unternehmens und seine Fähigkeit, kurz-, mittel- und langfristig Unternehmenswert zu schaffen.

Überblick Offenlegungspflichten von ESRS E4

ÜBERGEORDNET (complemented by ESRS 2)

DR E4-1: **Transition plan** in line with **the targets of no net loss by 2030, net gain from 2030 and full recovery by 2050**

CSRD

TNFD

AG on ESRS 2-SBM4: Biodiversity and ecosystems integration in the resilience of the strategy and **business model**

CSRD

TNFD

AG on ESRS 2-IRO1 & 2: Biodiversity and ecosystems **impacts, risks and opportunities**

CSRD

SFDR

TNFD

UMSETZUNG

DR E4-2: **Policies** implemented to manage biodiversity and ecosystems

CSRD

DR E4-3: Measurable **targets** for biodiversity and ecosystems

CSRD

DR E4-4: Biodiversity and ecosystems **action plans**

CSRD

KENNZAHLEN

DR E4-5: **Pressure metrics**

CSRD

DR E4-6: **Impact metrics**

CSRD

DR E4-7: **Response metrics**

CSRD

Optional DR E4-8: Biodiversity-friendly **consumption and production metrics**

CSRD

Optional DR E4-9: **Biodiversity offsets**

CSRD

DR E4-10: **Financial effects** from biodiversity-related impacts, risks and opportunities

CSRD

TNFD

CSRD = EU Vorschlag zur Corporate Sustainability Reporting Directive (CSR-Richtlinie)

SFDR = EU Sustainable Finance Disclosure Regulation (Offenlegungsverordnung)

TNFD = Taskforce for Nature-related Financial Disclosures

Deep dive in ausgewählte Berichtsanforderungen

DR E4-1 – Transition plan in line with the targets of no net loss by 2030, net gain from 2030 and full-recovery by 2050

The undertaking shall disclose :

Its plans for its own operations and throughout its upstream and downstream value chain

Whether the administrative, management and supervisory bodies have approved the transition plan

The main identified drivers of biodiversity loss and possible mitigation actions

Its metrics and related tools used to measure progress to No net loss/Net gain

How its business development strategy interacts with the achievability of its transition plan

The level of approval to which the Transition Plan is subjected

Wenn das Unternehmen keinen Plan besitzt:

- Begründung warum keine derartige Richtlinie / Plan aufgesetzt wurde
- Möglichkeit der Darstellung eines Zeitrahmens innerhalb dessen eine Richtlinie / Plan aufgesetzt wird

Deep dive in ausgewählte Berichtsanforderungen

AG on ESRS 2-SBM4: Biodiversity and ecosystems integration in the resilience of the strategy and business model

The description of the integration of **material IROs** in the business model should include:

Whether the business model(s) has been verified by **conducting a range of biodiversity and ecosystems scenarios**

The **scope** of the resilience analysis: (i) along the **own operations and the value chain** and (ii) the **material transition and physical biodiversity and ecosystems-related risks** covered

The **key assumptions** made

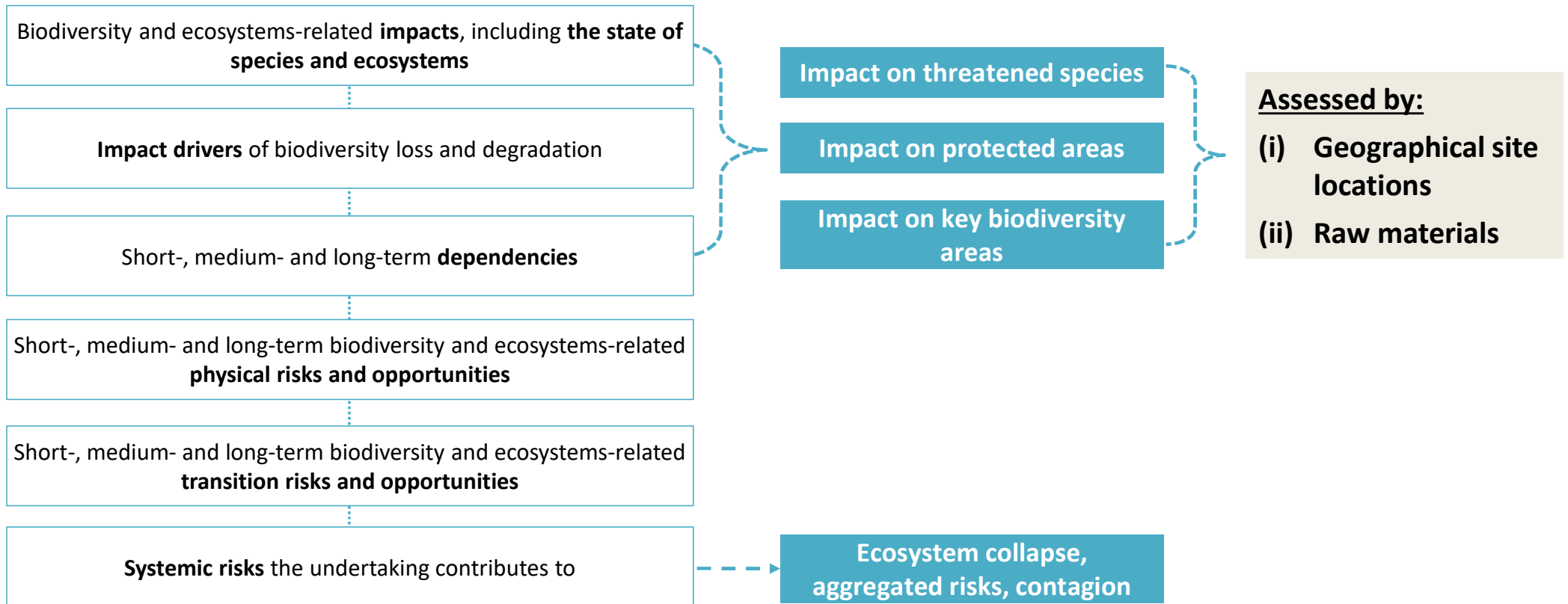
The **time horizon** over which the analysis has been conducted

The **results** of the resilience analysis

Deep dive in ausgewählte Berichtsanforderungen

AG on ESRS 2-IRO1 & 2: Biodiversity and ecosystems impacts, risks and opportunities

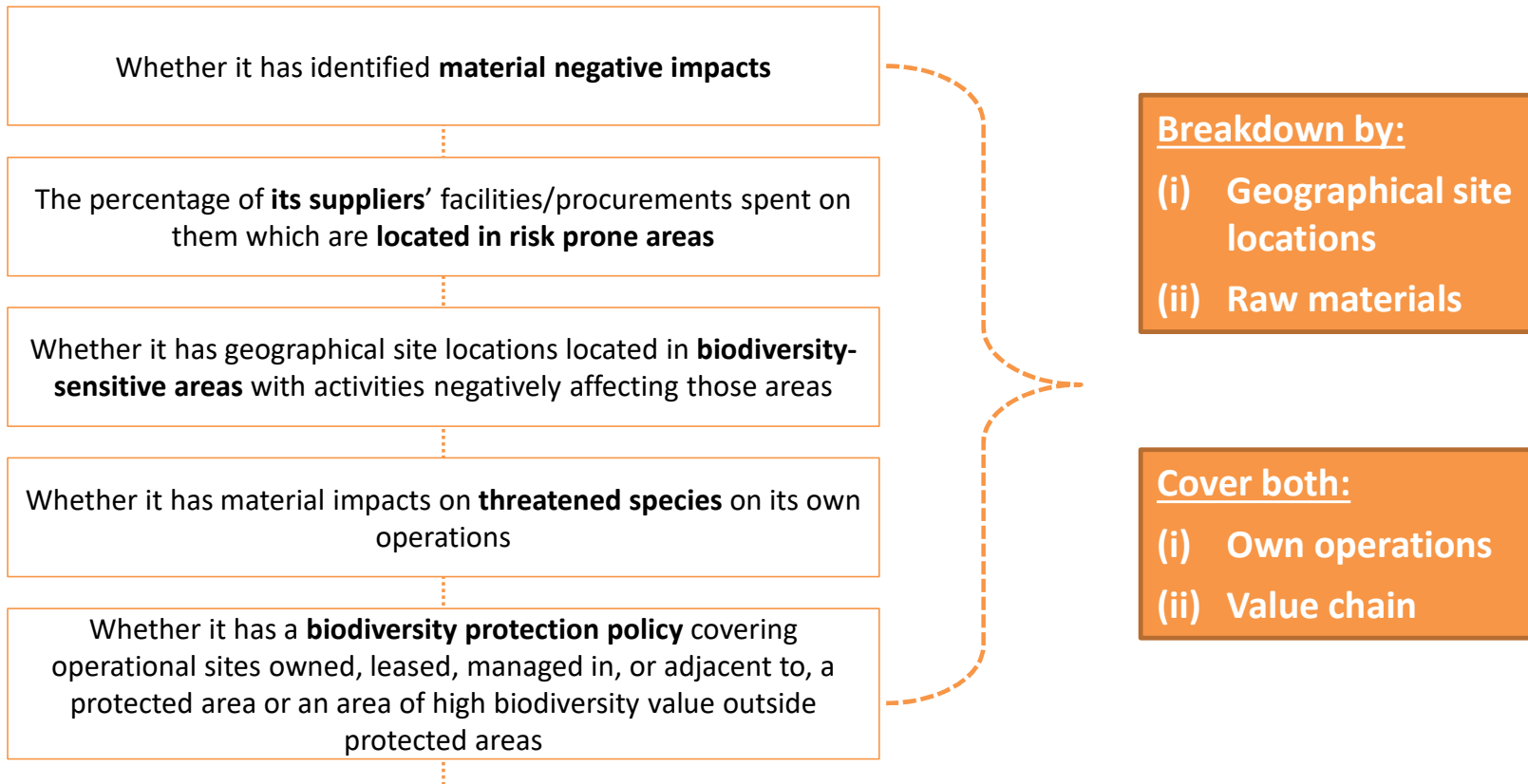
The description of the process to identify and assess IROs shall cover:



Deep dive in ausgewählte Berichtsanforderungen

AG on ESRS 2-IRO1 & 2: Biodiversity and ecosystems impacts, risks and opportunities

The undertaking shall disclose **the outcomes of the process:**



Deep dive in ausgewählte Berichtsanforderungen

DR E4-4 – Biodiversity and Ecosystems action plans and resources

Their description shall include:

The **geographical scope**

How stakeholders are involved (or/and a list of impacted stakeholders)

The **material impact** each action or action plan aims to tackle

Actions categorised according to the **mitigation strategy**

An elaboration of the **reason(s) why it selected such action over other possible actions**

Whether it is intended to be a **one-time initiative or a systematic practice**

Whether it is **individual or collective**

Whether the **success of the action depends on similar or supporting actions** by other undertakings, and to what degree

The outcome of its assessment whether key actions **may induce significant sustainability impacts**

Covering its **own operations and value chain**

Describing how it has incorporated **traditional knowledge and nature-based solutions**

Optional

Describing the actions or actions plans to **contribute to systemwide change**

Performance metrics

Including **methodologies and metrics used**

Including the **scope** of the metrics and methodologies

Including the **biodiversity components** of the metrics

Including a **description of the geographies covered** by the methodology

Including how the metrics allow for the **respect of ecological thresholds**

Including the **frequency of monitoring**, key indicators being monitored, and the baseline condition/value and baseline year/period, as well as the reference period

Including whether the **parametrisation of these metrics** rely on primary data, secondary data, modelled data or on expert judgement, or a mixture of these

Including **which actions are measured and monitored via the metrics**, how they relate to targets achievement

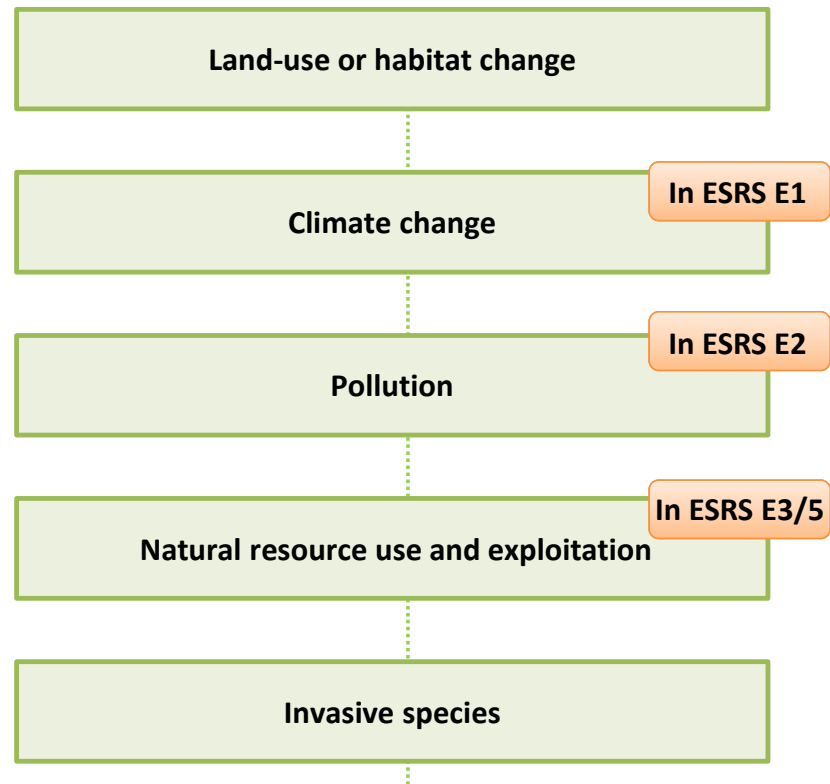
Including whether metrics are **mandatory** (based on legislation) or **voluntary**

