

SUSTAINABILITY REPORTING REQUIREMENTS – MODULE 1

Awareness and the basics of sustainability reporting

Regulations: Information on antitrust law

Kartellrecht

Wichtig für Ihre Sitzung

✓ Dies müssen Sie sicherstellen!

Sorgen Sie gemeinsam mit dem Sitzungsleiter dafür, dass im Zusammenhang mit einer Verbandssitzung kein Kartellrechtsverstoß auftritt. Folgende Punkte müssen Sie beachten:

VORBEREITUNG DER SITZUNG

✓ Tagesordnungspunkte und Sitzungsunterlagen dürfen keine kartellrechtlich relevanten Themen enthalten.

WÄHREND DER SITZUNG

- ✓ Beschränken Sie die Diskussion grundsätzlich auf die vorab versandten Tagesordnungspunkte
- ✓ Lassen Sie die Sitzung vollständig protokollieren
- ✓ Bei Spontanäußerungen mit kartellrechtlich relevantem Inhalt müssen Sie unverzüglich reagieren und sich aktiv von dem kartellrechtswidrigen Verhalten distanzieren:
 - Weisen Sie die Teilnehmer darauf hin, dass dieser Punkt nicht besprochen werden darf.
 - Vertagen Sie zur Not die Diskussion, bis die kartellrechtliche Unbedenklichkeit geklärt ist.
 - Wird die Diskussion trotzdem fortgesetzt, geben Sie Ihren Widerspruch zu Protokoll, unterbrechen Sie die Sitzung oder verlassen Sie den Sitzungsraum; auch dies ist zu protokollieren.
 - Melden Sie den Vorgang der Rechtsabteilung des VCI beziehungsweise Ihres Unternehmens.

NACH DER SITZUNG

✓ Sitzungsprotokolle sollen kurz und unmissverständlich abgefasst werden.

Kartellrecht

Wichtig für Ihre Sitzung

✗ Dies müssen Sie vermeiden!

Mitarbeitern von im Wettbewerb stehenden Unternehmen ist es untersagt, formell oder informell Diskussionen zu führen, Informationen auszutauschen oder Vereinbarungen zu treffen, wenn es um folgende Punkte geht:

PREISE, insbesondere

- ✗ Preisgestaltungen, Preisunterschiede, Preisstrategien
- ✗ individuelle Verkaufs und Zahlungsbedingungen; individuelle Rabatte, Gutschriften und Kreditbedingungen

PRODUKTION, insbesondere

- ✗ individuelle Herstellungs- oder Absatzkosten, Kostenrechnungsformeln, Methoden der Kostenberechnung, auf Produkte oder Produktgruppen bezogene Zahlen zu Bezugskosten, Produktion, Lagerbeständen, Verkäufen etc.
- ✗ Produktionsveränderungen, zum Beispiel wegen Wartungsarbeiten, oder die Begrenzung der Marktversorgung mit einem Produkt

ZUKÜNFTIGES MARKTVERHALTEN, insbesondere

- ✗ Aufteilung von Märkten oder Bezugsquellen, gleichgültig ob räumlich oder nach Kunden
- ✗ Beziehungen zu einzelnen Lieferanten oder Abnehmern, insbesondere dann, wenn dies dazu führen könnte, dass diese vom Markt verdrängt würden
- ✗ „schwarze Listen“ oder Boykotte von Kunden, Wettbewerbern oder Zulieferern
- ✗ geplante Vorhaben einzelner Unternehmen in Bezug auf Technologie, Investitionen, Design, Produktion sowie Vertrieb oder Marketing für bestimmte Produkte.

Discussions concerning prices, production and future market behaviour are prohibited.

Notes on the webinar procedure

Please mute your microphone at the start of the session

- ◆ Unmute your microphone if you would like to speak
- ◆ Please mute yourself once you have finished your contribution
- ◆ If your microphone is accidentally not muted, it may be muted and must be reactivated should you want to contribute



Announcing contributions and asking questions



- ◆ Please announce your contribution in the chat or raise your hand. Thereafter, you will be called upon.
- ◆ If you have questions or comments during the presentation, then you are welcome to type them in the chat

Avoiding background noises



- ◆ Please avoid sounds that interrupt the webinar. For instance, please turn off your mobile or set it to silent mode to prevent distractions during your contribution or comments.

Module 1: Awareness and the basics of sustainability reporting

Agenda

Time frame	Content	Speaker
10:00 – 10:10	Welcome & procedural matters	Matthias Belitz (VCI)
10:10 – 10:30	Motivation for sustainability reporting requirements and an overview of the relevant legislation	Matthias Belitz (VCI)
10:30 – 11:00	CSRD/ESRS	Marco Liepe (DRSC)
11:00 – 11:30	EU Taxonomy Regulation	Matthias Belitz (VCI)
11:30 – 12:00	Outlook & dialogue	All

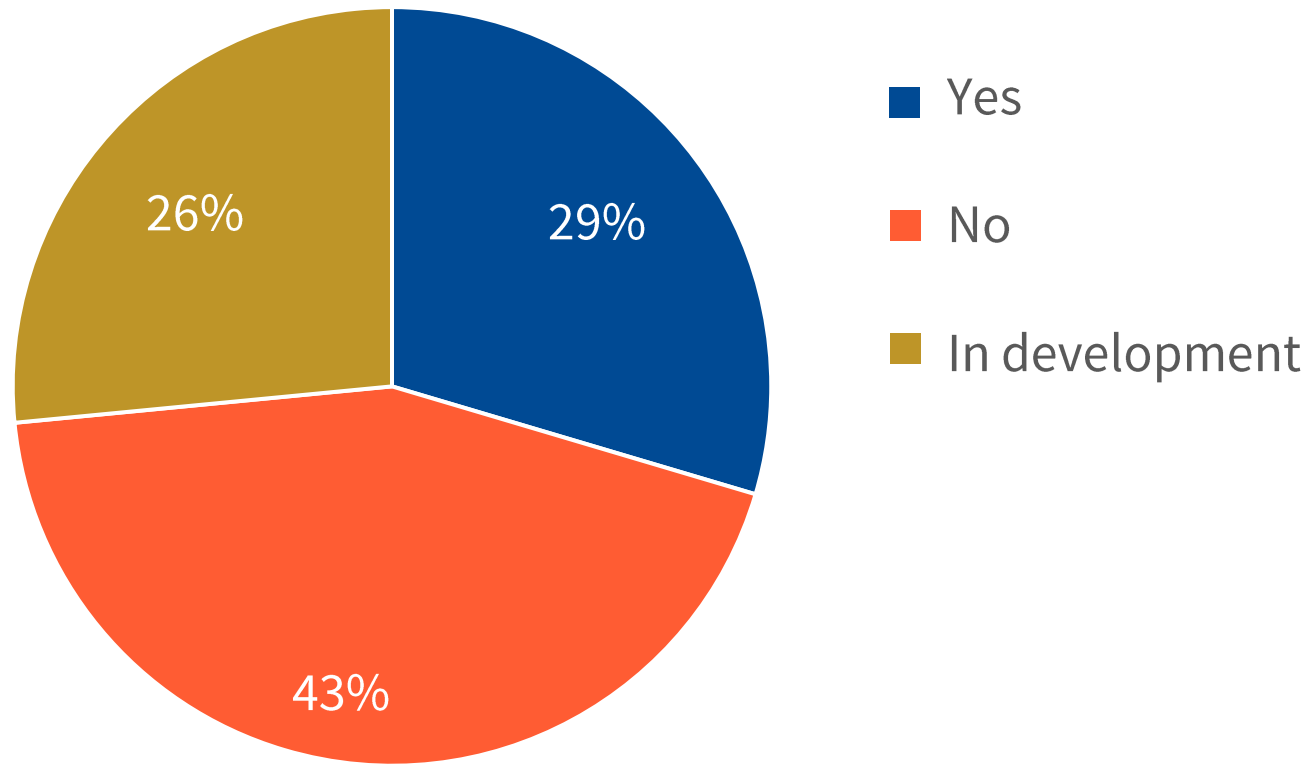
SUSTAINABILITY REPORTING REQUIREMENTS
MODULE 1

