

Sustainability Reporting

**Comparative study between the
main sustainability standards
with a focus on EU CSRD / ESRS**

October 2023

Sustainability reporting is a process by which organizations communicate their economic, environmental, social, and governance performance to various stakeholders.

Industry Perspective

This topic isn't new; however, it is **gaining greater significance within the financial sector**, especially in relation to ESG matters, particularly those related to the environment

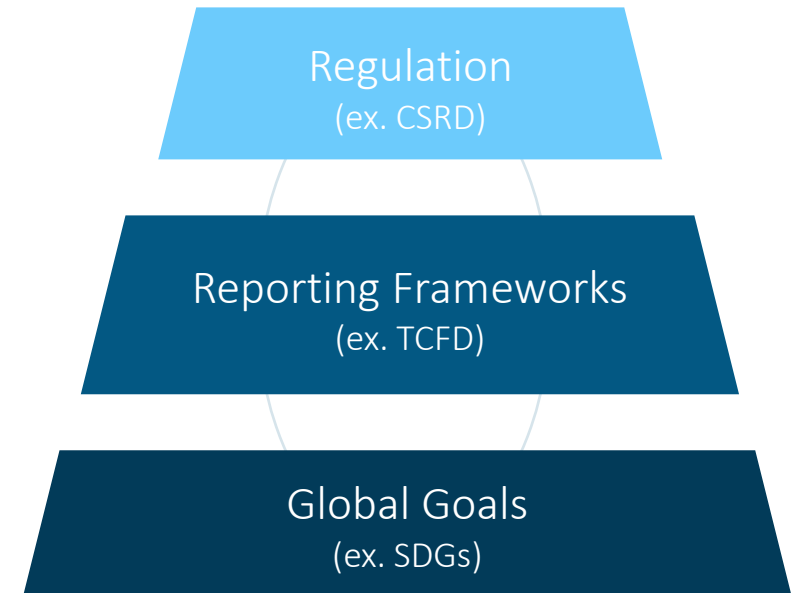
Objectives

[Transparency and Accountability]