Including whether the metrics are **informed by relevant legislations**

Deep dive in ausgewählte Berichtsanforderungen

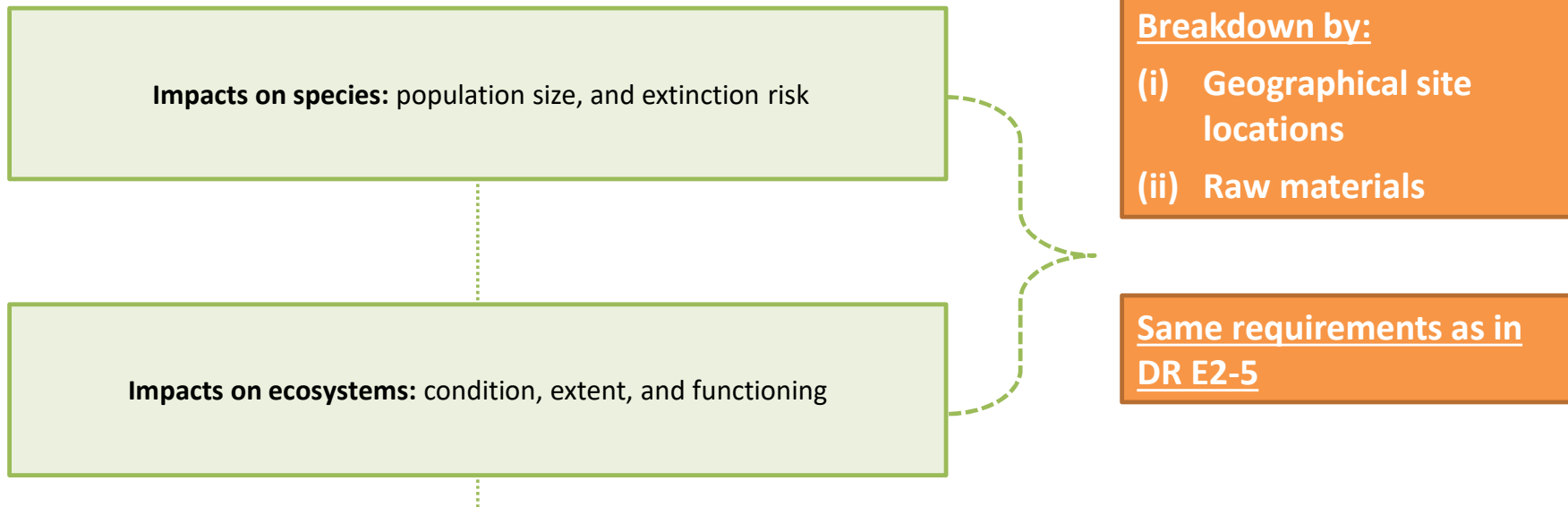
DR E4-5 – Pressure metrics

Metrics should cover **material impact drivers** on:



Deep dive in ausgewählte Berichtsanforderungen DR E4-6 – Impact metrics

The description of the assessment of the impact shall include:



Deep dive in ausgewählte Berichtsanforderungen DR E4-7 – Response metrics

Response metrics may include:

Size and location of all habitat areas protected or restored

Area of land with a permanently protected land status

Area of land with a protected land status

Recreated surfaces

Number or percentage of projects / sites whose ecological transparency was increased

Same requirements as in DR E2-5

*“...the undertaking is expected to provide an understanding of how the undertaking **minimises, rehabilitates or restores material impacts on biodiversity and ecosystems in material geographical locations of sites and/or raw materials identified.**”*

Deep dive in ausgewählte Berichtsanforderungen

Optional DR E4-8 – Biodiversity-friendly consumption and production metrics

The undertaking shall disclose:

The list of any third-party certification schemes that it uses for its raw material, as well as the volume and percentage of its production and/or consumption covered

The volume and percentage of supply of raw material traceable to mill or to plantation level

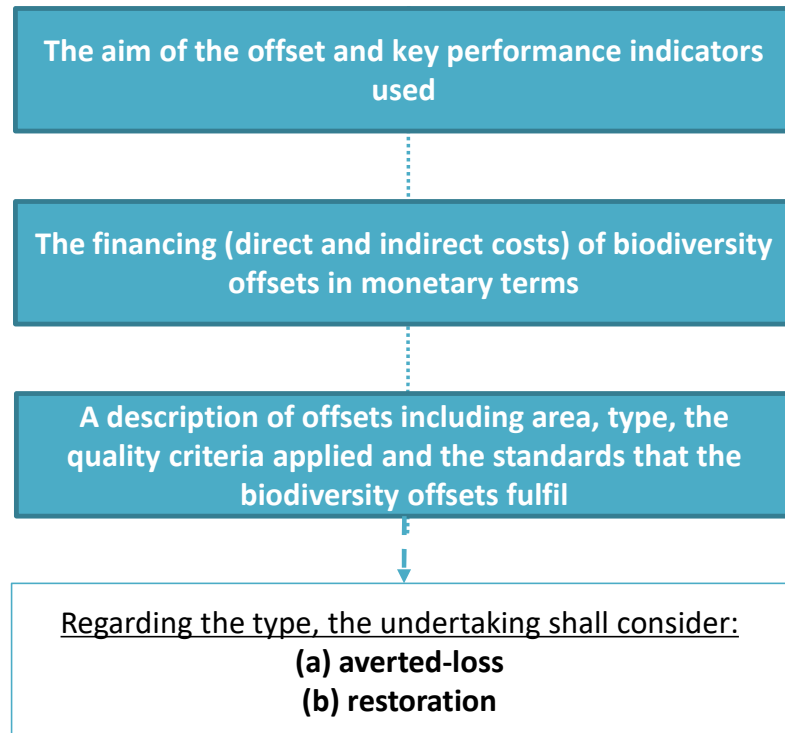
The volume and percentage of raw material that comes from ecosystems that have been managed to maintain or enhance conditions for biodiversity

*“...the undertaking is expected to provide an understanding of its **consumption and production that qualifies as being biodiversity friendly.**”*

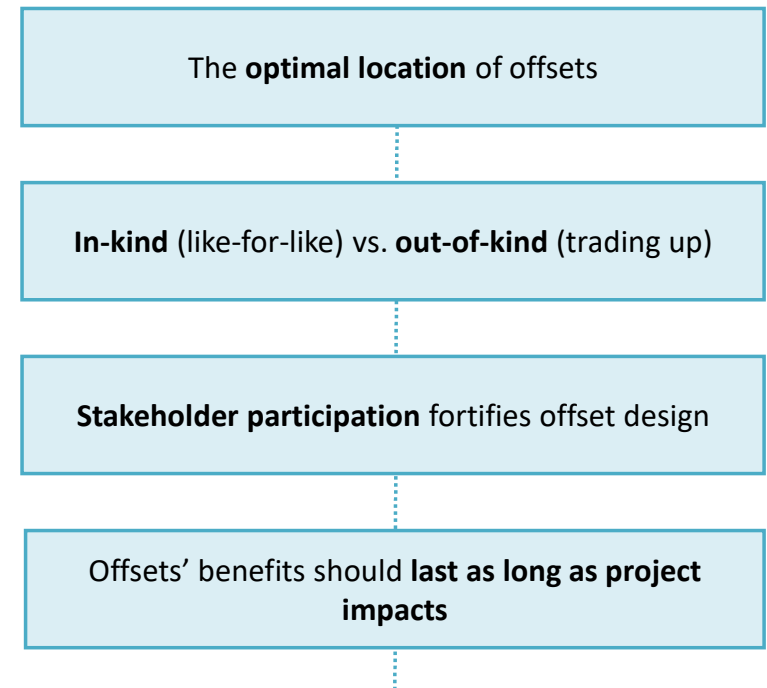
Deep dive in ausgewählte Berichtsanforderungen

Optional DR E4-9 – Biodiversity offsets

Their undertaking shall disclose:



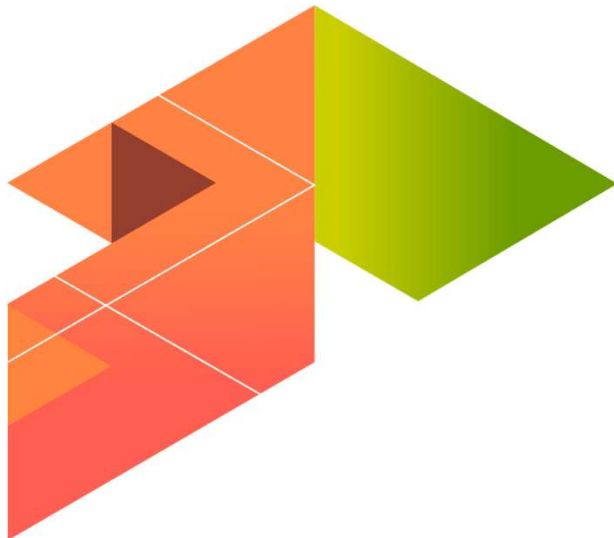
ELEMENTS when considering offsets:





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ESRS – Europäische Standards zur Nachhaltigkeitsberichterstattung

Breakout-Session „Themenspezifische Standards / Social“

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1. Social topics defined in CSRD, Article 19 b

“ (b) specify the information that undertakings are to disclose about social factors, including information about:

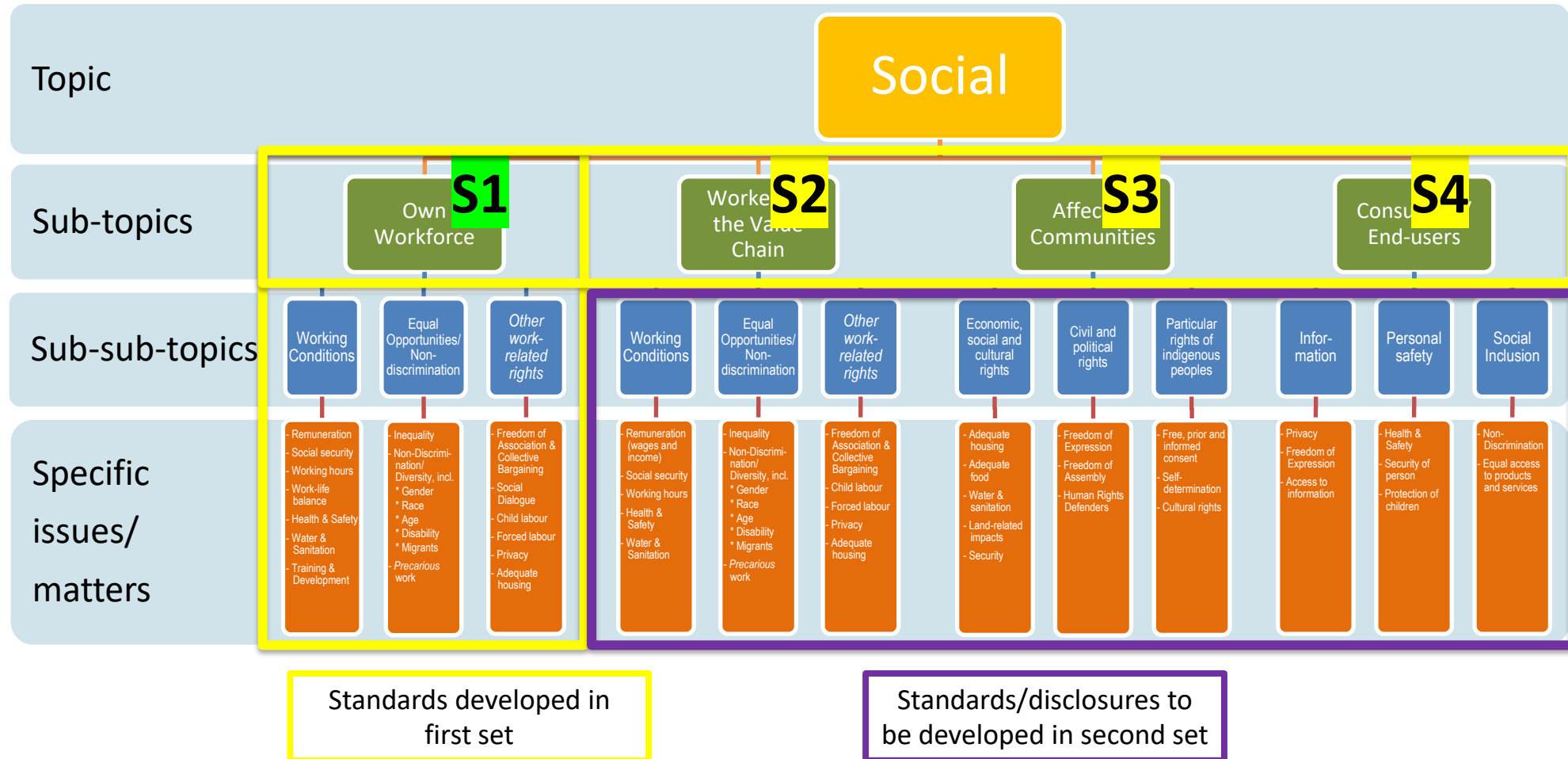
(i) Equal opportunities for all, including gender equality and equal pay for equal work, training and skills development, and employment and inclusion of people with disabilities;

(ii) Working conditions including secure and adaptable employment, wages, social dialogue, collective bargaining and the involvement of workers, work-life balance, and a healthy, safe and well-adapted work environment;

(iii) Respect for the human rights fundamental freedoms, democratic principles and standards established in the International Bill of Human Rights and other core UN human rights conventions, the International Labour Organization’s Declaration on Fundamental Principles and Rights at Work and the ILO fundamental conventions and the Charter of Fundamental Rights of the European Union.”

