



# ESG Strategies

Webinar for FDF Member Companies

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[SLRCONSULTING.COM](https://www.slrconsulting.com)

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ESG is not about  
compliance





SLRCONSULTING.COM

# Outline

1. ESG: origins and contents
2. The tsunami of compliance
3. Other big stories
4. The importance of strategy





Making  
Sustainability  
Happen

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# ESG: Origins and contents



# Remember when....



2001

2000+

2010s

2015

Today

Tomorrow

Corporate  
Social  
Responsibility

Corporate  
Responsibility

Raters and  
rankers

Sustainable  
Development  
Goals

ESG

?

("S is for  
sandals")

"Social  
Ethical  
Environmental"



Good employer

Nature and natural capital

Human rights

Energy

Talent and skills

Data and privacy

Circularity

Equity and inclusion

Worker safety

Supply chain traceability

Water

Waste

Environmental impacts

Worker wellbeing

Product quality

Carbon and climate

Labour rights

Product safety

Nutrition

Accounting

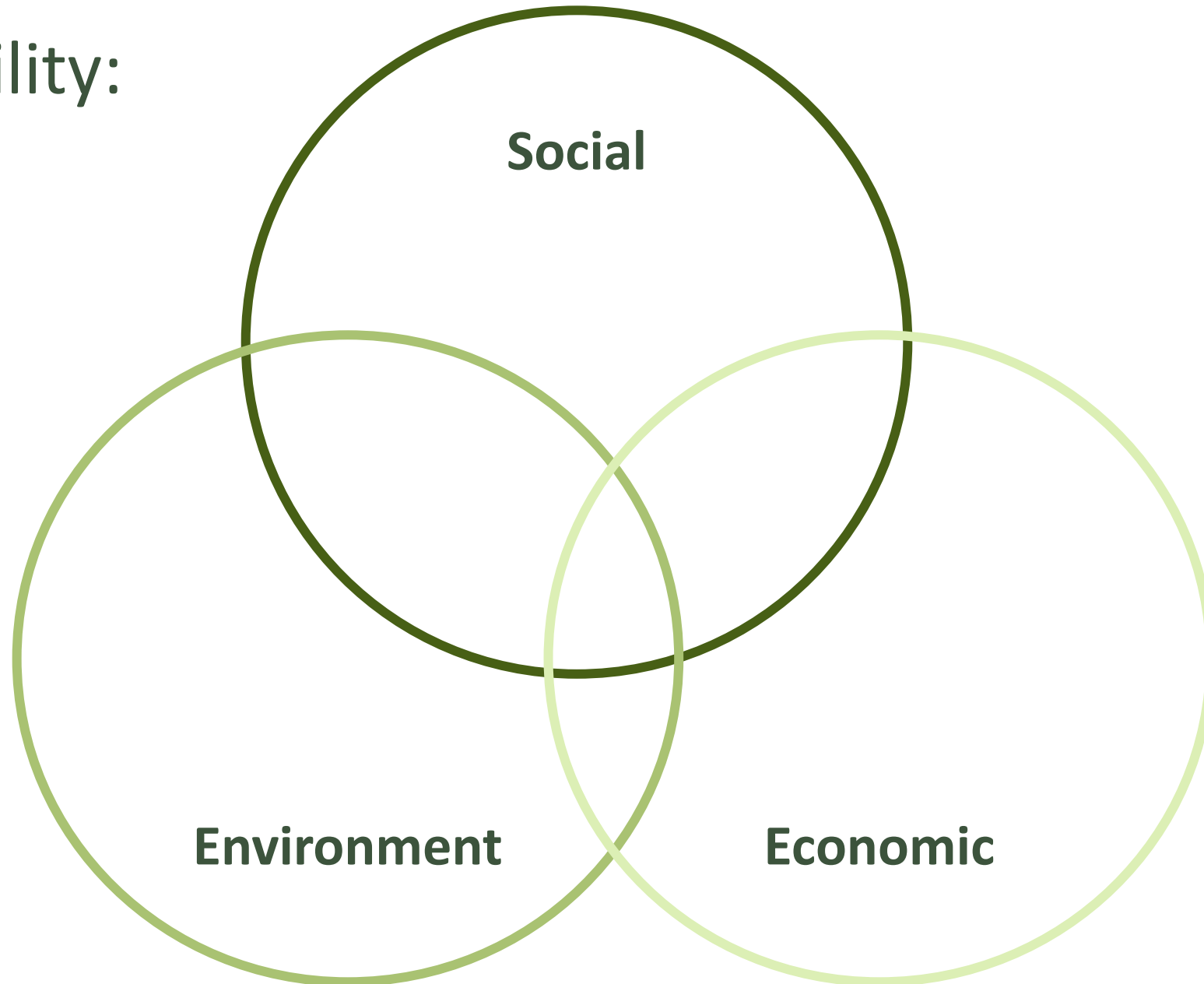
Stakeholder disclosure

Chemicals of concern

Product stewardship



# Sustainability:







# The tsunami of compliance



We asked 250 companies...