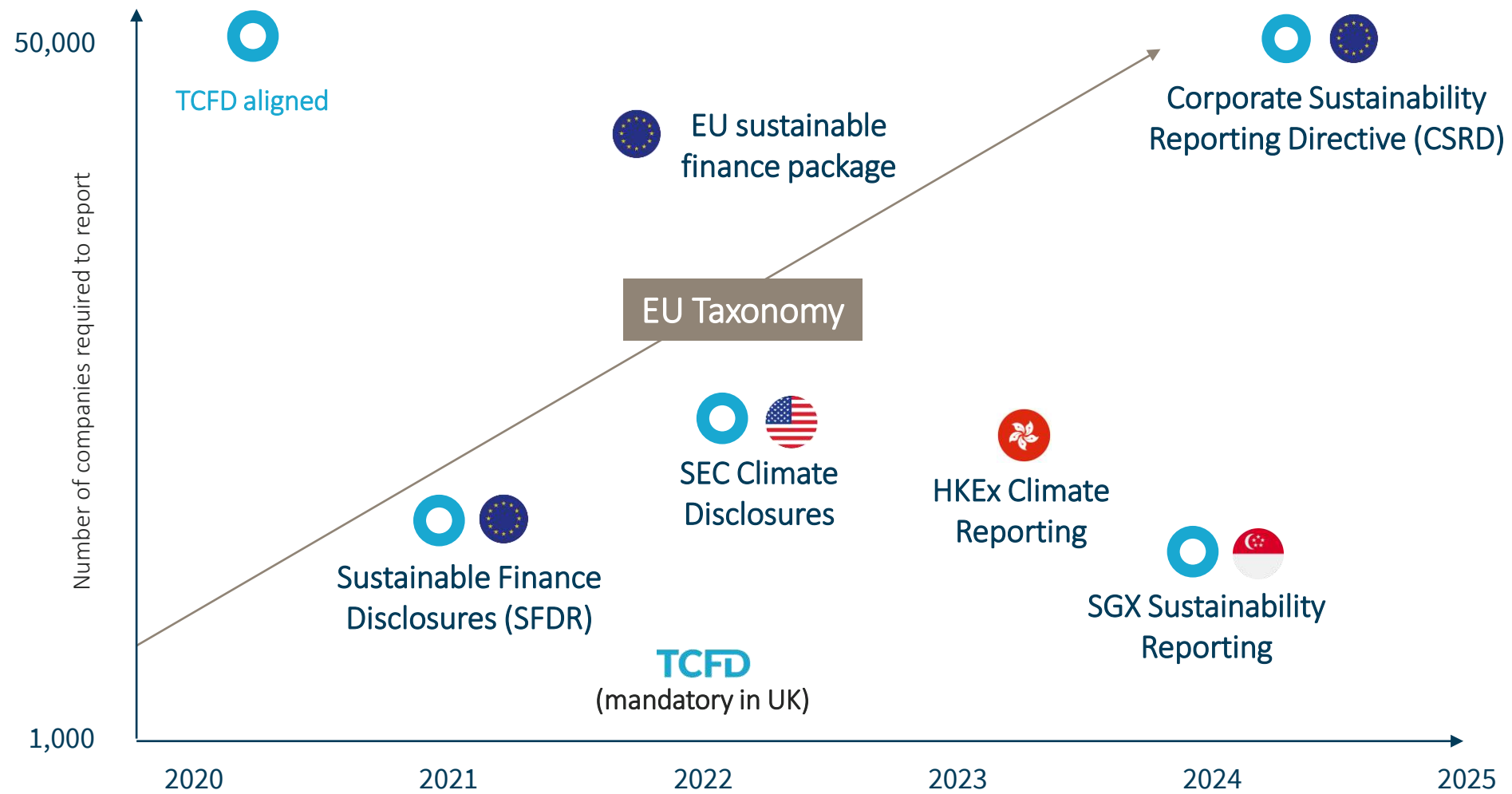
- Enhancing Transparency
- Measuring Environmental Impact
- Demonstrating Corporate Responsibility

Initiatives

Several initiatives, some of them mandatory CRSD in Europe, and others



Main sustainable reporting standards across the world



Voluntary Standards



ISSB STANDARDS

Main Overlaps

Main Differences

	Main Overlaps	Main Differences
CSRD (Corporate Sustainability Reporting Disclosure)	<ul style="list-style-type: none"> • High level of interoperability between ESRS and ISSB standards • Stricter requirements in ESRS so complying with ESRS should mean complying with ISSB standards 	<ul style="list-style-type: none"> • Concept of 'double materiality': impact and financial materiality (CSRD requirement) • Additional requirements linked to EU Regulation (SFRD, Benchmark Regulation,..) and disclosure to be included imperatively in the management report (less flexibility than ISSB) • More granularity especially in the reporting of GHG emissions (scope 1, 2 and 3)
TCFD climate-related financial disclosure recommendations	<ul style="list-style-type: none"> • TCFD Recommendations incorporated in ISSB standards (including categories of cross-industry metric from the 2021 TCFD update) • Transfer of monitoring responsibilities to the ISSB starting from 2024 	<ul style="list-style-type: none"> • Less granular requirements than ISSB standards • Different wording
SASB (Sustainability Accounting Standards Board) Standards	<ul style="list-style-type: none"> • The SASB standard are now part of the IFRS Foundation • IFRS S1 requires companies to consider the SASB Standards to identify sustainability-related risks and opportunities and disclose related information • IFRS S2 provides accompanying guidance derived from the climate-related topics and metrics in the SASB Standards 	<ul style="list-style-type: none"> • SASB Standards focus on sustainability issues likely to influence investor decision-making
GRI (Global Reporting Initiative) Standards	<ul style="list-style-type: none"> • Technical mapping of the two sets of standards, alongside examples of how to use the standards together, and a digital taxonomy to streamline the exercise of reporting under development 	<ul style="list-style-type: none"> • GRI Standards focus on the ESG impacts of a company in relation to sustainable development (broader range of stakeholders)
SEC Climate Disclosure Rule	<ul style="list-style-type: none"> • Based on TCFD climate-related financial disclosure recommendations • Simple materiality (financial) approach 	<ul style="list-style-type: none"> • Information to be disclosed in registration statements and periodic reports • More granularity especially in the reporting of GHG emissions (scope 1, 2 and 3 if material or in the targets)
SGX Sustainability Reporting	<ul style="list-style-type: none"> • Based on TCFD climate-related financial disclosure recommendations 	<ul style="list-style-type: none"> • SGX recommends a list of 27 core ESG metrics for issuers to use as a starting point for sustainability reporting
HKEx Climate Reporting	<ul style="list-style-type: none"> • The changes will be aligned with ISSB standards 	<ul style="list-style-type: none"> • New proposed rule includes more granularity especially in the reporting of GHG emissions (scope 1, 2 and 3)