2. Structure of the social ESRs

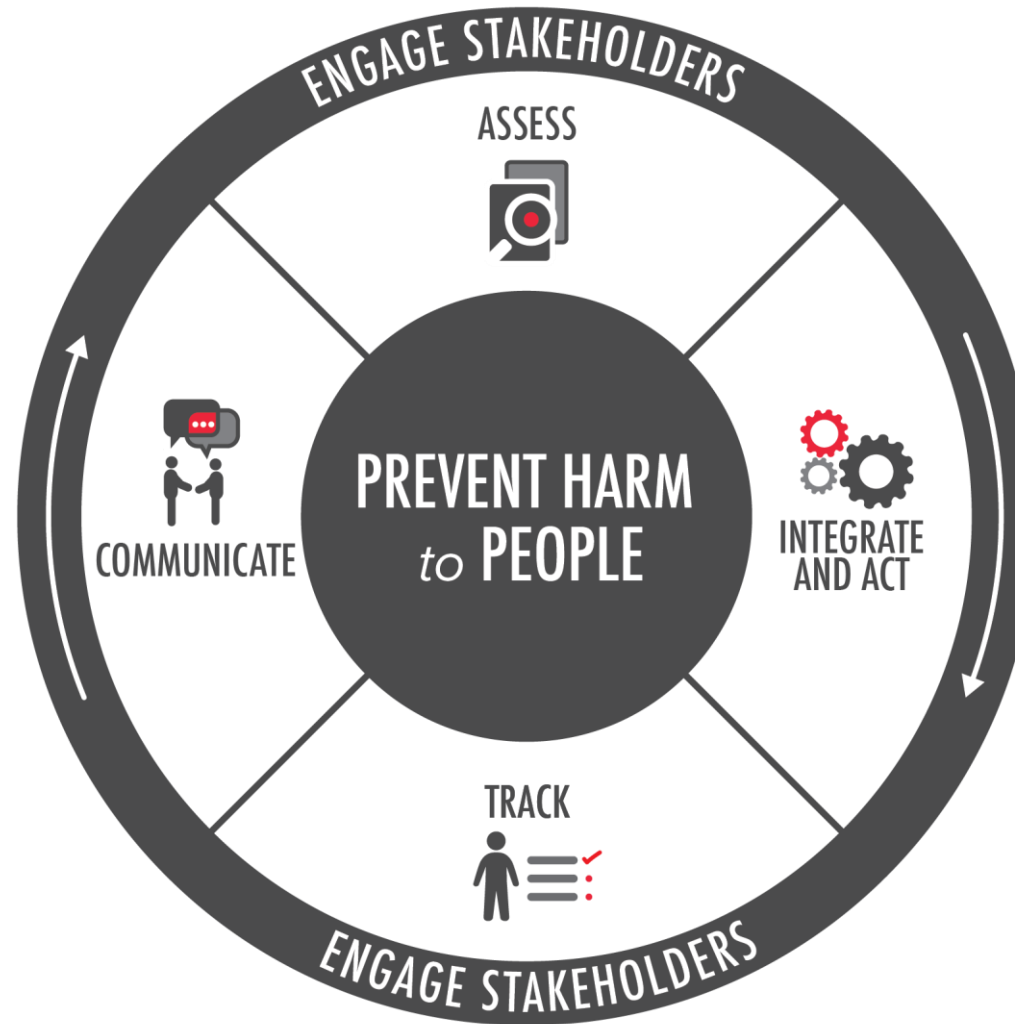
Structure of the social pillar



3. Human Rights Due Diligence for the four stakeholder groups of S1 – S4

ESRS S1 – S4, DR's 2 and 3: **engage stakeholders**

The standards in their entirety contribute to the reporting obligation required by the draft CSRD: **communicate**



ESRS 2 (cross cutting) and AG's 3 – 12/13: **assess** impacts, risks and opportunities

ESRS S2 – S4, DR's 1, 2, 5 and 6: **integrate and act** by developing policies, setting targets and taking action

ESRS 1 on targets, progress and tracking effectiveness and ESRS S2 – S4, DR 4: **track** performance

4. Performance measures in S1 “Own workforce”

PERFORMANCE MEASURES

General

DR S1-7: Characteristics of the Undertaking’s **Employees**

GRI

DR S1-8: Characteristics of **non-employee workers** in the undertaking’s own workforce

GRI

Working Conditions

DR S1-9: **Training and Skills** Development indicators

GRI

DR S1-10: **Coverage** of the health and safety management system

ILO

OECD

GRI

DR S1-11: **Performance** of the health and safety management system

SFDR

ILO

GRI

DR S1-12: Working **Hours**

ILO

EPSR

DR S1-13: Work-Life **Balance** indicators

ILO

EPSR

DR S1-14: **Fair** remuneration

EPSR

GRI

DR S1-15: **Social security** eligibility coverage

EPSR

Equal Opportunities

DR S1-16: **Pay gap** between women and men

EPSR

GRI

SFDR

DR S1-17: Annual total **compensation ratio**

EPSR

GRI

SFDR

DR S1-18: **Discrimination** incidents related to equal opportunities

EPSR

GRI

SFDR

DR S1-19: Employment of persons with **disabilities**

EPSR

GRI

DR S1-20: Differences in the **provision of benefits** to employees with different employment contract types

EPSR

GRI

Other Work-related Rights

DR S1-21: **Grievances** and other work-related rights

GRI

DR S1-22: **Collective bargaining** coverage

SASB

GRI

ILO

DR S1-23: Work **stoppages**

SASB

ILO

DR S1-24: Social **dialogue**

DR S1-25: Identified cases of **severe human rights issues** and incidents

SFDR

GRI

ILO

DR S1-26: **Privacy** at work

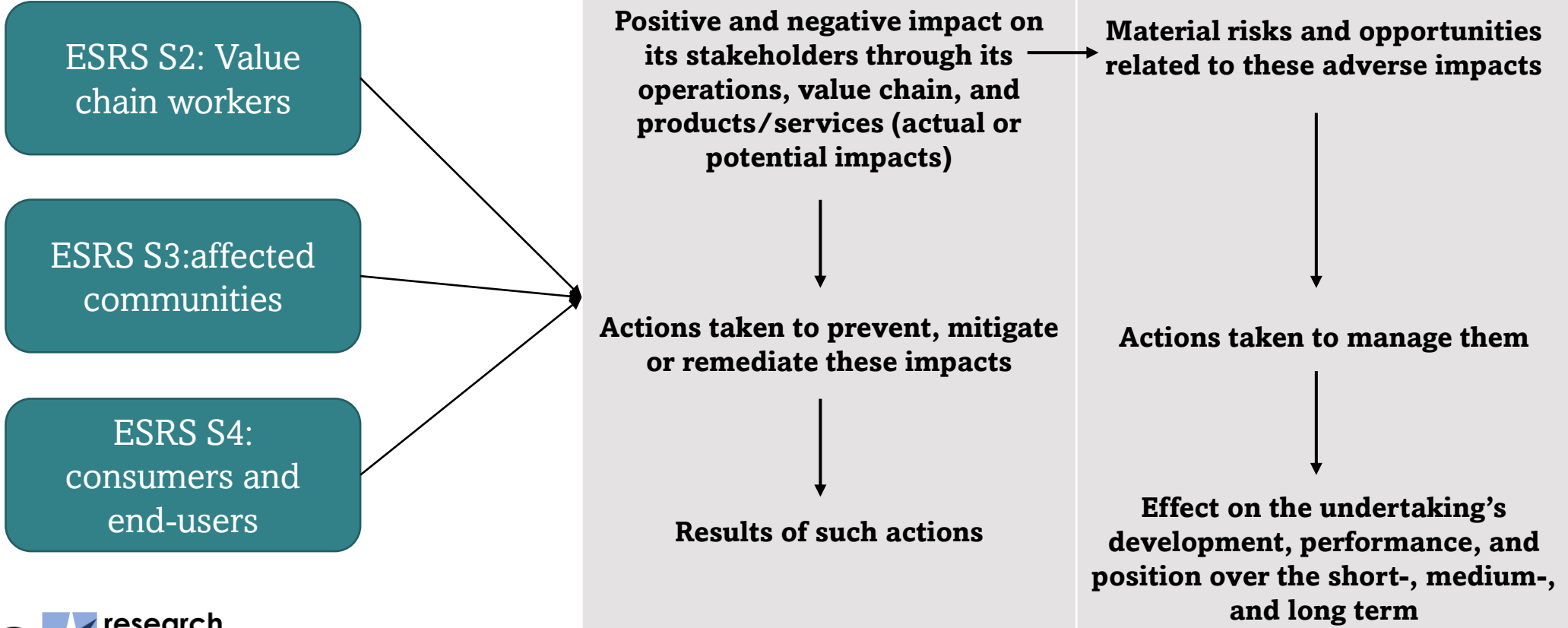
ILO

CSRD – social disclosures – ESRS S2, S3 and S4

zielke  research
consult

Objectives of the ESRS S2 – S4

The disclosure requirements of these standards aim to enable the report users to understand the dependencies of the undertaking with the following stakeholders:




Overview and Content of ESRS S2 – S4

STRATEGY (complemented by ESRS 2)

AG on ESRS 2-SBM2: Interaction between **material impacts, risks** and **opportunities** and the strategy and business model

AG on ESRS 2-SBM3: Workforce matters on people and the **adaptation** of its **strategy** and **business model(s)** to such material sustainability impacts




AG on ESRS 2-SBM4: Workforce matters that originate from or are connected to the undertaking's strategy and business model(s) and of the adaptation of its strategy and business model(s) to such **material risks** and **opportunities**



AG on ESRS 2-IRO2: Outcome of the  undertaking's assessment of material sustainability impacts, risks and opportunities as identified by reference to and in compliance with **sector-agnostic** and **sector-specific** level ESRS



AG on ESRS 2-IRO3: Outcome of the undertaking's assessment of material sustainability impacts, risks and opportunities that are not covered by an **ESRS (entity-specific level)**




IMPLEMENTATION



DR S2-1: **Policies**, targets, action plans and resources    

DR S2-2: **Processes** for engaging with own workers and workers' representatives about impacts   

DR S2-3: Channels for own workers and workers' representatives to raise concerns  

DR S2-4: Targets related to **managing** material negative impacts, **advancing** positive impacts, and managing material risks and opportunities  

DR S2-5: Taking action on **material impacts** on own workforce and effectiveness of those actions   

DR S2-6: **Approaches** to mitigating material risks and pursuing material opportunities related to own workforce  

→ Same disclosure requirements for each stakeholder (S2, S3 and S4)

PERFORMANCE MEASURES

First set:

Focus on developing the disclosures that can be expected of **all entities** under the scope of the CSRD. These standards provide **high-level disclosures** regarding an undertaking's impacts on value chain workers / affected communities / consumers&end users and related risks and opportunities, when viewed in general across an undertaking's operations and upstream and downstream value chain.

Subsequent standards:

Subsequent standards are expected expand on these standards by providing more detailed disclosures in relation to the sub-topics and specific issues that would be identified as material through the **sector-specific** or **entity-specific** materiality determination, which will include actions to address specific impacts and risks, along with related targets and performance measures to cater for the diversity in value chains.