“

**What is your main objective for your ESG Programme?**

”

*(Hint – last year the winner was  
‘Brand and reputation with stakeholders’ at 62%)*

**Compliance – 70%**

Proposed	Adopted/ Agreed	Enters into Force	Transposed/ Action required
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Pre-2021

2021

2022

2023

2024

2025

2026

2027/2028



REACH EU	R	2007							
EUTR (timber)	R	2010							
Pay Transparency Law	D		Proposed Mar	Approved Dec	Adopted April	Enters into force?		(Transposed 2026)	
EU Corp Sustainability Reporting Directive (CSRD)	D		Proposed April	Adopted June Published Dec	Enters into force, Jan	1 Jan: New rules apply, replace NFRD		First [X] report due (on '25 data)	
EU regulation on waste shipments	R		Proposed in Nov		Agreed, Nov		Enters into force?		
Regulation on deforestation-free supply chains	R		Proposal agreed Nov	EU agreed regulation terms	Enters into force (repeals EUTR)	Develop process; 1 <sup>st</sup> statement due 30/12			
EU Corporate Sustainability Due Diligence (CSDDD)	D			Proposed Feb		Endorsed by Council in Mar Parliament still to approve		Deadline for national transposition?	
New Eco-design for Sustainable Products	R			Proposed Mar	Provisionally agreed, Dec		Enters into force?		
Empowering Consumers for the Green Transition	D			Proposed Mar		Parliament adopted. Awaiting Council.		Deadline for national transposition?	Company actions?
EU Deforestation and forest degradation regulation	R			Approved	Effective?		Enforceable		
Amendments to Unfair Commercial Practices and Consumer Rights Directives	D		Proposed Mar			Enters into force?		Deadline for national transposition?	
Forced Labour Regulation	R			Proposed Sept		Provisionally agreed, Mar	Enters into force?		→ Countries will have 3 years to apply new rules
Waste Framework Directive Revision	D			Proposed	Adopted, due '23		Enters into force?		
EU Taxonomy	D	2020		Enforceable for climate adaptation and mitigation	Enforceable all other categories				
EU Green Claims Directive	D				Proposed Mar		Adopted?	Enters into force?	
Microplastics Initiative	R	Proposed 2019	Proposal agreed			Enters into force?			

Proposed	Enters into Force	Transposed/ Action required
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	Pre-2021	2021	2022	2023	2024	2025	2026
Companies Act	Enforceable 2006						
Packaging Waste Regulation	Enforceable 2014						
ESOS	Enforceable 2014						
UK Modern Slavery Act	Enforceable 2015						
SECR	Enforceable 2018						
EPR on packaging	Enforceable		Proposed	Enforced from Jan 2023			
UKTR (timber)	Enforceable 2021						
Green Claims Code UK		Enforceable					
The UK Environment Act		Enforceable, Nov					
Plastics Packaging Tax	Proposed 2020		Enforceable Apr				
TCFD	Proposed 2020	Enters into force					
Gender Pay Gap	Enforceable 2017						
Mandatory Transition Plans		Announced				Enters into force?	1st reports due?
PS22/3: Diversity and inclusion on Boards and ExCo			Enforceable	[X] 1 <sup>st</sup> reporting			
Supply Chain Due Diligence		Proposed		Enforceable Jan			
Gender Diversity on Corporate Boards		Enforceable					Evaluation
Child Labour Due Diligence	Proposed 2019		Enforceable Jan				
Equal Pay Law (Law 162/2021)		Enters into force	Enforceable				
Duty of Care Law	Enforceable 2017						
French Env. Code			Enforceable				
SEC Climate Disclosure Rule			Proposed		Adopted		1st reports due?
California SB253 and SB261				Announced			Enforceable



## The Corporate Sustainability Reporting Directive (CSRD)

<b>Purpose</b>	The CSRD mandates comprehensive disclosures, blending the specific topics contained within ESRG2 with Double Materiality assessments, ensuring companies report on financial performance, environmental impact, and stakeholder considerations, enhancing transparency and accountability for public viewership.
<b>Audience</b>	All EU operating companies and non-EU operating companies with significant EU revenues and a branch or subsidiary within the EU.
<b>Where to Report</b>	Annual financial filings (e.g. annual report)
<b>Focus Areas</b>	Environment, Social, Governance
<b>Information to Report</b>	<ul style="list-style-type: none"> <li><b>Environmental:</b> Disclosures in line including mitigation of climate change</li> <li><b>Social and human rights:</b> Disclosures respect for human rights as defined by core UN</li> <li><b>Governance:</b> Disclosures covering information on how bodies manage sustainability risk and internal process, lobbying activities and business ethics</li> </ul>
<b>Prescriptive or Flexible</b>	Prescriptive process requires ESRG2 assessment, combining stakeholder input
<b>Sector Focus</b>	Agnostic
<b>Required by Law? Scope?</b>	Yes: The CSRD is mandatory across all EU companies. Compliance is gradual: FY 2024 report against the Non-Financial Reporting Directive (NFRD) (with more than 250 or other undertakings; 2028 for SMEs and other undertakings; 2028 for



This directive is a key pillar in the EU's sustainability framework.