Motivation & Legislation



Live Poll: Does your company publish a sustainability report?

Share of companies that publish sustainability reports



187 responses

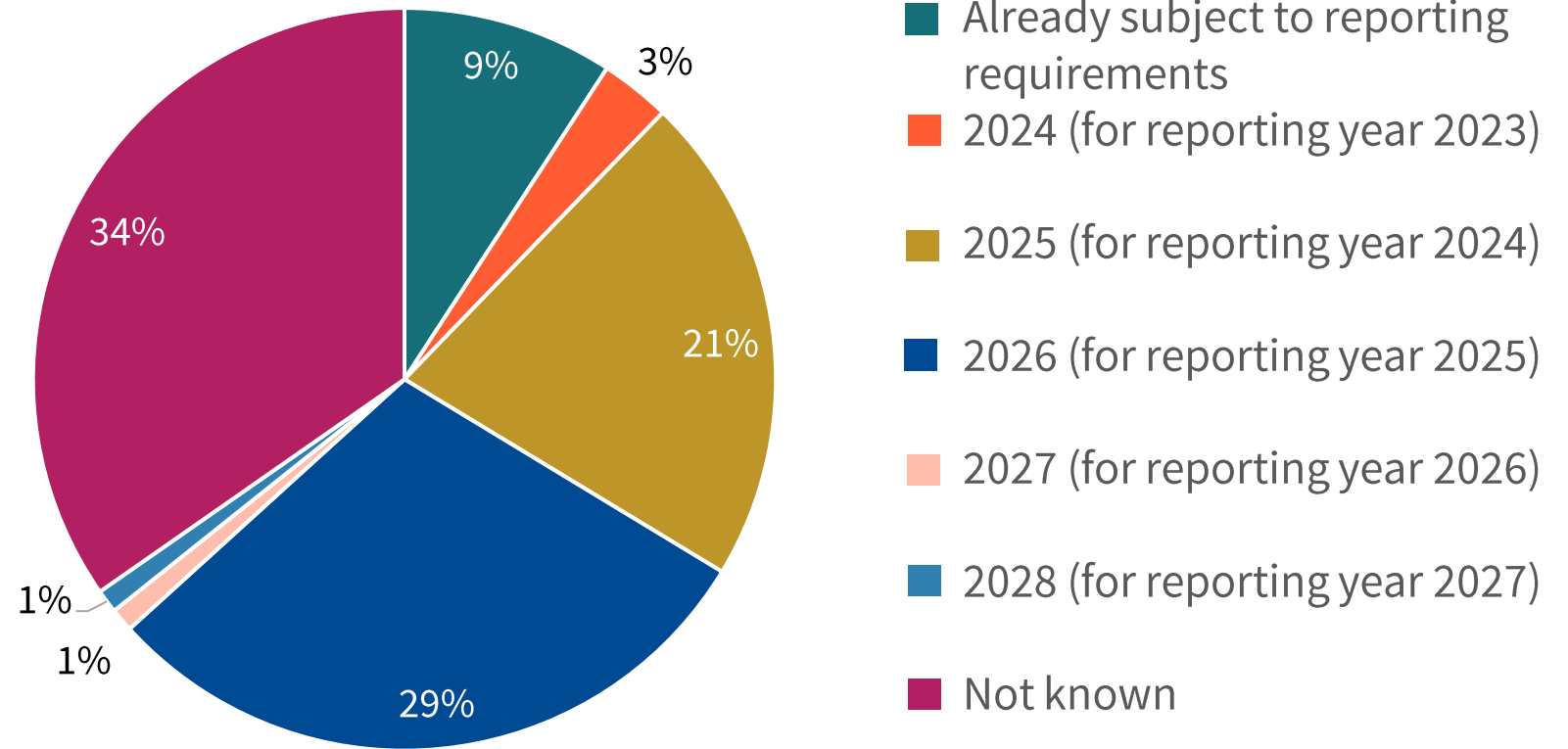
Live Poll: What do you associate with the term „Sustainability reporting requirements“?



285 responses
(Duplicate responses possible)

Live Poll: When is your company subject to sustainability reporting requirements?

Share of companies subject to sustainability reporting requirements



187 responses

What opportunities does sustainability reporting offer?