SFDR/CSDDD structural alignment

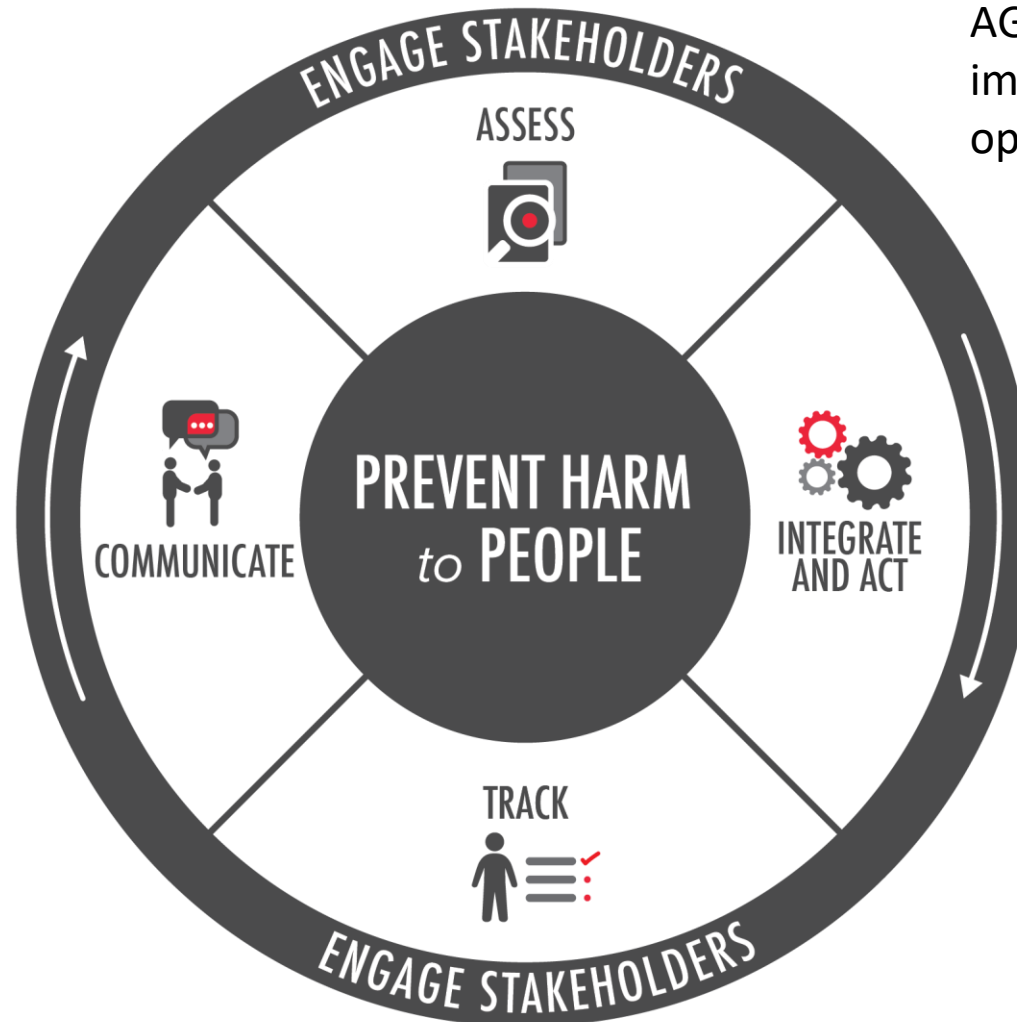
Initiatives from the Platform for Sustainable Finance (incl. announced guidance on the Minimum Safeguards), as well as the proposal for an EU Corporate Sustainability Due Diligence Directive, were taken into consideration to ensure that the structure of the reporting would be compatible with upcoming developments in this area. 8

Human Rights Due Diligence for the three stakeholder groups of S2 – S4

ESRS S2 – S4, DR's 2 and 3: **engage stakeholders**

ESRS 2 (cross cutting) and AG's 3 – 12/13: **assess** impacts, risks and opportunities

The standards in their entirety contribute to the reporting obligation required by the draft CSRD: **communicate**



ESRS S2 – S4, DR's 1, 2, 5 and 6: **integrate and act** by developing policies, setting targets and taking action

ESRS 1 on targets, progress and tracking effectiveness and ESRS S2 – S4, DR 4: **track** performance

Focus on “implementation” – disclosure requirements

DR 1: Policies	DR2: engagement processes	DR3: channels to raise concerns	DR4: Targets	DR5: actions	DR6: approaches to risks & opportunities
<p>Description of:</p> <ul style="list-style-type: none"> ▪ Policies addressing identification, assessment, management and/or remediation of material impacts on the concerned stakeholders ▪ Policies covering material risks and opportunities related to the concerned stakeholder <p>Statement of the human rights policy commitments that are relevant to the concerned stakeholders</p>	<p>How perspectives of stakeholders are taken into account in the decision-making process:</p> <ul style="list-style-type: none"> ▪ Type of engagement: participation, consultation, information,...) ▪ Frequency: quarterly, yearly,... ▪ The stage at which engagement occurs 	<p>Description of:</p> <ul style="list-style-type: none"> ▪ The channels in place to raise stakeholders’ concerns ▪ The processes through which the undertaking supports the availability of such channels ▪ The monitoring process of issues raised 	<p>Explanations about the outcome-oriented targets related to:</p> <ul style="list-style-type: none"> ▪ Reducing negative impacts on stakeholders ▪ Advancing positive impacts on stakeholders ▪ Managing material risks and opportunities related to stakeholders <p>Description of the process for setting the targets, including whether and how the undertaking engage with stakeholder for setting targets</p>	<p>Description of</p> <ul style="list-style-type: none"> ▪ Actions taken to mitigate negative impacts ▪ Actions taken to deliver positive impact ▪ Process for assessing the effectiveness of these actions, programs, and processes <p>Description of:</p> <ul style="list-style-type: none"> - Approaches to identify action - Approaches for tracking the effectiveness of actions 	<p>Description of:</p> <ul style="list-style-type: none"> ▪ Actions taken to mitigate material risks ▪ Actions taken to pursue opportunities

Sub-sub topics

ESRS S2 – value chain workers

- ❖ **Working conditions:** wages, health and safety, social security, working hours, water and sanitation, ...
- ❖ **Access to equal opportunities:** discrimination, including the rights of workers with disabilities or on women workers, issues of equality in pay and work-life balance, precarious work, ...
- ❖ **Other human rights:** trade union rights, freedom of association and collective bargaining, child labour, forced labour, privacy, adequate housing

ESRS S3 – affected communities

- ❖ **Economic, social and cultural rights:** adequate housing, adequate food, water and sanitation, land-related and security-related impact,...
- ❖ **Civil and political rights:** freedom of expression, freedom of assembly, human rights defenders, ...
- ❖ **Particular rights of indigenous communities:** free, prior and informed consent, self-determination, cultural rights,...

ESRS S2 – consumers and end-users

- ❖ **Information:** privacy, freedom of expression, access to information,...
- ❖ **Personal safety:** health and safety, security of a person, protection of children,...
- ❖ **Inclusion:** non-discrimination, access to products and services,...

Example

In the its 2021 report, Solvay meets the following disclosure requirements previously described by disclosing:

- ❖ The type of engagement with stakeholders and the channel used to raise concern.
- ❖ The material impact identified resulting from the stakeholder engagement process
- ❖ The actions taken to address impacts
- ❖ The actions taken to mitigate risks related to their impact on each stakeholder
- ❖ The actions taken to pursue opportunities related to their impact on each stakeholder

What is missing:

- ❖ Targets: Solvay should also disclose the targets they use in addressing their material impacts

Customers	Employees	Suppliers	Local Communities
<p>How we bonded in 2021</p> <ul style="list-style-type: none"> → Engagement of major customers on common high materiality aspects → Direct contacts with GBU teams (management, R&I, sales, supply chain) → Rating questionnaires (CDP, EcoVadis) → Sustainable Portfolio Management (SPM) profiles → Net Promoter score (digital surveys every two years) 	<ul style="list-style-type: none"> → Solvay Solidarity Fund to enhance solidarity among employees → Pulse surveys every six weeks to improve our people's well-being → Communication between CEO and employees using digital tools (Q&A sessions, virtual visits on sites) → Regular dialogue between Group managers and employees through Performance and Development annual appraisal → Labor relations dialogue with employee representative bodies at four levels: site, country, Europe and Group 	<p>How we bonded in 2021</p> <ul style="list-style-type: none"> → Supplier Key Account Management → Supplier commitment to Supplier Code of Business Integrity → Corporate Social Responsibility questionnaire → Third-party assessments through EcoVadis and TFS → Solvay's Supplier Days, a series of exclusive events to engage suppliers 	<ul style="list-style-type: none"> → Engagement at site level within STAR factory project and several dimensions of Solvay One Planet actionable at this level (biodiversity, Stop Office Waste program); developing and steering relationships with local stakeholders → Annual Citizen Day at Group level
<p>High materiality aspects</p> <ul style="list-style-type: none"> → Product design and lifecycle management → Customer welfare → Hazardous materials 	<ul style="list-style-type: none"> → Employee health and safety → Inclusion and diversity → Employee engagement and well-being 	<p>High materiality aspects</p> <ul style="list-style-type: none"> → Supply chain and procurement → Materials sourcing and efficiency 	<ul style="list-style-type: none"> → Air quality → Water and wastewater → Waste → Corporate Citizenship → Critical incident risk management → Hazardous materials
<p>Stakeholders' expectations</p> <ul style="list-style-type: none"> → Continued increase in number of customers assessing Solvay's performance via EcoVadis, CDP, or specific questionnaires confirms focus on risks and opportunities in supply chain → Increasing number of customers express need for innovative solutions in line with circular economy principles 	<ul style="list-style-type: none"> → Engagement on sustainability principles by employees from top management to shop floor → Covid-19 crisis management 	<p>Stakeholders' expectations</p> <ul style="list-style-type: none"> → More collaboration on goal setting, strategic thinking and sustainability 	<ul style="list-style-type: none"> → Contribution to local material aspects → Sensitivity to local environmental and social issues
<p>Our responses</p> <ul style="list-style-type: none"> → About 150 customers representing about 20% of our sales require Solvay's EcoVadis evaluation → Solvay in the top 1% of companies assessed by EcoVadis in the chemical industry 	<ul style="list-style-type: none"> → Solvay One Dignity to accelerate Diversity, Equity and Inclusion, with 9 objectives and action plans → Global employee share purchase plan → Solvay Solidarity Fund: €2.4M to support employees and their families since April 2020 → Extended 16 week maternity leave to all co-parents worldwide → Solvay Sales Academy: ~€2M invested over one year; 11,500 hours of training → Employee Assistance Program to provide mental health support and other assistance → 7,500+ employees moved into a hybrid working mode (35 administrative sites globally) → Global Performance Sharing Plan → 100% employees covered by collective agreement 	<p>Our responses</p> <ul style="list-style-type: none"> → 2040 suppliers assessed via EcoVadis TFS Audit Program → Launched Supplier Engagement Program: 250+ executives from 130+ companies participated in Solvay's first Supplier Day, 69 collaborative projects collected 	<ul style="list-style-type: none"> → 15,000 employees worldwide on 121 sites participated in Solvay's 2021 Citizen Day on Biodiversity, together with more than 5,700 participants from NGOs and local communities; 523 actions achieved. → 30 projects (€3.9 million) for communities, related to urgent needs (e.g. health care, flooding), organized through the Solvay Solidarity Fun since April 2020.
<p>Our challenges</p> <ul style="list-style-type: none"> → EcoVadis 360 screening identified controversies, fines or penalties relating to environmental/social issues in the last five years → Reducing Scope 3 greenhouse gas emissions linked to processing, use and end of life of sold products 	<p>Our challenges</p> <ul style="list-style-type: none"> → Implementation of our plan to better align the organization with G.R.O.W. strategy → Involve employees in Solvay One Planet initiatives, e.g. Stop Office Waste project 	<p>Our challenges</p> <ul style="list-style-type: none"> → Mitigate CSR risks in our supply chain through due diligence and traceability → Reduce Scope 3 greenhouse gas emissions linked to raw material extraction and processing 	<ul style="list-style-type: none"> → Take action on biodiversity: monitor and reduce pressure on biodiversity beyond climate change; develop local restoration projects in partnership with associations and local stakeholders → Sensitive handling of social media, which can make a local issue global → Controversies related to effluents or emissions



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ESRS – Europäische Standards zur Nachhaltigkeitsberichterstattung

Breakout-Session „Governance“

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Exposure Drafts Set 1 – Governance

OUTREACH EVENT GERMANY (BERLIN)