## The European Sustainability Reporting Standards (ESRS)

<b>Purpose</b>	The Directive establishes objectives and deadlines for member states, complemented by the ESRS outlining CSRD requirements. CSRD provides a methodological framework for cohesive reporting, ensuring consistency in financial disclosures.
<b>Audience</b>	Companies within the scope of the CSRD
<b>Where to Report</b>	Sustainability entity report - At the same time as related financial statements within the same period. (quarterly or annually) building upon the TCFD entity report.
<b>Focus Areas</b>	Environment, Social, Governance
<b>Information to Report</b>	<ul style="list-style-type: none"> <li><b>Environmental:</b> Disclosures in line with the EU Taxonomy of environmental objective, including mitigation of climate change, pollution, marine resources, biodiversity and circular economy.</li> <li><b>Social and human rights:</b> Disclosures to cover respect for human rights as defined by core UN</li> <li><b>Governance:</b> Disclosures covering information on how bodies manage sustainability risk and internal process, lobbying activities and business ethics</li> </ul>
<b>Prescriptive or Flexible</b>	Prescriptive - Disclosures include Double Materiality ESRG2 for comprehensive reporting.
<b>Sector Focus</b>	Agnostic
<b>Required by Law? Scope?</b>	Yes - The European Commission adopted the ESRS CSRD. Companies must adhere to the financial reporting year, with listed SMEs required to report from 2026, and the option to use separate, proportionate start year.



## The Sustainable Finance Disclosure Regulation (SFDR)

<b>Purpose</b>	A European regulation introduced to improve transparency in the market for sustainable investment products, to prevent greenwashing and to increase transparency around sustainability claims made by financial market participants.
<b>Audience</b>	Asset managers and financial advisors conducting business in EU
<b>Where to Report</b>	Disclosure of sustainability risk policy, principle adverse impact and sustainability risk remuneration policy on the SFDR website
<b>Focus Areas</b>	Environment, Social, Governance (financial markets)
<b>Information to Report</b>	<ul style="list-style-type: none"> <li><b>Provision of sustainability information with respect to financial products:</b> additional disclosures for certain products concerning the extent to which environmental and social characteristics are met</li> <li><b>Environmental Risk management:</b> the potentially negative consequences an investment decision may have on sustainability factors and how they are mitigating the impacts (environmental and social).</li> <li><b>ESG risk consideration in investment process:</b> Firms need to disclose where an ESG event could negatively impact material investment and align their remuneration policies with sustainability risk management.</li> </ul>
<b>Prescriptive or Flexible</b>	Prescriptive
<b>Sector Focus</b>	Specific
<b>Required by Law? Scope?</b>	Yes within the EU: The scope embraces financial market participants and financial advisors in the EU, financial market participants (FMPs) with EU shareholders, and those marketing themselves in the EU. Examples include asset managers, banks, financial advisors, pension fund providers and insurers.



The SFDR will require Financial Market Participants (FMPs) and financial advisors to evaluate and disclose sustainability-related data and policies at entity, service and product level.

[Sustainability-related disclosure in the financial services sector \(europa.eu\)](#)







# Focus on four:

- CSRD
- ... and specifically double materiality
- Corporate Sustainability Due Diligence Directive
- TCFD (Taskforce on Climate Related Financial Disclosures)

A great way to begin a strategy  
(if you do it right)

Customer demand

Gets the attention of senior leadership!



# EU Corporate Sustainability Reporting Directive (CSRD)

- **Aims** to standardise ESG disclosures.
- Disclosure and compliance **requirements** are set out in a new set of European Sustainability Reporting Standards (ESRS)
- Key requirements include:
  - Conducting a **Double Materiality Assessment** to determine which material issues the company should report on
  - Limited **assurance** over reported sustainability information, moving towards reasonable assurance from 2028

## When, who, what?

### Timeline



### Scope

- Companies operating in the EU, and/or have EU investors, and/or are part of an EU entity's supply chain:
  - Large EU-listed entity or group with >500 employees
  - Large EU undertakings and EU parent undertakings meeting any two criteria:  
Balance sheet >€20mIn / Net turnover >€40mIn / Average employees >250
- SMEs that are listed on EU-regulated markets, except micro-enterprises (<10 employees and turnover <€2mIn)
- Non-EU companies generating >€150mIn net turnover in EU and have at least 1 EU subsidiary/branch generating >€40mIn



# What is double materiality?

Materiality assessments have traditionally looked at materiality on two axes: importance to the company and importance to stakeholders. The concept of double materiality has gained traction recently due to it being mandated in the EU CSRD as the method for companies to determine which sustainability issues to report against in the European Sustainability Reporting Standards.