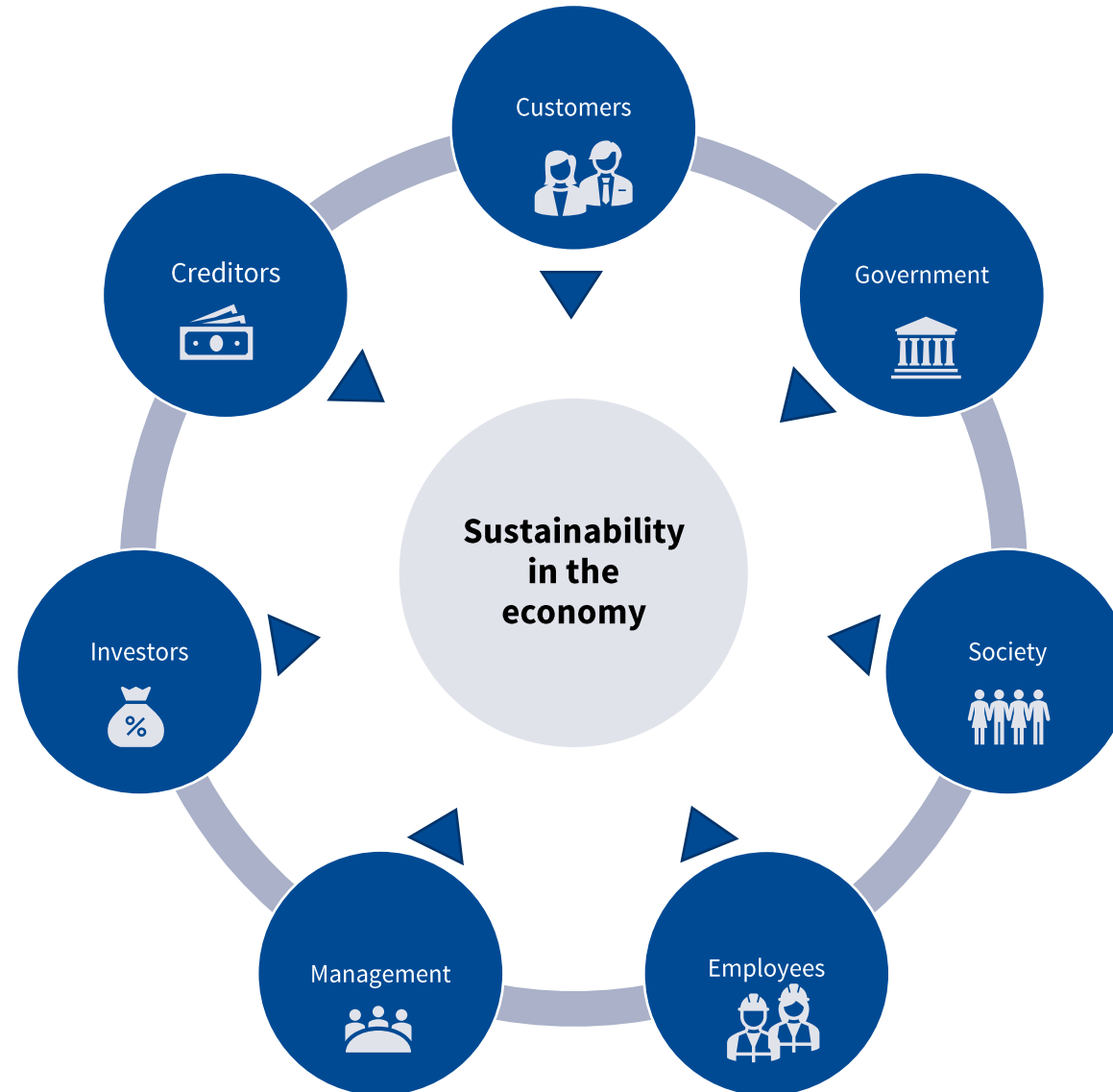
Internal perspective

- ✓ Overview of relevant topics and the **current company performance** (impact)
- ✓ **Process optimisation** (potential cost saving measures)
- ✓ **Addressing future issues** (changes & risks) at an early stage
- ✓ **Employee retention**

External perspective

- ✓ Strengthening **credibility and trust** in products und locations
- ✓ Improving **company reputation und sales opportunities** (value chain)
- ✓ **Simplified dialogue** with stakeholder groups (e.g. financial sector, civil society)

Increased external demands on businesses



VCI Webinar Series: How can companies master sustainability reporting requirements?

Milestones on the road towards sustainability reporting

2030 Agenda for sustainable development

Objectives: Ending poverty, protecting the planet, achieving peace and prosperity



Source: un.org

Action plan for financing sustainable growth

Objectives: Redirecting capital flows, managing financial risks, promoting transparency

Sustainable Development Goals (2015)

EU Action Plan (2018)

Paris Agreement (2015)

United Nations Framework Convention on **Climate Change**

Objectives: Limiting global warming to well below 2°C, preferably 1.5°C

Source: Gouvernement.fr



PARIS2015
UN CLIMATE CHANGE CONFERENCE
COP21-CMP11

EU Green Deal (2019)

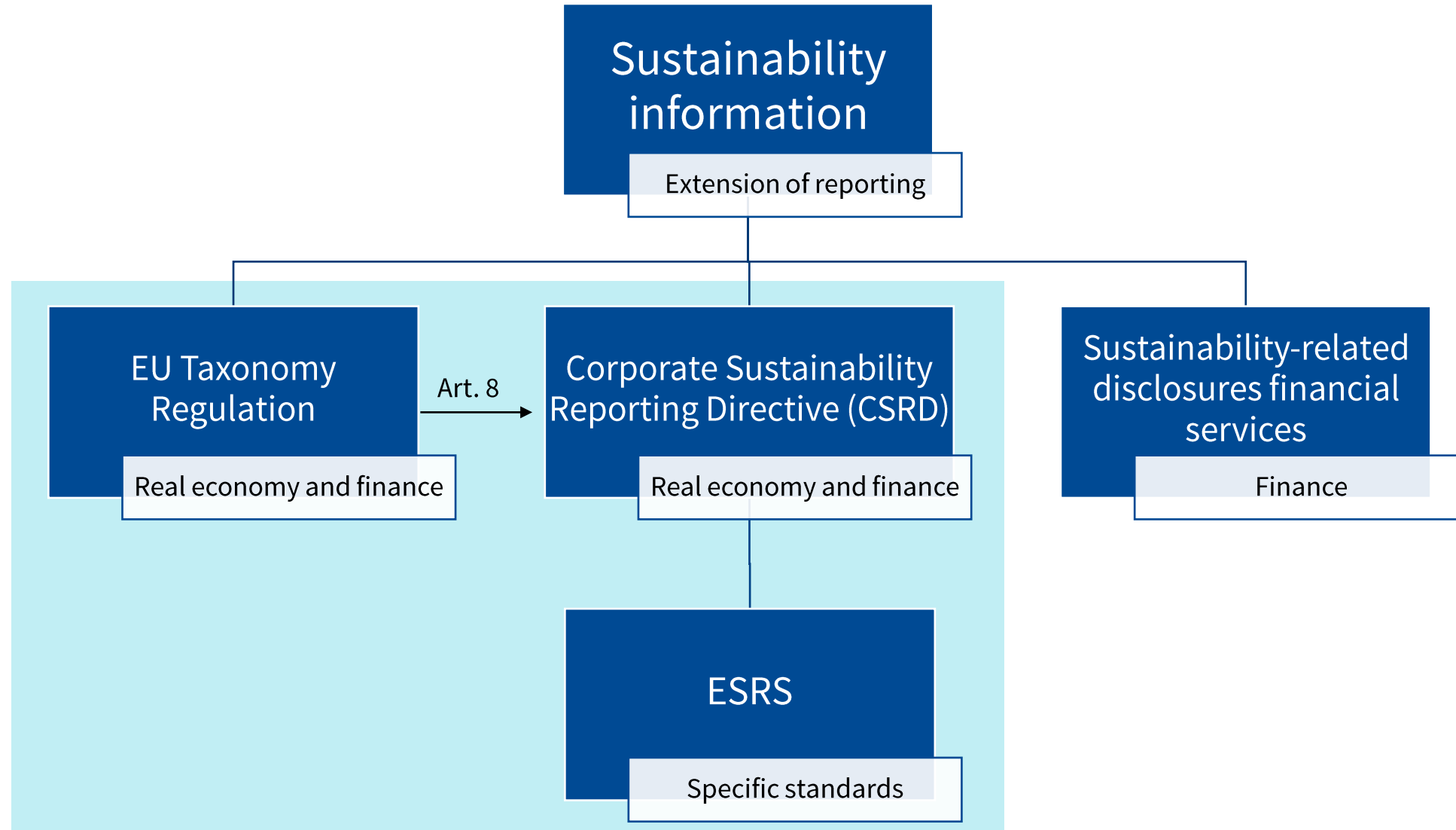
Package of EU policy initiatives

Objectives: ambitious climate protection targets, zero-pollution target promoting the circular economy & biodiversity, encouraging the transition of energy suppliers, mobility and housing



Source: EU Commission

What sustainability reporting requirements are there?