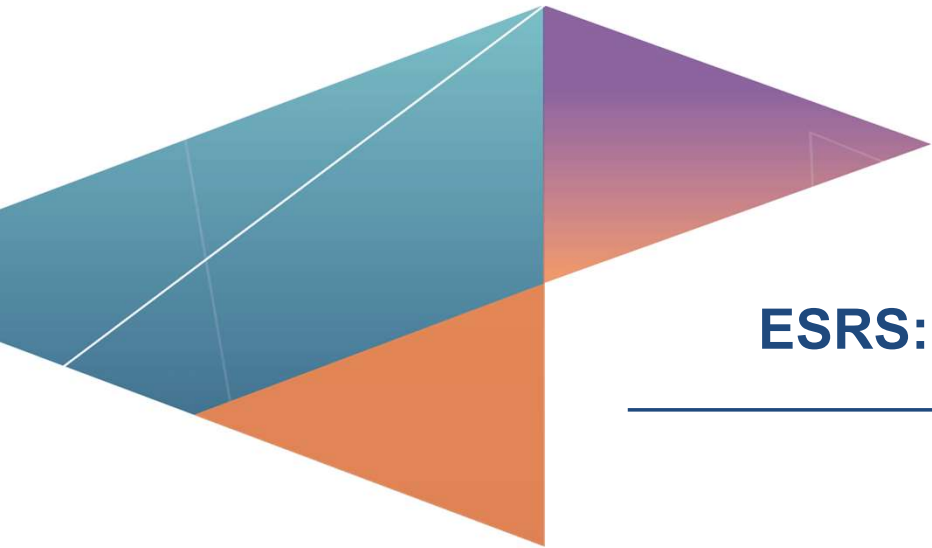
10 June 2022



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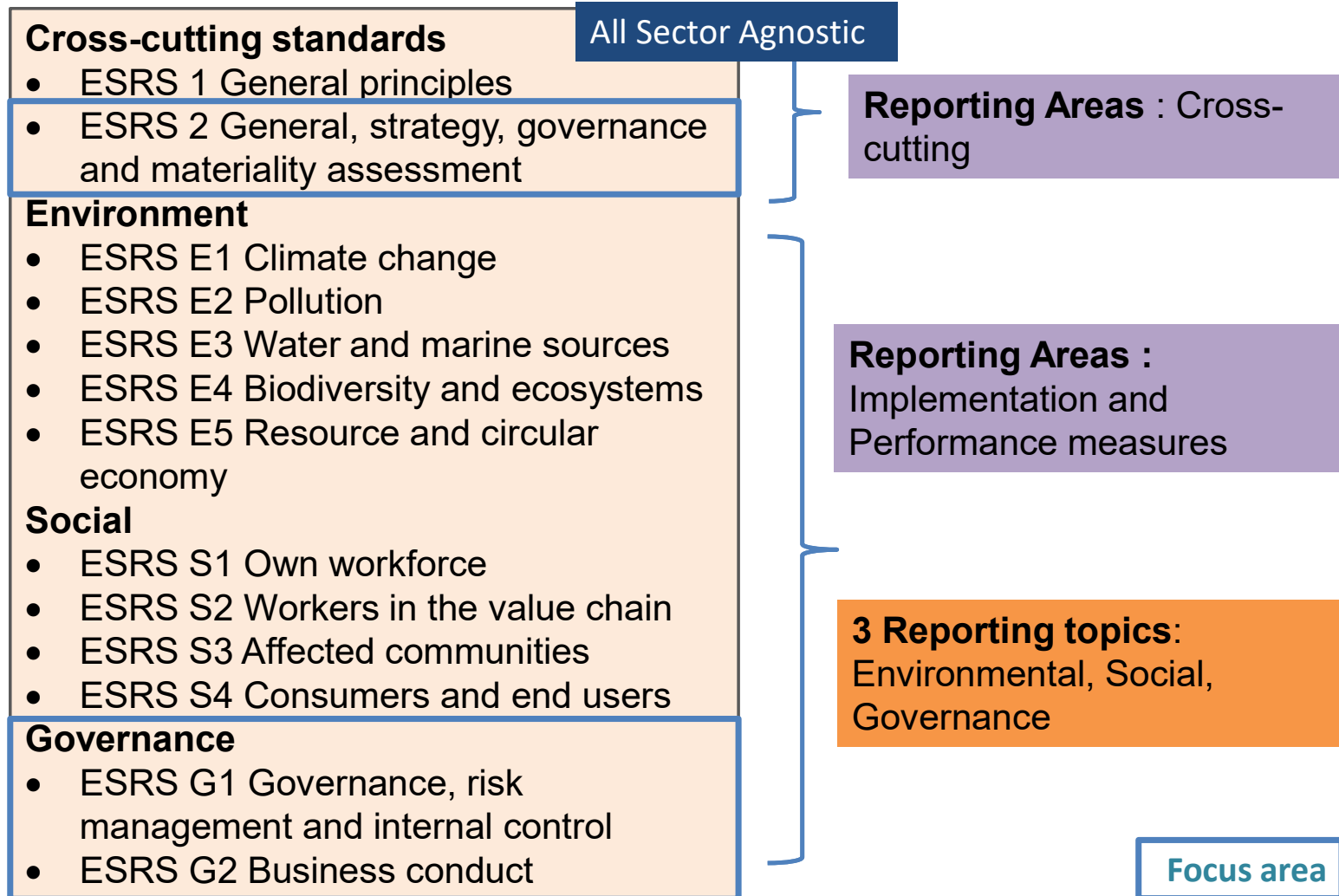
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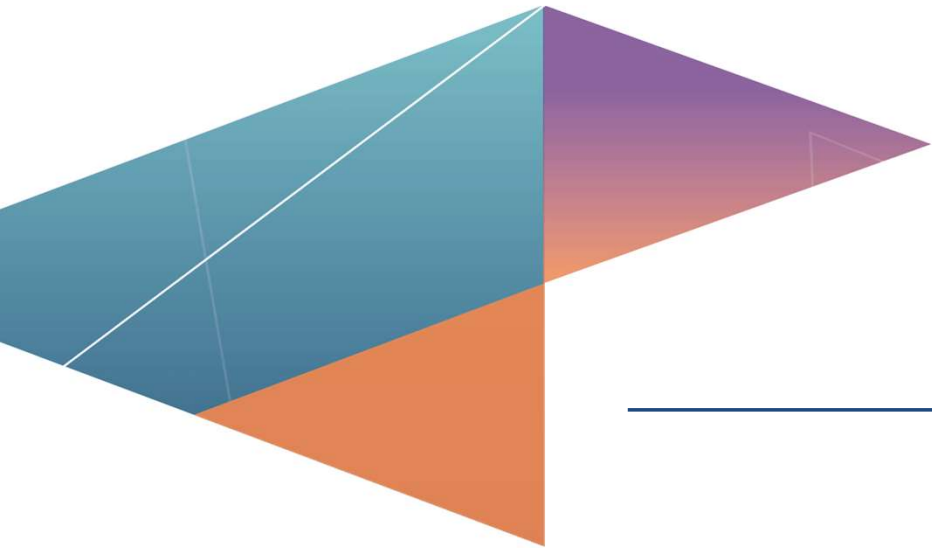
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ESRS: Overview

ESRS Overview – Exposure drafts

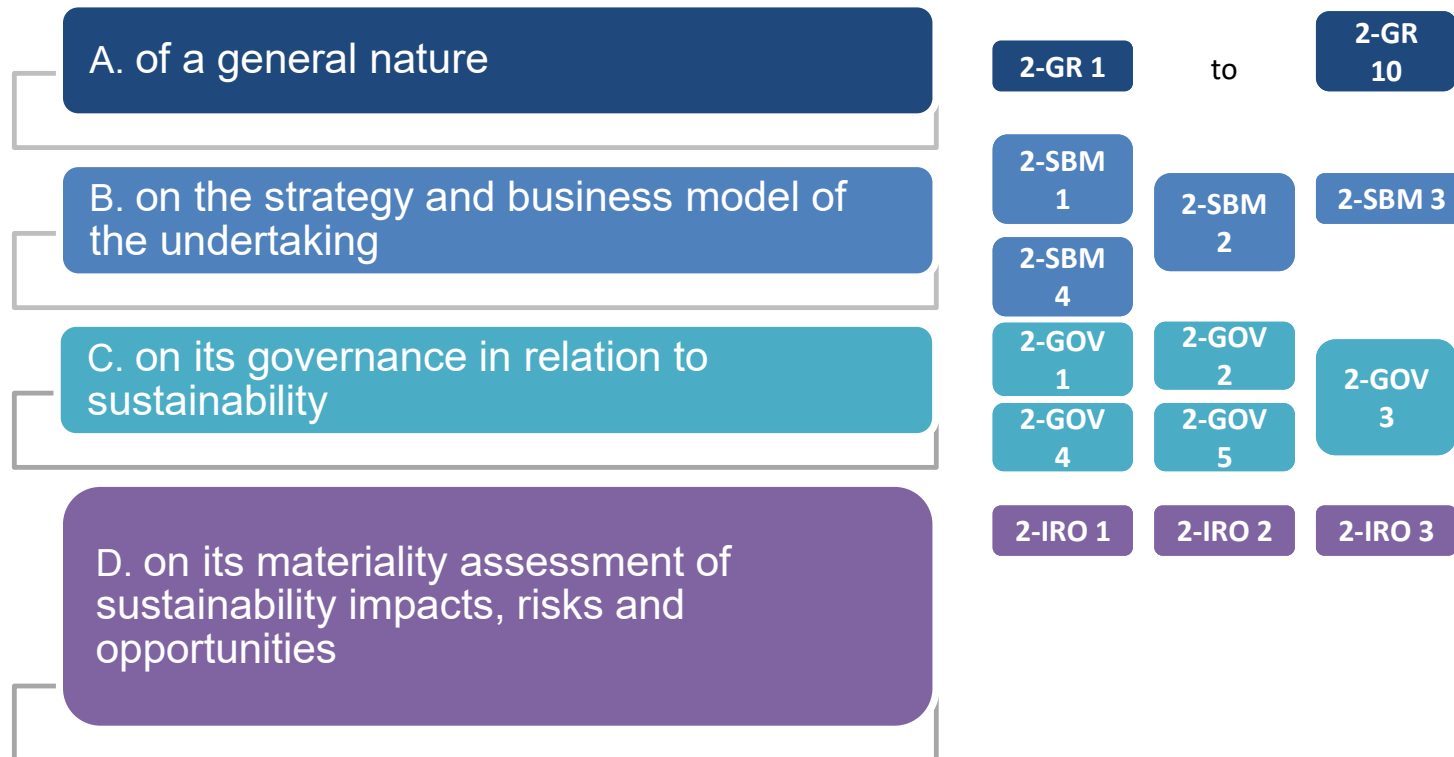




Cross-cutting:
ESRS 2 General, strategy,
governance and materiality assessment

Overview of ESRS 2

To set out the disclosure requirements of the undertaking's sustainability reporting that are of a cross-cutting nature. They are those:



Disclosure Requirements on sustainability governance (DR 2-GOV1 to DR 2-GOV5)

GOVERNANCE

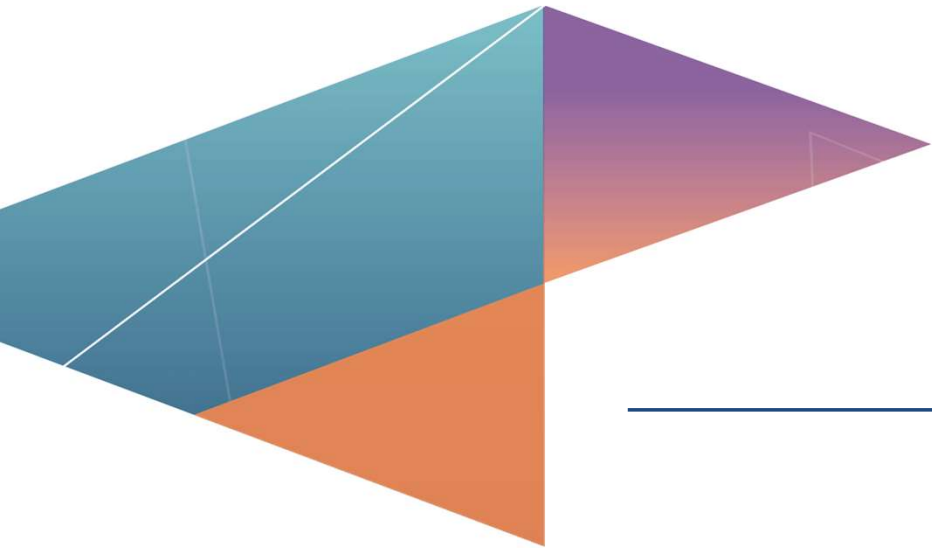
DR 2-GOV1: **Roles and responsibilities** of the administrative, management and supervisory bodies

DR 2-GOV2: **Information** of administrative, management and supervisory bodies **about sustainability matters**

DR 2-GOV3: **Sustainability matters addressed** by the undertaking's administrative, management and supervisory bodies

DR 2-GOV4: Integration of sustainability strategies and performance in **incentive schemes**

DR 2-GOV5: Statement on **due diligence**



Governance:

G1 Governance, risk management,
internal control

G2 Business conduct

[Draft] CSRD mandate on Governance sustainability matters

Governance as a separate category of sustainability matters

The Governance category (G) is broader than traditionally considered under the concept of 'governance'. The aim is to cover the full spectrum of relevant matters in order to report on sustainability aspects relating to the reporting undertaking itself, including but not limited to governance.