Overview of the main standards from EFRAG & ISSB

Who reports ?

What is reported ?

From when ?

Corporate Sustainability Reporting Directive (CSRD)

All EU large companies (2 out of 3 criteria)

Exceeding
250
Employees

Exceeding
€ 40 M
Net turnover

Exceeding
€ 20 M
Total assets

12 Standards (ESRS)

EFRAG has developed a set of 12 reporting standards. These standards detail the specific disclosure requirements that companies must follow when reporting on environmental protection, social responsibility, diversity, ...

January 1, 2025

Businesses already subject to the NFRD will have to report for the financial year 2024

By 2030, virtually all companies will have to report on non-financial results

Non-EU subsidiaries

Exceeding
€ 150 M
Net turnover in the EU

Non-EU subsidiaries

Including SME's, excluding micro businesses

International Sustainability Standards Board (ISSB)

All public and private companies

All public and private companies, regardless of number of employees, turnover or total annual balance, can voluntarily apply these standards

2 Standards (IFRS 1 & 2)

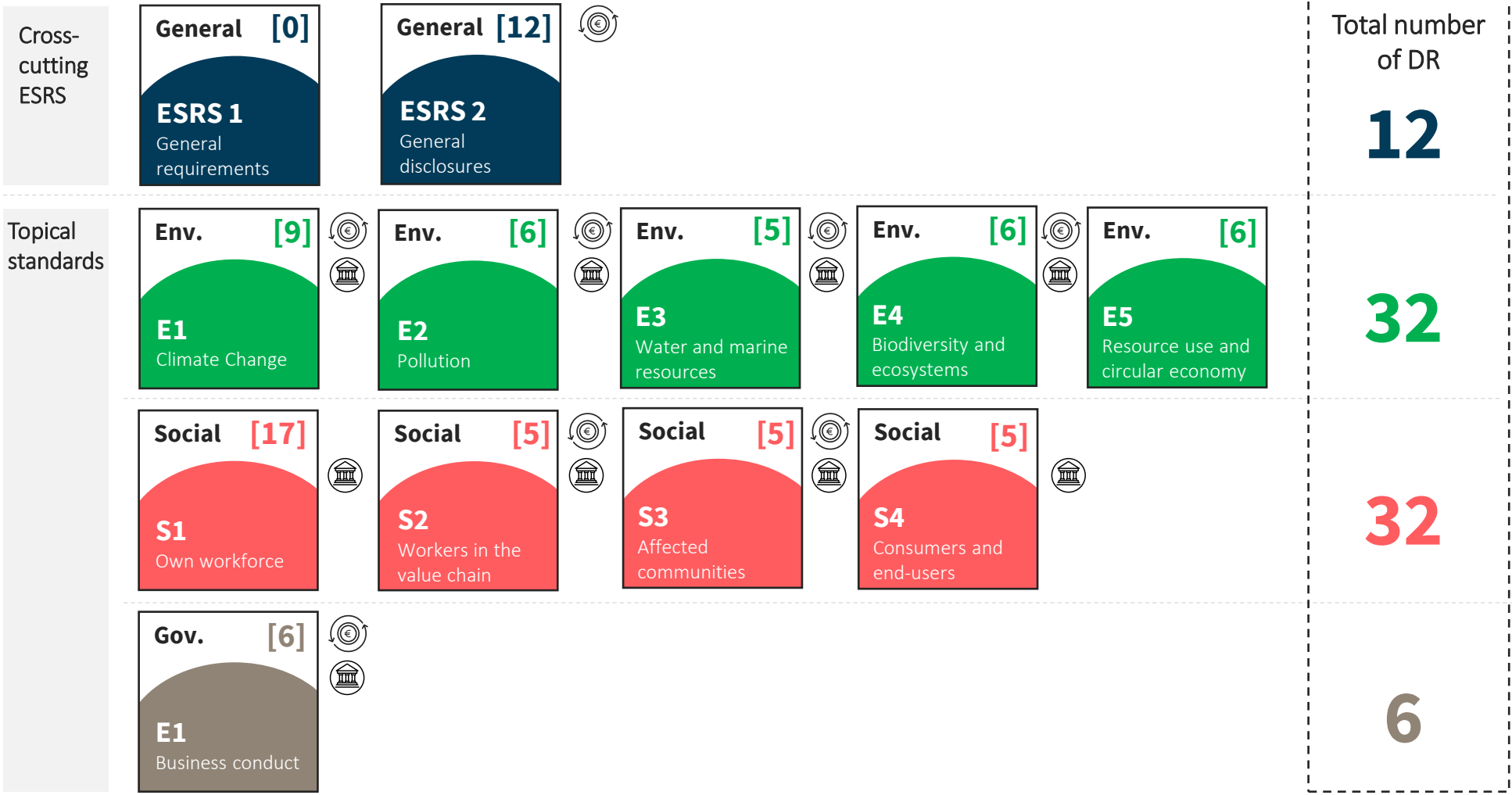
ISSB has issued 2 sets of standards (General Sustainability Disclosures and Climate Disclosure Standards). The objective is to standardize on a single, global baseline, with applications upon local authorities

January 1, 2024

Entities shall apply this Standard for annual reporting periods beginning on or after this date



Implementation of CSRD – Disclosure Requirements (DR)



Entire value chain impacts
 Double materiality assessment
 [1] Number of DR per ESRS



4 categories of information to be disclosed



GOVERNANCE

Governance processes, controls and procedures the company uses to monitor, manage and oversee sustainability (S1) and climate related (S2) risks and opportunities, such as:

- **The governance body** (e.g., a board or committee charged with governance) or individual responsible for oversight of those risks and opportunities
- **Management's role** in those processes



STRATEGY

Approach for managing sustainability and climate related risks and opportunities that could affect the company's prospects, business model and value chain, including:

- The current and anticipated effects of those risks and opportunities on an **entity's business model and value chain**
- The current and anticipated **financial effects** of those risks and opportunities
- How an entity plans to achieve any climate-related targets that it has set
- An entity's **assessment of its climate resilience**



METRICS & TARGETS

Information used to measure and monitor the company's performance in relation to sustainability and climate related risks and opportunities. There are 3 main categories of metrics and targets:

- **Cross-industry metric categories**, which relate to: Greenhouse gas emissions, transition risks, physical risks, climate-related opportunities, capital deployment, internal carbon prices, and remuneration ;
- **Industry-based metrics**; and
- **Climate-related targets**



RISK MANAGEMENT

- The processes the company uses to identify, assess, prioritize and monitor sustainability and climate related risks and opportunities,
- The extent to which and **how those processes are integrated into** and inform **the company's overall risk management process**



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BENEFIT FROM THE CAPACITIES OF OUR AUREXIA SUSTAINABLE TEAM AND OUR TECHNICAL TEAM

ESRS DETAILED ANALYSIS
DOUBLE MATERIALITY

ESRS NARRATIVE DRAFTING

ESRS NUMERICAL POINTS
COMPUTING



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