Who has to publish sustainability reports?

Art. 1 Para. 1, 3 und 5 Reporting directive

Corporations, partnerships treated as a corporation, credit institutions, insurance companies

Art. 19a Reporting directive

Large firms

Balance sheet/Revenue/Employees
(20 Mil./40 Mil./250)
(25 Mil./50 Mil./250)**

Listed small and medium-sized enterprises*

Art. 29a Reporting directive

Parent companies of large firms

Balance sheet/Revenue/Employees
(20 Mil./40 Mil./250)
(25 Mil./50 Mil./250)**

Art. 4 Transparency directive

Issuers within the scope of the EU Transparency Directive

Art. 40a Reporting directive

Non-EU undertakings

Subject to the CSRD, but not the EU Taxonomy Regulation)

*Art. 19a Para. 6 Reporting directive: Small and medium-sized enterprises, small and non-complex institutions, captive insurance companies and captive reinsurance companies

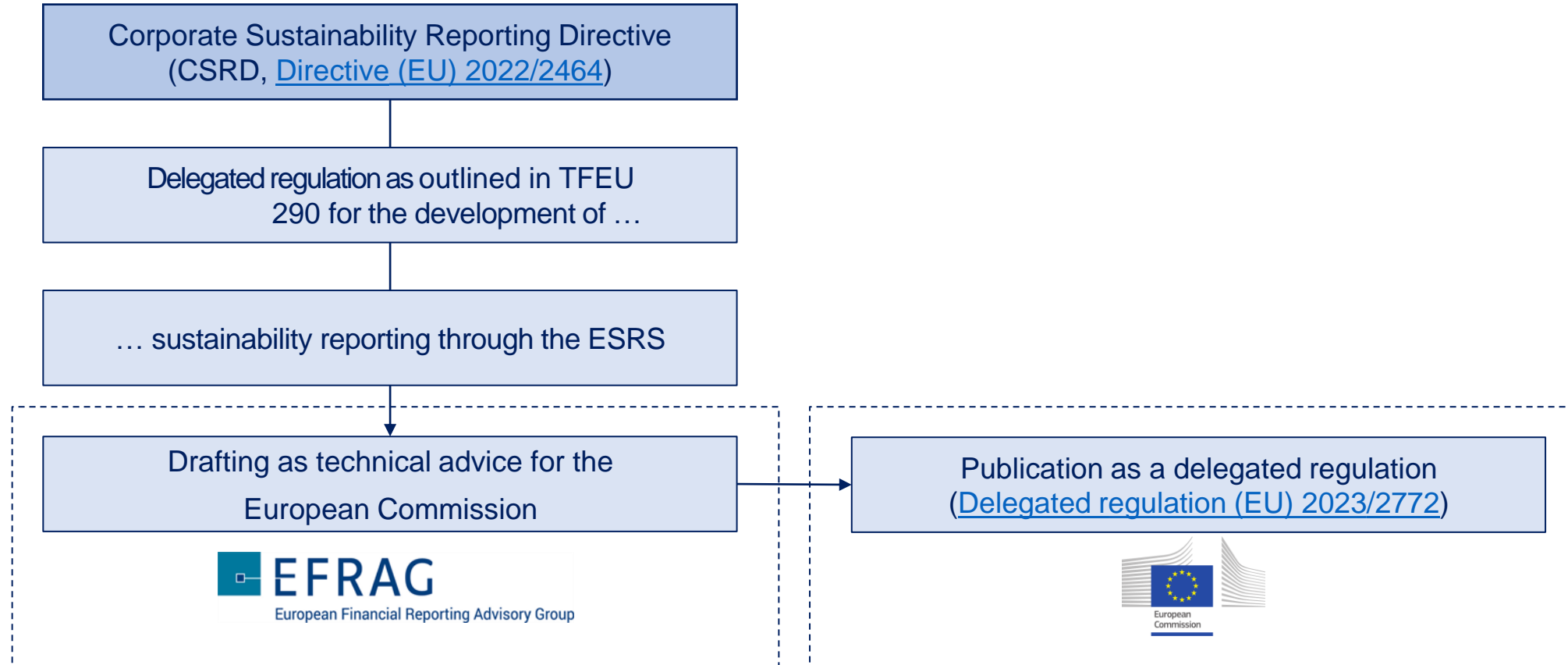
** Proposal of the European Commission to be applied for financial years beginning on or after 01.01.2024

- Expansion of coverage from approximately 500 to 15,000 companies in Germany (preliminary estimates from DRSC CSR-Study [GER])
- Depending on the „company category“ reporting requirements apply at different times**
- Companies along the value chain are also affected **indirectly**