CSRD Article 19 b)

(c) specify the information that undertakings are to disclose about governance factors, including information about:

- (i)** the role of the undertaking's administrative, management and supervisory bodies, including with regard to sustainability matters, and their composition;
- (ii)** the business ethics and corporate culture, including anti-corruption and anti-bribery;
- (iii)** political engagements of the undertaking, including its lobbying activities;
- (iv)** the management and quality of relationships with business partners, including payment practices;
- (v)** the undertaking's internal control and risk management systems, including in relation to the undertaking's reporting process.

G1 Governance, risk management, internal control

G2 Business conduct

G1 Governance, risk management, internal control: Interaction with ESRS 2 (Governance disclosure requirements in cross-cutting)



G1 Governance, risk management, internal control: Overview

STRATEGY	IMPLEMENTATION	PERFORMANCE MEASURES
<p>DR G1-1: Governance structure GRI Acc Dir</p>	<p>DR G1-2: Corporate governance code or policy Acc Dir</p> <p>DR G1-3: Nomination process GRI</p> <p>DR G1-4: Diversity policy Acc Dir</p> <p>DR G1-5: Evaluation process GRI</p> <p>DR G1-6: Remuneration policy SR Dir GRI</p> <p>DR G1-7: Risk management GRI</p> <p>DR G1-8: Internal control GRI</p>	<p>DR G1-9: Composition of ASMB SFDR Acc Dir</p> <p>DR G1-10: Meetings and attendance rate</p>
<ul style="list-style-type: none"> • General description of ASMB and their composition 	<ul style="list-style-type: none"> • More detailed description of specific aspects • General description of the risk management & internal control processes and how they enable the ASMB to exercise their responsibility to oversee the undertaking. 	<ul style="list-style-type: none"> • Indicators to measure performance of policy objectives defined by previous DRs

G2 Business conduct: Overview

STRATEGY	IMPLEMENTATION	PERFORMANCE MEASURES
<p>DR 1: Business conduct culture GRI</p>	<p>DR 2: Policies and targets on business conduct SFDR GRI</p> <p>DR 3: Prevention and detection of corruption and bribery GRI</p> <p>DR 4: Anti-competitive behaviour prevention and detection GRI</p>	<p>DR 5: Anti-corruption and anti-bribery training GRI</p> <p>DR 6: Corruption or bribery events SFDR GRI</p> <p>DR 7: Anti-competitive behaviour events GRI</p> <p>DR 8: Beneficial ownership Dir 2015/849 GRI</p> <p>DR 9: Political engagement and lobbying activities GRI</p> <p>DR 10: Payment practices</p>
<p>A description of how business conduct is promoted and integrated into the culture of the undertaking</p>	<ul style="list-style-type: none"> • Description of how the business conduct culture is translated into clearly defined policies, procedures and objectives • Including prevention and detection 	<p>Measuring the achievement of policies and objectives in previous DRs</p> <ul style="list-style-type: none"> • covering anti-corruption/anti-bribery training • current legal proceedings (number, inventory, penalties or fines paid) • lobbying activities and their funding • contractual terms of payment and practices

G2 Consultation on indicators of payment practices

CONSULTATION: SPECIFIC QUESTION

Payment delays complicate the financial management of undertakings, especially SMEs¹, who rely on predictable flows of cash to operate. According to the relevant EU legislation (Directive 2011/7/EU) a payment is late when the creditor has not received the funds at the expiry of the period negotiated in the contract. And yet, even payments performed within the contractually negotiated period can hide unfair payment practices. Very often businesses accept payment terms longer than they are comfortable with², as such terms may reflect the one party's power compared to the other, such as by virtue of its size or brand.

- 1) Do you consider that the indicators in G2-10 (in isolation or jointly) capture the following sufficiently:
 - a) the extent to which accounts payable or creditors at period end have been outstanding;
and
 - b) the fairness of the undertaking's payment practices?If not, please provide your rationale and indicate the sector(s) for which you deem add-ons necessary.
- 2) What alternative indicators would you propose? Please specify whether your proposal(s) are of sector-agnostic or sector-specific nature.
- 3) If you are a preparer, do you currently capture amounts of interest charged on late payments separately in your accounts and what are the costs for disclosing this?

¹ SMEs (Small and Medium-sized enterprises) are defined according to the Commission Recommendation 2003/361/EC https://ec.europa.eu/growth/smes/sme-definition_en

² According to the Intrum European payment Report 2021, on average 49% of businesses in the EU accepted payment terms longer than they are comfortable with out of fear of losing their customers or damaging business relations.

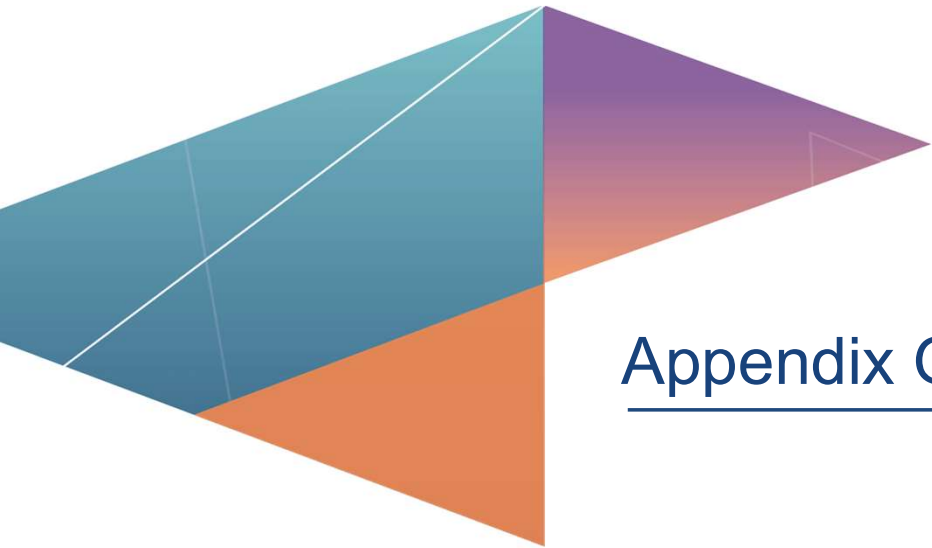


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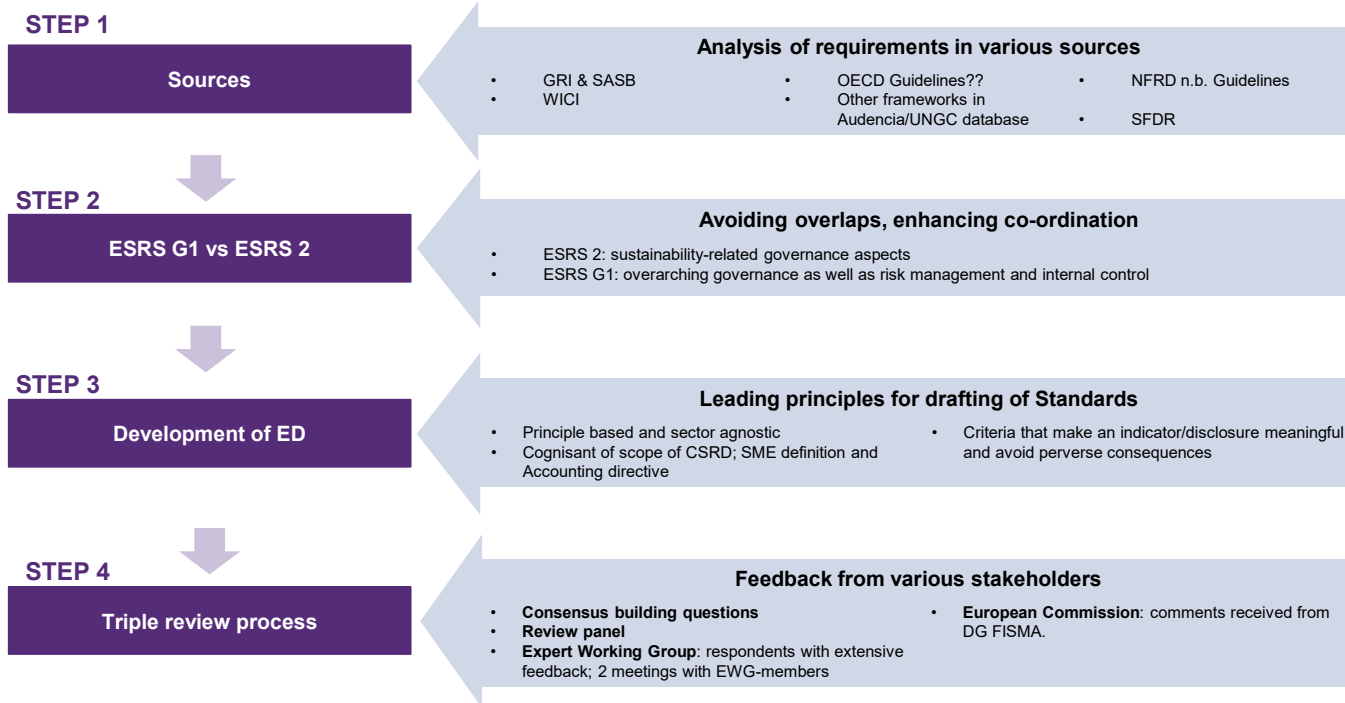
Appendix G1

Background (for G category in general)

GOVERNANCE+

The Governance+ category (G+) is broader than traditionally considered under the concept of 'governance'. The aim is to cover the full spectrum of relevant matters in order to report on sustainability aspects relating to the reporting undertaking itself, including but not limited to governance.

Background



ESRS G1: Strategy

STRATEGY

DR G1-1: Governance structure GRI Acc Dir

General description of ASMB and their composition

DR 1: The undertaking shall provide information on its governance structure and composition.

Expectations:

- Presentation of existing bodies and committees
- Description of the governance structure and the prescription of the local laws
- Detail on independence of the ASMB members
- Link/coherence with ESRS and ESRS G2-8

ESRS G1: Implementation

IMPLEMENTATION

DR G1-2: Corporate governance code or policy Acc Dir

DR G1-3: Nomination process GRI

DR G1-4: Diversity policy Acc Dir

More detailed description of specific aspects

DR2 - The undertaking shall disclose the corporate governance code, policy or practices that determine the function of its administrative, management or supervisory bodies.

DR 3 - The undertaking shall provide information about the nomination and selection processes for its administrative, management and supervisory bodies.

DR4 - The undertaking shall provide information on the diversity policy applied in relation to its administrative, management and supervisory bodies.

Expectations:

- Adoption of an internal code for CG and its relation with the local requirements
- Description of the criteria used for the nomination/evaluation process and link with the DR9 (composition)
- Description of the policy and its criteria and how is it applied
- Link/coherence with ESRS

ESRS G1: Implementation (continued)

IMPLEMENTATION

DR G1-5: Evaluation process

GRI

DR G1-6: Remuneration policy

SR Dir

GRI

More detailed description of specific aspects

DR5 - The undertaking shall describe the process, if any, followed for evaluating the performance of its administrative, management and supervisory bodies in overseeing the management of the undertaking.

DR 6 - The undertaking shall describe the policy used for the remuneration of its administrative, management and supervisory bodies.

Expectations:

- Mechanisms for evaluation existing ASMB
- Detail of each component included in the remuneration policy

ESRS G1: Implementation (continued)

IMPLEMENTATION

DR G1-7: Risk management

GRI

DR G1-8: Internal control

GRI

General description of the risk management & internal control processes and how they enable the ASMB to exercise their responsibility to oversee the undertaking.

DR7 - The undertaking shall provide information on its risk management processes, with regards to risk arising for the undertaking and for the stakeholders.

DR8 - The undertaking shall provide information on its internal control processes, including in relation to the sustainability reporting process.

Expectations:

- Focus on the process in place to identify and assess risks
- How business model and strategy are integrated into the assessment
- Roles and responsibilities of the risk management
- Details of roles and responsibilities in internal control – by type of control - with a focus on sustainability
- Distinction between oversight and delegation authority
- Link/coherence with ESRS 2

ESRS G1: Performance measures

PERFORMANCE MEASURES

DR G1-9: Composition of ASMB SFDR Acc Dir

DR G1-10: Meetings and attendance rate

Measuring the achievement of policies and objectives in previous DRs

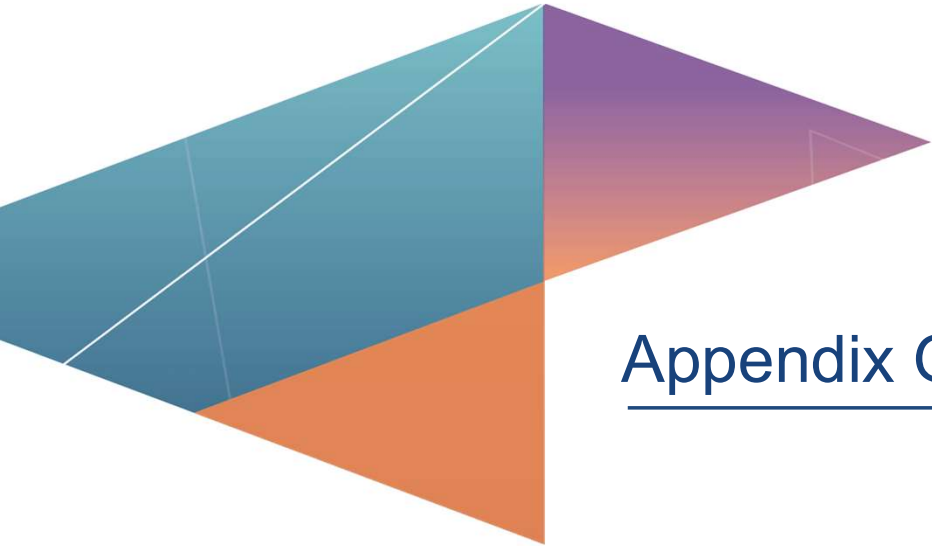
- Gender balance and representation of the ASMB
- Engagement and participation of the ASMB

DR9 - The undertaking shall provide information about the composition of its administrative, supervisory and management bodies.