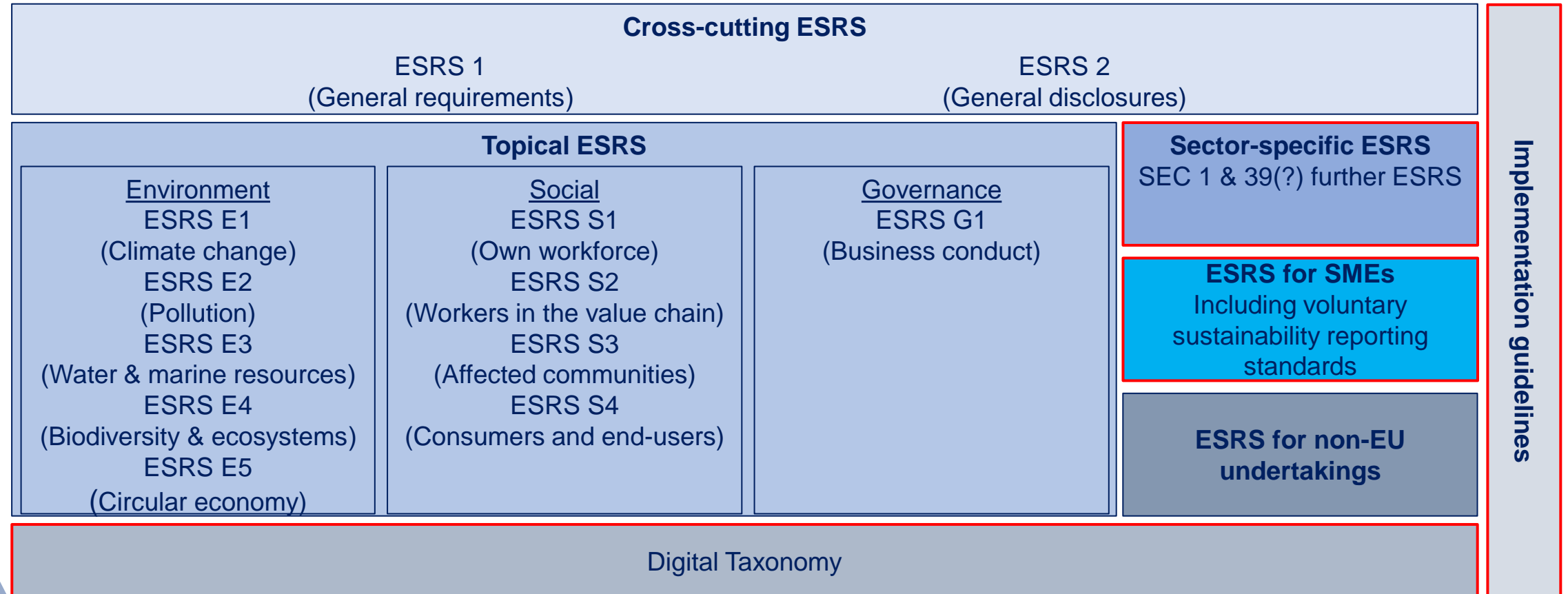
SUSTAINABILITY REPORTING REQUIREMENTS
MODULE 1

CSRD/ESRS

Development of the CSRD reporting requirements through delegated acts



European Sustainability Reporting Standards (ESRS)



- Overview of the CSRD: [DRSC Briefing Paper \(GER\)](#)
- Overview of the European Sustainability Reporting Standards (ESRS): [DRSC Briefing Paper \(GER\)](#)

Files under development by EFRAG

CSRD/ ESRS



Indicative timeline

2022	2023	2024	2025	Ab 2026
<p><u>EU</u></p> <ul style="list-style-type: none"> • Publication of the <u>CSRD</u> in the Official Journal <p><u>EFRAG</u></p> <ul style="list-style-type: none"> • Publication of <u>ESRS Set 1 ED</u> 	<p><u>EU</u></p> <ul style="list-style-type: none"> • Publication of the delegated regulation on ESRS Set 1 in the Official Journal <p><u>EU Commission</u></p> <ul style="list-style-type: none"> • Issuance of the <u>delegated regulation</u> on ESRS Set 1 <p><u>EFRAG</u></p> <ul style="list-style-type: none"> • Start ESRS Q&A Platform 	<p><u>EFRAG</u></p> <ul style="list-style-type: none"> • Publication of the first sector-specific ESRS ED, ESRS ED LSME, ESRS ED VSME & XBRL Taxonomy ED • Publication of implementation guidelines on ESRS Set 1 regarding materiality assessment and value chains <p><small>EFRAG SRB Meeting on October 10th 2023</small></p>	<p><u>EFRAG</u></p> <ul style="list-style-type: none"> • Publication of further sector-specific ESRS ED and ESRS ED for non-EU undertakings <p><u>ESMA</u></p> <ul style="list-style-type: none"> • Publication of XBRL Taxonomy ED <p><u>EU Commission</u></p> <ul style="list-style-type: none"> • Issuance of the delegated act on ESRS LSME • Publication of implementing act on the XBRL Taxonomy • Publication of the ESRS VSME recommendation 	<p><u>EFRAG</u></p> <ul style="list-style-type: none"> • Publication of further sector ESRS ED und adjusted XBRL Taxonomy ED <p><u>ESMA</u></p> <ul style="list-style-type: none"> • Publication XBRL Taxonomy ED (Development) <p><u>EU Commission</u></p> <ul style="list-style-type: none"> • Issuance of the delegated act on the first sector-specific ESRS • Issuance of the delegated act for non-EU undertakings

- ESRS ED und XBRL Taxonomy ED from EFRAG (and ESMA) are subject to consultations spanning several months
- Delegated act ED from the EU Commission are (usually) subject to consultations spanning several weeks
- Until October 2028: Issuance of the delegated act on reasonable assurance in sustainability reporting

ED = Exposure draft

Sector overview*: potential relevant sectors for your industry

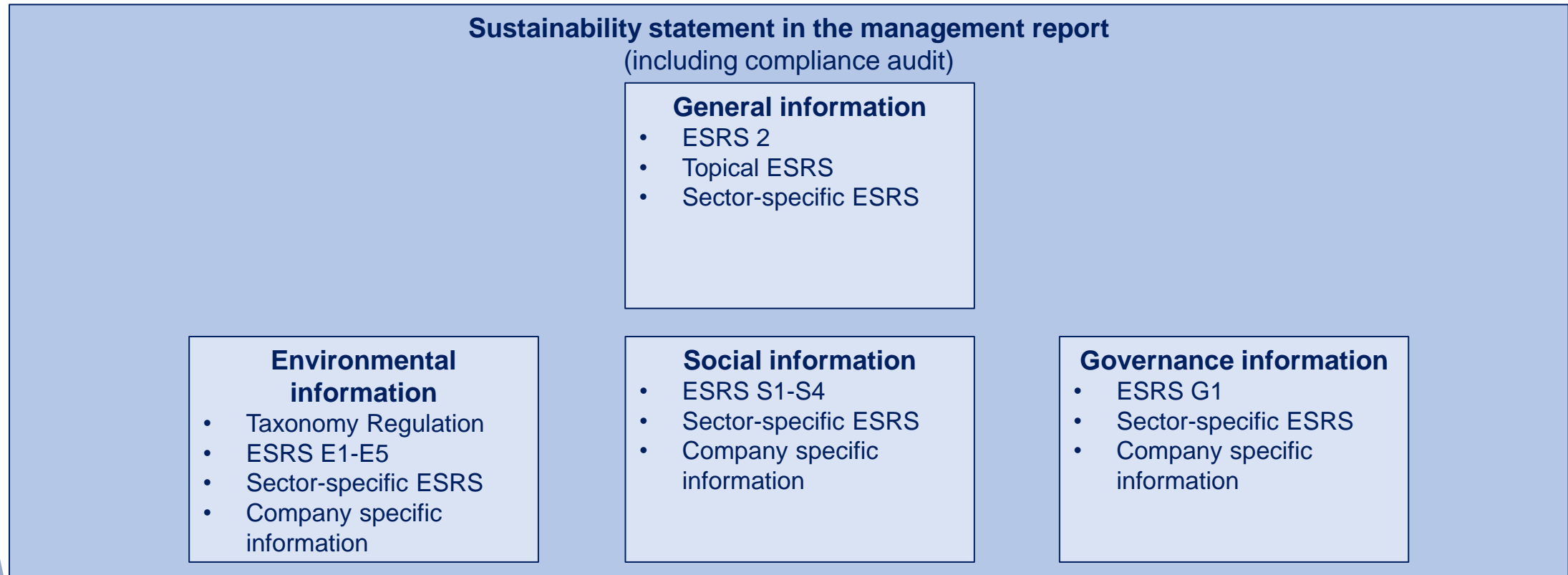
Accommodations	Agriculture, Farming and Fishing **	Building Materials	Capital Markets
Chemical Products	Construction and Engineering	Constructions and Furnishing	Credit Institutions
Defence	Education	Electronics	Food and Beverage Services
Food and Beverages	Forestry	Gaming	Health Care And Services
Information Technology	Insurance	Machinery and Equipment	Marketing
Media and Communication	Medical Instruments	Metal Processing	Mining, Coal Mining and Quarrying **
Motor Vehicles	Oil and Gas **	Road Transport **	Other Transportation
Paper and Wood Products	Pharma and Biotechnology	Power Production and Energy Utilities	Professional Services
Real Estate and Services	Recreation and Leisure	Sales and Trade	Sporting Equipment and Toys
Textiles, Accessories, Footwear and Jewelleries	Tobacco	Water and Waste Services	

- Overview of the sector-specific ESRS: [DRSC Briefing Paper](#)

* According to ESRS working paper [SEC 1](#) (14.3.2023)

** Currently being prepared by EFRAG

Structure of sustainability statement (ESRS 1 Appendix F)



Structure of the ESRS

ESRS E1 CLIMATE CHANGE
Table of contents
Objective
Interactions with other ESRS
Disclosure Requirements
– ESRS 2 General disclosures
Governance
○ Disclosure requirement related to ESRS 2 GOV-3 Integration of sustainability-related performance in incentive schemes
Strategy
○ Disclosure Requirement E1-1 – Transition plan for climate change mitigation
○ Disclosure Requirement related to ESRS 2 SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model
Impact, risk and opportunity management
○ Disclosure requirement related to ESRS 2 IRO-1 – Description of the processes to identify and assess material climate-related impacts, risks and opportunities
○ Disclosure Requirement E1-2 – Policies related to climate change mitigation and adaptation
○ Disclosure Requirement E1-3 – Actions and resources in relation to climate change policies
Metrics and targets
○ Disclosure Requirement E1-4 – Targets related to climate change mitigation and adaptation
○ Disclosure Requirement E1-5 – Energy consumption and mix
○ Disclosure Requirement E1-6 – Gross Scopes 1, 2, 3 and Total GHG emissions
○ Disclosure Requirement E1-7 – GHG removals and GHG mitigation projects financed through carbon credits
○ Disclosure Requirement E1-8 – Internal carbon pricing
○ Disclosure Requirement E1-9 – Anticipated financial effects from material physical and transition risks and potential climate-related opportunities

[Delegated act 2023/2772](#)

Materiality assessment (ESRS 1 21)

Delegated act 2023/2772

ESRS 1	Pollution	Circular economy	Consumers & end-users
ESRS 2	Water	Own workforce	Affected communities
Climate	Biodiversity	Workers in value chain	Business conduct

- Option to justify and explain non-compliance with a topical ESRS
- Exception ESRS E1 (Climate change): detailed explanation of the results from the materiality assessment in the case of ESRS E1 non-compliance



Mandatory irrespective of materiality assessment



Subject to materiality. Assurer checks materiality assessment process.

EU Commission, EFRAG SRB Meeting 14 June 2023

Transition timeline for the CSRD & ESRS application (ESRS 1 Appendix C)

	FY 24 (report 25)	FY 25 (report 26)	FY 26 (report 27)	FY 27 (report 28)	FY 28 (report 29)
NFRD > 750 emp	Light phase-in	Light phase-in	Light phase-in	Full reporting	Full reporting
NFRD < 750 emp	Strongest phase-in	Moderate phase-in	Light phase-in	Full reporting	Full reporting
Non-NFRD > 750 emp	No reporting	Light phase-in	Light phase-in	Light phase-in	Full reporting
Non-NFRD < 750 emp	No reporting	Strongest phase-in	Moderate phase-in	Light phase-in	Full reporting
Listed SME	No reporting	No reporting	May opt out*	May opt out*	Full reporting*

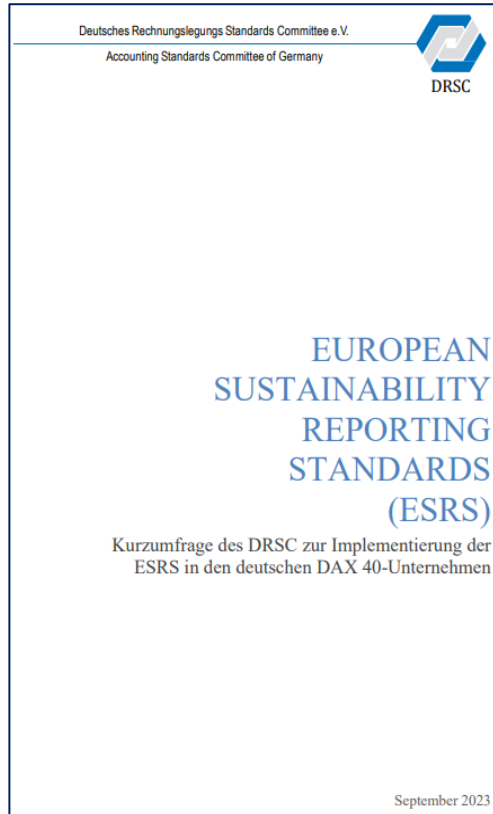
“**NFRD**” = companies previously subject to Non-Financial Reporting Directive: large listed companies, large banks, large insurance companies, all if they have more than 500 employees. Includes non-EU issuers.

“**Non-NFRD**” = all large companies (non-SMEs) not covered by NFRD. It is mainly large non-listed companies.