DR10 - The undertaking shall provide information about the number of meetings and the attendance rate for its administrative, management and supervisory bodies and committees

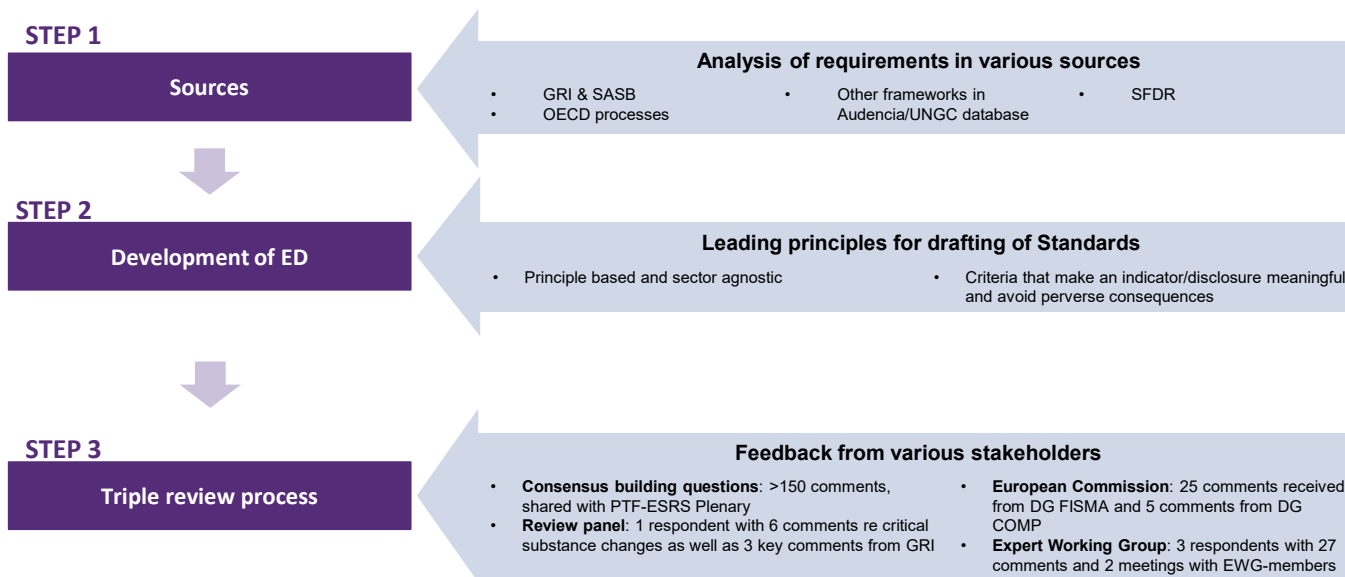
Expectations:

- % and ratio of women to men and age representation for all the ASMB
- Detail of other indicators of diversity when materials
- Changes between years and reporting period
- Attendance rate for different ASMB and topics



Appendix G2

Background



ESRS G2-1: Strategy: Business conduct culture

STRATEGY

DR 1: Business conduct culture GRI

A description of how business conduct is promoted and integrated into the culture of the undertaking

DR1 - The undertaking shall disclose its initiatives to establish, develop and promote a business conduct culture.

Expectations :

- « Tone from the top »
- Governance principles, roles and responsibilities,...
- Presentation of existing tools (Code of Ethics, Code of Conducts,...)

ESRS G2: Implementation: ESRS G2-2 to 4

IMPLEMENTATION

DR 2: Policies and targets on business conduct

SFDR

GRI

DR 3: Prevention and detection of corruption and bribery

GRI

DR 4: Anti-competitive behaviour prevention and detection

GRI

- Description of how the business conduct culture is translated into clearly defined policies, procedures and objectives
- Including prevention and detection

DR2 - The undertaking shall provide information about its policies with respect to business conduct matters.

DR 3 - The undertaking shall provide information about its system to prevent and detect, investigate, and respond to allegations or incidents relating to corruption and bribery.

DR4 - The undertaking shall provide information about its system to prevent and detect, investigate, and respond to allegations or incidents relating to anti-competitive behaviour.

Expectations :

- List of existing policies (anticorruption, lobbying, sponsoring,...)
- Mechanisms for reporting issues, investigate, protection of whistle-blowers, etc.
- Number of allegations / investigations and how they are reported

ESRS G2: Performance measures: ESRS G2-5 to 7

PERFORMANCE MEASURES	
DR 5: Anti-corruption and anti-bribery training	GRI
DR 6: Corruption or bribery events	SFDR GRI
DR 7: Anti-competitive behaviour events	GRI

Measuring the achievement of policies and objectives in previous DRs
<ul style="list-style-type: none">• covering anti-corruption/anti-bribery training• current legal proceedings (number, inventory, penalties or fines paid)

DR5 - The undertaking shall provide information about any anti-corruption and anti-bribery training programmes offered.

DR6 - The undertaking shall provide information on legal proceedings related to corruption or bribery during the reporting period.

DR 7 - The undertaking shall provide information on any publicly announced investigation into or litigation concerning possible anti-competitive behaviour it is facing during the reporting period.

Expectations :

- Training (who, when, what, how many...): example for disclosure in AG
- More detailed data of confirmed cases (fines, sanctions, dismissal, termination of contract, etc)

ESRS G2: Performance measures: ESRS G2-8 to 10

PERFORMANCE MEASURES	
DR 8: Beneficial ownership	Dir 2015/849 GRI
DR 9: Political engagement and lobbying activities	
DR 10: Payment practices	GRI

Measuring the achievement of policies and objectives in previous DRs

- lobbying activities and their funding
- contractual terms of payment and practices

DR8 - The undertaking shall provide information about its beneficial owners (as defined in article 3(6) of Directive (EU) 2015/849) and control structure.

DR9 - The undertaking shall provide information on its political contributions and lobbying or advocacy activities.

DR10 - The undertaking shall provide information on the payment practices to support transparency about these practices given the importance of timely cash flows to business partners.

Expectations :

- Total amounts of lobbying/fees for professional association/political contribution with example in AGs
- Main topics and main positions shall be provided when material
- Information on the average time to pay an invoice, standard contractual payment terms



ESRS – Europäische Standards zur Nachhaltigkeitsberichterstattung

Breakout-Session „Governance“

EINGANGSSTATEMENTS der PANEL-TEILNEHMER

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Einblicke in den Entwicklungsprozess für G

Separate Betrachtung von Corporate Governance und Sustainability Governance	Rolle von Corporate Governance in der CSRD bzw. in den ESRS
<ul style="list-style-type: none"> • Corporate Governance als „G“ von ESG • Sustainability Governance als „cross-cutting“-Thema • Problematik: Sustainability Governance ist Teil der Corporate Governance, Fragmentierung der Anforderungen und Offenlegung zu G und damit verbundene Komplexität 	<ul style="list-style-type: none"> • CSRD-Referenz: "including with regard to sustainability matters" • Bestehende Offenlegungspflichten zu G gelten für börsennotierte Unternehmen, während der Geltungsbereich der CSRD (aktuell) weiter gefasst ist • Problematik: <ul style="list-style-type: none"> ○ Querverweise bzw. Integration? ○ Ausweitung notwendig/erwünscht?
<ul style="list-style-type: none"> • Nur zwei G-Entwürfe veröffentlicht • Erste Überlegungen der PTF: G als alle organisationsübergreifenden Themen, die nicht (nur bzw. klar) E und S zuzuordnen sind • Problematik: CSRD gibt über Level 1 Rahmen vor; EFRAG/ESRS können sich nur in diesem Rahmen bewegen, CSRD-Rahmen ist jedoch nicht final 	<ul style="list-style-type: none"> • Was ist unter „Business Conduct Culture“ zu verstehen und wie/was soll offengelegt werden? • Fällt das Thema Taxation unter die CSRD/Business Conduct? • Wieviel Detail ist bzgl. Lobbying erforderlich? • Wie soll über „Payment Practices“ berichtet werden?
<p>G = Governance vs. G = „Governance +“</p>	<p>Inhalte des G2 zum Thema „Business Conduct“</p>

Kernfragen/-diskussionspunkte innerhalb der PTF während der Entwicklung der Vorschläge zur Offenlegung über Governance

DRSC/EFRAG Outreach: ESRS

“Governance-Panel“ – EINGANGSSTATEMENT

Berlin, 10.06.22

Carsten Beisheim
Rechtsanwalt

GW Graf von Westphalen

„Governance“

- Gute Corporate Governance (allg. Verständnis)
 - Steht für eine verantwortungsbewusste und auf langfristige und nachhaltige Wertschöpfung ausgerichtete funktionsfähige Führung und Kontrolle von Unternehmen
 - Bezeichnet den rechtlichen und faktischen Ordnungsrahmen für die Leitung und Überwachung von Unternehmen zum Wohlwollen *aller* relevanten Stakeholder (z.B. Anleger, Finanzmärkte, Geschäftspartner, Mitarbeiter und Öffentlichkeit)
 - Essenziell: Vertrauen der Stakeholder, Offenheit und Transparenz in der Kommunikation und in den Prozessen, Vermeidung Interessenskonflikte, angemessener Umgang mit Risiken
- CSRD Erwägungsgrund 44
 - Informationen über Governance-Faktoren, einschließlich Informationen über die Rolle der Verwaltungs-, Leitungs- und Aufsichtsorgane eines Unternehmens, wobei diesbezüglich relevante Nachhaltigkeitsaspekte, die Zusammensetzung solcher Gremien und die internen Kontroll- und Risikomanagementsysteme eines Unternehmens zu berücksichtigen sind
 - Informationen über Unternehmenskultur und Unternehmensethik, einschließlich der Bekämpfung von Korruption und Bestechung
 - Informationen über das politische Engagement des Unternehmens und Lobbytätigkeiten
 - Informationen über die Leitung des Unternehmens und die Qualität der Beziehungen zu Geschäftspartnern, einschließlich Zahlungspraktiken (Unlauterkeit)
- CSRD Art. 19 b) Abs. 2 c)
 - Vgl. vorstehende Unterstreichungen

„Governance“

- ESRS 1 General Principles
 - „Governance und Organisation in Bezug auf die Nachhaltigkeit“
 - Allgemeine Ausführungen, übergreifend
- ESRS 2 Appendix A (Defined terms): Governance
 - System, durch das ein Unternehmen im Interesse der Aktionäre und anderer Interessengruppen geleitet und kontrolliert wird
 - Beziehungen zwischen der Unternehmensleitung, dem Vorstand, den Aktionären und anderen Interessengruppen
 - Struktur und Prozesse mit Blick auf Ziele des Unternehmens, die Überwachung der Zielerreichung und die Bewertung der Ergebnisse
- ESRS G1 (Governance, Risk Management & Internal Control)
 - Angaben über die Führungsstruktur des Unternehmens sowie seine internen Kontroll- und Risikomanagementsysteme, unabhängig von Nachhaltigkeitsaspekten
- ESRS G2 (Business Conduct)
 - Angaben über die Strategie, den Ansatz, die Prozesse und Verfahren sowie die Leistung des Unternehmens in Bezug auf das Geschäftsgebaren in Klammern (z.B. Korruptions-vermeidung)
- Weitere ESRS-Vorgaben

Problem

- Bisherige Ausrichtung von Governance-Vorgaben im Kern auf börsennotierte Gesellschaften, z. B.
 - Gesetz zur Umsetzung der zweiten Aktionärsrechterichtlinie (ARUG II): Verbesserung Transparenz
 - Gesetz zur Stärkung der Finanzmarktintegrität (FISG): Pflicht zur Errichtung IKS/RMS
 - Deutschen Corporate Governance Kodex (DCGK): Empfehlungen und Anregungen mit Blick auf eine gute und verantwortungsvolle Unternehmensführung
- Abgleich mit der Governance-Aufstellung der „Breite der Wirtschaft“ (nichtbörsennotierte „große“ Unternehmen, Mittelstand, Familiengesellschaften, ggf. ab 2026: Start-ups, etc.), z. B. bezogen auf
 - Strukturen und Prozesse
 - Kontroll- und Risikomanagementsysteme
 - Stakeholder-Orientierung
 - Transparenz
 - Reporting
 - Dokumentation („limited assurance“-Prüfung)