* Listed SMEs may use separate, proportionate standards

[EU Commission, EFRAG SRB Meeting 14. June 2023](#)

State of the CSRD implementation in the DAX40 companies (Summer 23)



How far has the implementation progressed? (Question 3)

- Materiality assessments are the core of the implementation process
- Note: some firms are highlighting that materiality assessments are based on preliminary ESRS and thus are not finalised
- Risk management and ESEF are under consideration by over a quarter of companies

What is the most challenging part of the implementation process? (Question 4)

- Incomplete legislative process / unclear legal situation / changes between drafts and the final ESRS requirements
- Identification of the specific requirements in conjunction with the materiality assessment
- Unclear requirements with regard to audit requirements

Are companies implementing other standards / framework in addition to the ESRS? (Question 5)

- for 75% of companies GRI-Standards remain relevant
- > 50% of companies are considering IFRS sustainability disclosure standards and SASB standards, which are not mandatory

Thanks for your attention

Marco Liepe
- Project Manager -



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 www.drsc.de

SUSTAINABILITY REPORTING REQUIREMENTS
MODULE 1

EU Taxonomy Regulation

EU Taxonomy Regulation - Content und Intention

Intention of the EU Taxonomy Regulation

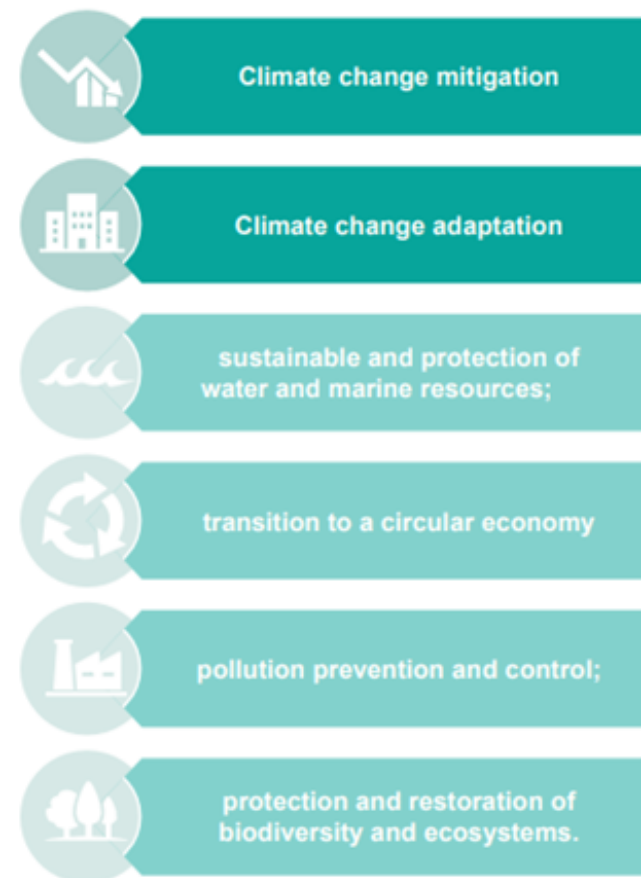
- ◆ Fostering transparency
- ◆ Mobilising necessary investments
- ◆ Accelerating the sustainable transition

... through the classification of economic activities by according to various criteria



Image Source: [Taxonomy: Final report of the Technical Expert Group on Sustainable Finance](#)

Environmental objectives of the EU Taxonomy Regulation



Climate objectives 1 and 2 concern the sectors with the highest greenhouse gas emissions

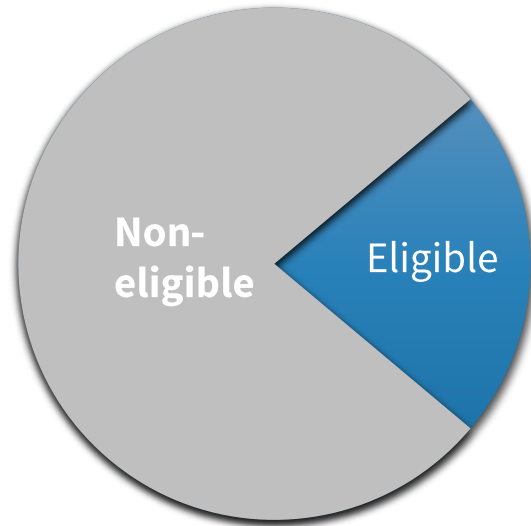
Covers activities of around 40% of listed companies active in sectors responsible for almost 80% of direct **GHG emissions in Europe**



Source European Commission (2021): Press Release, available here: [Sustainable Finance and EU Taxonomy europa \(.eu\)](#)
A full list of covered sectors can be found here: EU Taxonomy Compass [EU Taxonomy Compass | European Commission \(europa.eu\)](#)

EU Taxonomy Regulation for companies – From eligibility to aligned activities

1. Analysis of economic activities

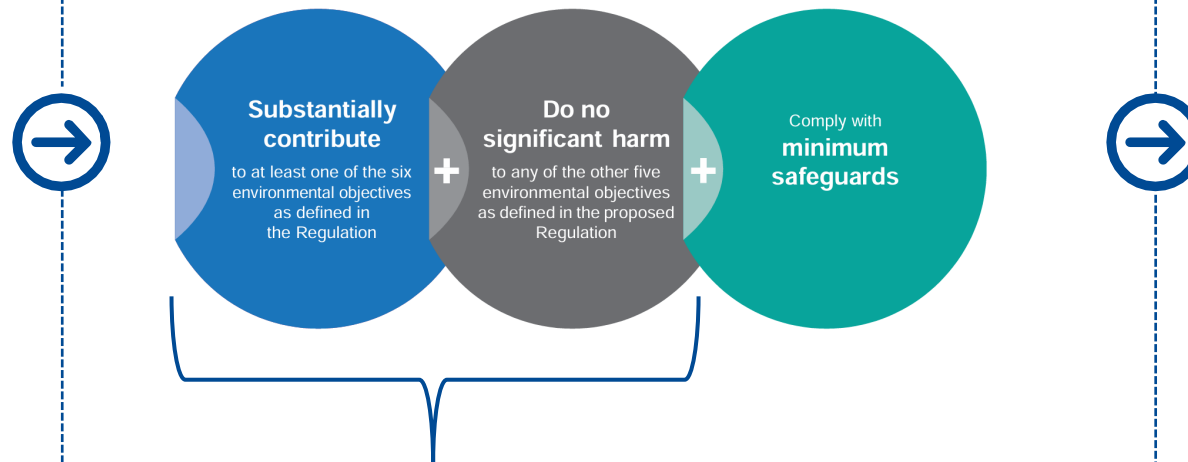


Eligible

Illustrative example

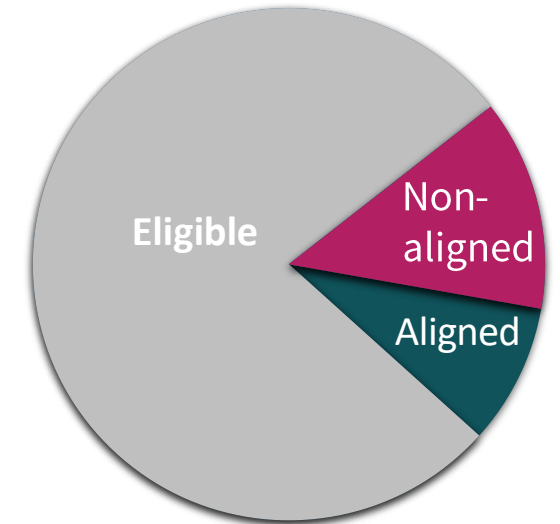
2. Screening

... if the **economic activity fulfills the conditions for a classification as sustainable**