**OUTREACH-VERANSTALTUNG
„ESRS – EUROPÄISCHE STANDARDS ZUR
NACHHALTIGKEITSBERICHTERSTATTUNG“
BREAKOUT SESSION GOVERNANCE**

**Prof. Dr. Patrick Velte
10.06.2022**

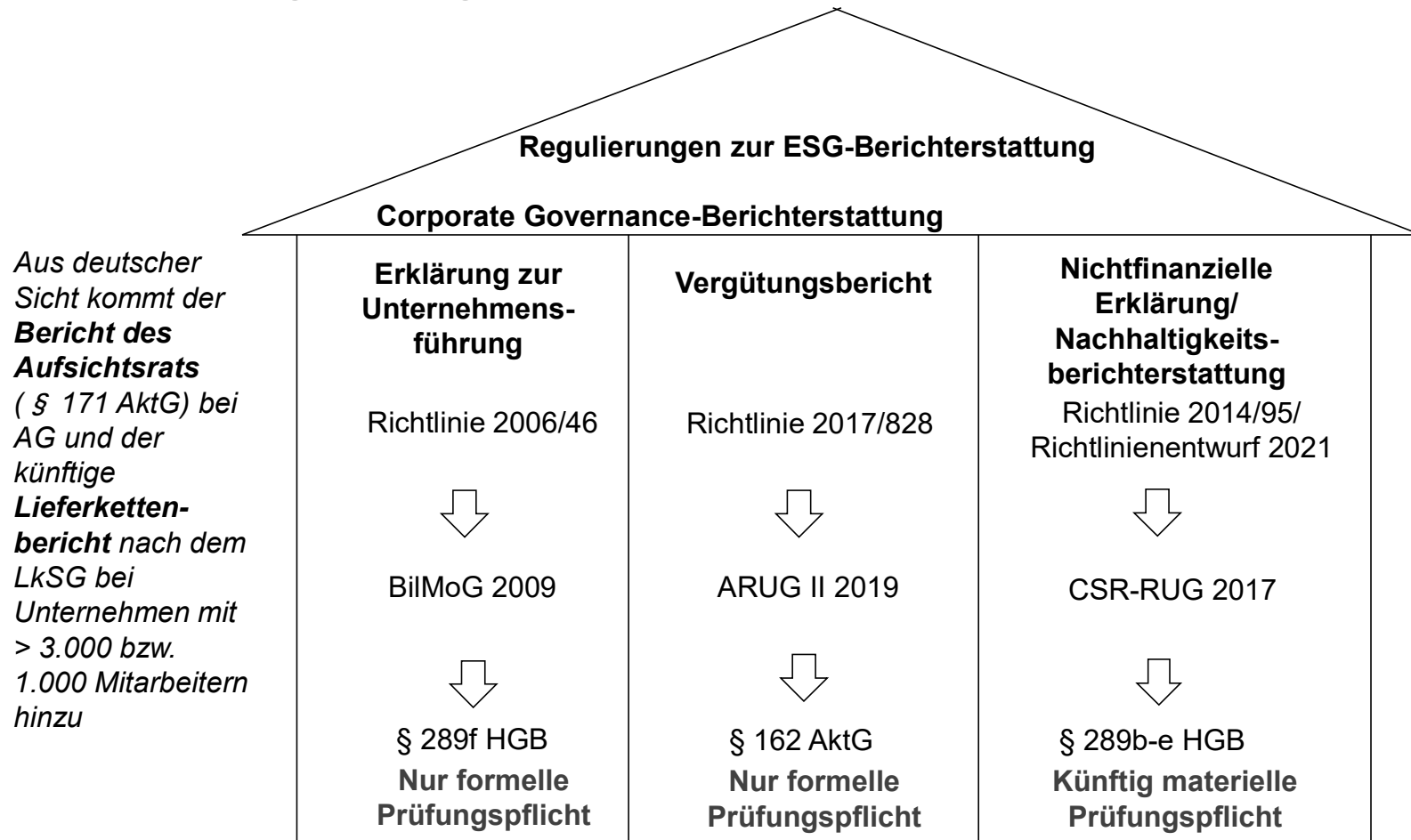


1. Kritische Würdigung

- soziale und umweltbedingte **Nachhaltigkeit** und **“gute” Unternehmensführung stark interdependent (Sustainable Corporate Governance)**
- **“G”** als Fundament für **künftige Nachhaltigkeitsleistung** (“G-ES”-Konzept); anders zu bewerten als E und S (z.B. für G keine eigenständige **Inside-Out-Perspektive**)
- Analog zur EU-Taxonomie wird G im Vergleich zu E und S nachrangiger und weniger gut strukturiert in ESRS-Entwürfen behandelt (**Flickenteppich**)
- **Künstliche Trennung zwischen Sustainable und “normalen” Corporate Governance-Angaben** nach ESRS-Entwürfen abzulehnen
- Keine Integration des **gesamten** Governance-Reportings durch EU im Lagebericht geplant
- Keine inhaltliche Prüfungspflicht des gesamten Governance-Reportings durch EU geplant (**Verlässlichkeitslücke**)
- **Folge: ESG-Washing und Information Overload; “Komplexitätsmonster”?!**
- **Empfehlung:** Ableitung **eines** Governance-Reporting-Standards durch die EFRAG, der einem **schlüssigen Strukturansatz (strategisch und operativ)** folgt und **nicht** zwischen nachhaltigen und nicht-nachhaltigen Governance-Informationen unterscheidet



2. Kein integrierter (geprüfter) ESG-Bericht für PIEs!





3. Keine schlüssige Governance-Struktur!

- **ESRS 2: General, strategy, governance, and materiality assessment**
- E- und/oder S-bezogenes Governance-Reporting neben anderen Informationen “versteckt”
- Titel irreführend, Strategie ebenfalls der Governance zuordnen

- **ESRS G1: Governance, risk management and internal control**
- Titel irreführend, Risk management/internal control der Governance zuordnen

- **ESRS G2: Business conduct**
- Schnittmengen zu G1, z.B. Korruptionsvermeidung durch Compliance Management

EFRAG ESRS Outreach – Germany. Break-out session “Governance”

Opening statement Stefan Schnell: views of a large preparer

- The disclosure requirements around Governance of main frameworks, e.g. the EU Accounting Directive (2013/34/EU), the IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information (March 2022) and the ESRS Exposure Drafts (ESRS 2, ESRS G1, ESRS G2) are fairly well aligned.
- Thus, substantially there is little new disclosure requirements under the ESRS on Governance for large undertakings.
- However, while the disclosure requirements of the EU Accounting Directive and the IFRS S1 General Requirements rather address the key elements of Governance, the ESRS are much more detailed in what they prescribe to disclose.
- Thus, even for large preparers, some of the requirements of the ESRS Exposure Drafts will come along with additional cost and efforts to fulfill from today’s perspective.
- At the same time, the benefit from such additional disclosures for users of company reports remains questionable compared to the Governance disclosure requirements that exist already today.

Vergleich: Art. 19a und b (i.d.F. CSRD-E) und Art. 20 der Bilanzrichtlinie

Zu berichten sind...

- ▣ ... „the composition and operation of the administrative, management and supervisory bodies and their committees.“ Art. 20 (2)(f) Bilanzrichtlinie
- ▣ ... „ a description of the role of the administrative, management and supervisory bodies with regard to sustainability matters.“ Kommissionsentwurf: Art. 19a (2)(c)

Vorschriften fast deckungsgleich, ergänzt um Nachhaltigkeitsthemen. Aber Standards sollen auch allgemeine CG umfassen:

- ▣ ... „specify the information that undertakings are to disclose about governance factors, including information about:
(i) the role of the undertaking’s administrative, management and supervisory bodies, including with regard to sustainability matters, and their composition.“ Art. 19b (2)(c)

Vergleich: CSRD und Art. 20 der Bilanzrichtlinie (2)

- Die „Zusammensetzung und Arbeitsweise der Verwaltungs-, Leitungs- und Aufsichtsorgane und ihrer Ausschüsse“ im Allgemeinen ist in der Erklärung zur Unternehmensführung zu berichten, als gesonderten Bericht zusammen mit Lagebericht oder Website. Nur formelle Prüfung durch Abschlussprüfer.
- Können Bilanzrichtlinie a.F. und CSRD-E den quasi gleichen Berichtsinhalt mit unterschiedlichem Anwendungsbereich und Prüfungstiefe fordern?

Vergleich: CSRD und Art. 20 der Bilanzrichtlinie (2)

- ❑ Lösung? Kommissionsvorschlag, Unterabsatz zu Art. 20 einzufügen:
“Unternehmen, die Artikel 19a unterliegen, können die Pflichten gemäß Unterabsatz 1 Buchstaben c, f und g erfüllen, indem sie die nach diesen Buchstaben erforderlichen Informationen in ihre Nachhaltigkeitsberichterstattung aufnehmen.”
- ❑ Nein. ESRS G1-E deckt sich nicht nur inhaltlich, sondern inkorporiert auch Berichtsinhalte aus der Erklärung zur Unternehmensführung. Absätze 15 bis 18 zur Kodexanwendung sind fast wortlautidentisch mit Art. 20 (1)(a) und (b). Die Entsprechenserklärung müsste also (auch) hier dargestellt werden und würde damit prüfpflichtig. Art. 20 (1)(a) und (b) sind oben ohnehin nicht genannt.

Vergleich Art. 20 Bilanzrichtlinie (zu Kodizes) und ESRS G1-E

1. (...) That statement (...) shall contain at least the following information:

(a) a reference to the following, where applicable:

(i) the corporate governance code to which the undertaking is subject,

(ii) the corporate governance code which the undertaking may have voluntarily decided to apply,

(iii) all relevant information about the corporate governance practices applied over and above the requirements of national law.

(...)

(b) where an undertaking (...), departs from a corporate governance code (...), an explanation by the undertaking as to which parts of the corporate governance code it departs from and the reasons for doing so; where the undertaking has decided not to refer to any provisions of a corporate governance code (...), it shall explain its reasons for not doing so;

15. The undertaking shall disclose the corporate governance code, policy or practices that determine the function of its administrative, management or supervisory bodies. (...)

17. The disclosure required by paragraph 15 shall include the following information:

(a) the corporate governance code to which the undertaking is subject or which the undertaking may have voluntarily decided to apply (...);

(b) all relevant information about the corporate governance practices applied over and above the requirements of national law (...).

18. Where an undertaking ...(), departs from a corporate governance code (...), it shall provide an explanation as to which parts of the corporate governance code it departs from and the reasons for doing so. Where the undertaking has decided not to refer to any provisions of a corporate governance code (...), it shall explain its reasons for not doing so.

Ungereimtheiten

Art. 19b Abs. 2 (c) in der Kommissionfassung ...

- ❑ entspricht nicht Art. 19a Abs. 2 (c)
- ❑ entspricht nicht Art. 19b Abs. 1 mangels Auftrags, Standards für Art. 20 zu entwickeln
- ❑ unterläuft Art. 20 Abs. 3, also die Mitgliedstaatenoption, Unternehmen von der EzU befreien zu können und
- ❑ widerspricht der in Abs. 4 vorgesehenen rein formellen Prüfung durch den AP.

Vergleich CSRD in der Kommissions-, Ratsfassung und Bilanzrichtlinie (EzU)

- Ratsfassung wird dem gerecht und fokussiert CG auf Nachhaltigkeit.

<p>(i) the role of the undertaking's administrative, management and supervisory bodies, <u>including with regard to sustainability matters, and their composition;</u></p>	<p>(i) the role of the undertaking's administrative, management and supervisory bodies with regard to sustainability matters, and their expertise and skills to fulfil this role or access to such expertise and skills;</p>	<p>2. (...) That statement (...) shall contain at least the following information: (...) (f) the composition and operation of the administrative, management and supervisory bodies and their committees.</p>
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Ratsfassung und Konsequenzen

- Ratsfassung der CSRD, Erwägungsgrund 51 sieht Problem: “(...) However, to avoid unnecessary administrative burdens, those undertakings should have the possibility to report some of the information required by Article 20 of Directive 2013/34/EU alongside other sustainability-related information. If they decide to do so, the corporate governance statement needs to include a reference to the undertaking’s sustainability reporting, and the information compliant with Article 20 of Directive 2013/34/EU should remain subject to the assurance requirements of the corporate governance statement.”
- Konsequenzen: ESRS-G1, der sich nur mit allgemeiner CG befasst, ist m.E. zu streichen. ESRS 2!
- Die Inkorporation der Inhalte der EzU in die EFRAG-Standards erfordern, sofern gewünscht, eine Änderung von Artikel 20 der Bilanzrichtlinie. Sinnvoll?



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