Compliance with technical screening criteria

3. Result



Aligned

Illustrative example

Image source: [Taxonomy: Final report of the Technical Expert Group on Sustainable Finance](#)

Sources: Official Journal of the European Union (2021): Delegated regulation (EU) 2021/2178, [available here](#) | DRSC (2021): Berichtspflichten über ökologisch nachhaltige Wirtschaftstätigkeiten der EU-Taxonomie-Verordnung, [available here](#) (GER)

EU Taxonomy Regulation: Key figures to be reported by companies in the real economy

Sales revenue

Revenue from product or service sales

Offers a **snapshot on the current contribution** of the company to environmental objectives

OpEx

Direct expenditure incurred through day-to-day expenses

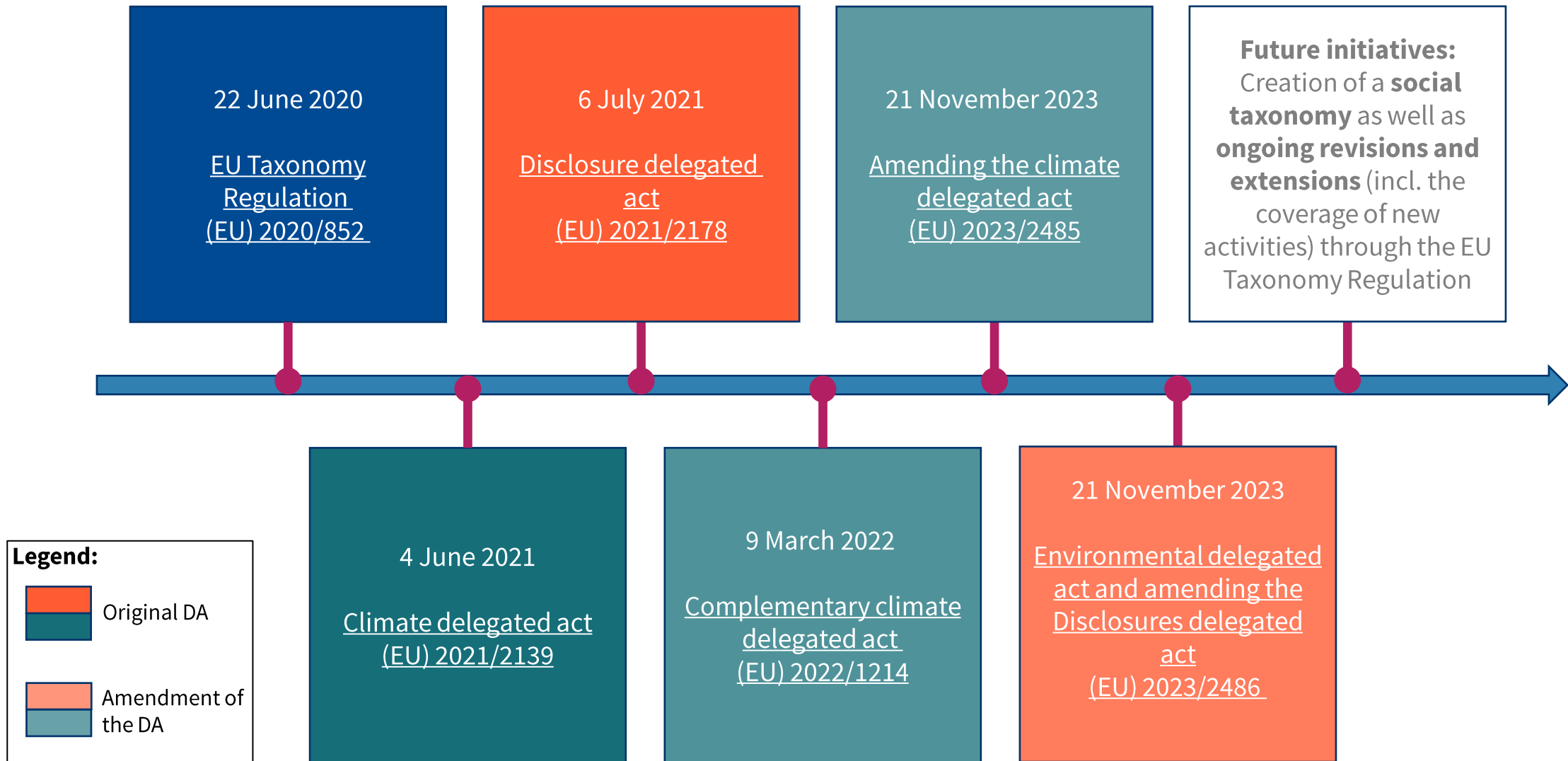
CapEx

Investment in economic activities



Provides a **dynamic and forward-looking view** of companies' plans to transform their business activities

- ◆ Declaration of the values of these three indicators as well as the share of taxonomy-eligible and taxonomy aligned activities

Overview of the EU Taxonomy Regulation



Legend:

-  Original DA
-  Amendment of the DA

DA = delegated act

EU Taxonomy Regulation: Which non-financial companies have to report when?

Reporting scope

Reporting in 2022 for the accounting year 2021
Simplified reporting requirements for all climate-related environmental objectives

Reporting in 2023 for the accounting year 2022
Full reporting requirements for all climate-related environmental objectives

Reporting in 2024 for the accounting year 2023
Full reporting requirements for all climate-related environmental objectives*
Simplified reporting requirements for non-climate-related environmental objectives

Reporting in 2025 for the accounting year 2024
Full reporting requirements for all environmental objectives

Reporting in 2026 for the accounting year 2025
Full reporting requirements for all environmental objectives

Reporting in 2026 for the accounting year 2025
Full reporting requirements for all environmental objectives

Application scope

Art. 1 Nr. 1 NFRD (Directive 2014/95/EU) specifically. Art. 5 Paragraph. 2 Point a, b and c CSRD (Directive (EU) 2022/2464)

- Large listed corporations and equivalent partnerships (in the non-financial sector) with more than 500 employees
- Listed parent companies (in the non-financial sector) & large groups with more than 500 employees

- Large companies in the non-financial sector
- Parent companies in the non-financial sector of large groups

Listed small and medium-sized corporations in the non-financial sector

* simplified reporting obligations apply to newly included economic activities for the two climate-related environmental objectives (Article 10 (6) delegated act (EU) 2021/2178)

Source: based on DRSC preparation

SUSTAINABILITY REPORTING REQUIREMENTS
MODULE 1

Outlook and dialogue

VCI guide for sustainability reporting requirements



- ◆ Recordings and documents from webinars
 - ◆ Overviews and links to legislative texts (CSRD, ESRS, EU Taxonomy Regulation)
 - ◆ Responses to specific implementation questions (currently only for the EU Taxonomy Regulation)
 - ◆ Minutes and slides from sustainable finance working groups meetings
- **Questions can be submitted to** nh-berichtspflichten@vci.de

Awareness and basics of sustainability reporting requirements



Webinar series on sustainability reporting requirements: What is next?