**Double materiality** considers both financial and impact materiality:

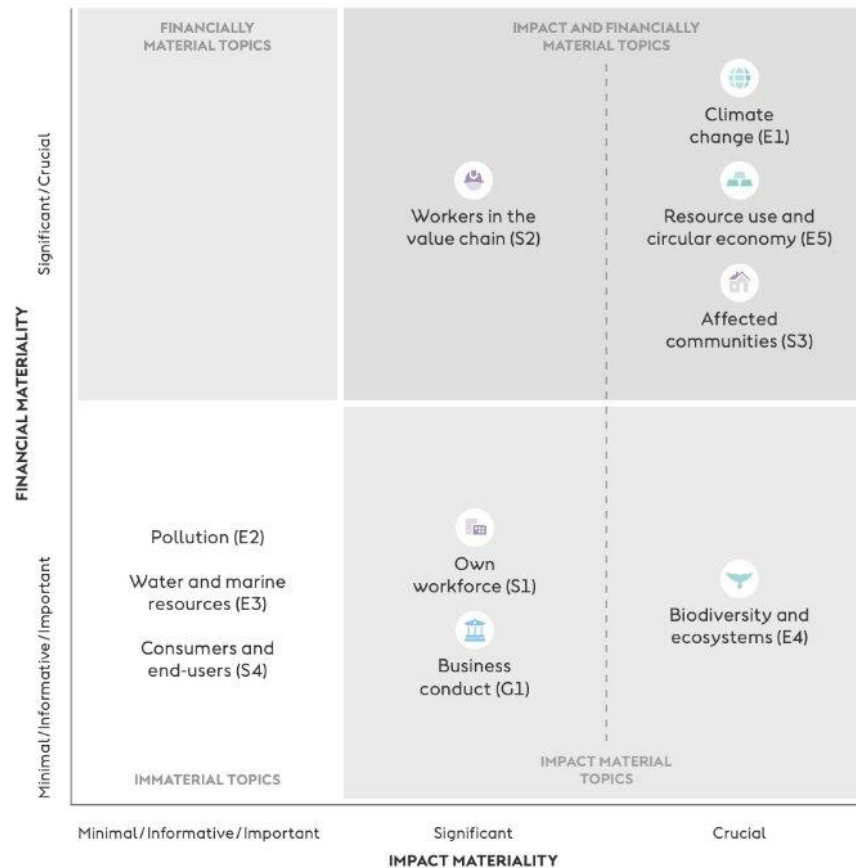
**Financially material** matters are those which (may) generate risks or opportunities that (are likely to) have a material influence on the undertaking's cash flows, development, performance, position, cost of capital or access to finance in the short, medium, and long-term time horizons.

**Impact materiality** is defined as matters which have an actual or potential significant impact on people or the environment over the short, medium or long term, caused or contributed to by the undertaking's own operations, products, or services or through its business relationships.

At its heart, the concept is quite straightforward and aims to ensure that a company's sustainability strategy is correctly focused on the risks and opportunities that could affect its long-term success while simultaneously addressing the social, economic and governance impacts arising from its own operations and those of its value chain.



# Example double materiality assessments – Ørsted and Heineken



Orsted  
p.71:  
[orsted-ar-2023.pdf](https://orstedcdn.azureedge.net/orsted-ar-2023.pdf)  
[orstedcdn.azureedge.net](https://orstedcdn.azureedge.net)



Heineken  
p.135  
[2023 Heineken NV Annual Report](https://theheinekencompany.com/2023-Heineken-NV-Annual-Report)  
[theheinekencompany.com](https://theheinekencompany.com)



# EU Corporate Sustainability Due Diligence Directive (CSDDD)

- Aims to **foster sustainable and responsible corporate behaviour** and to anchor human rights and environmental considerations in companies' operations and corporate governance
- Key requirements include:
  - **Integrate** human rights and environmental due diligence into policies
  - Develop a process to **identify and assess actual or potential adverse** human rights and environmental impacts – both in own operations and in the supply chain (upstream and downstream 'chain of activities')
  - **Prevent** or **mitigate** potential impacts
  - A transition plan

## When, who, what?

### Timeline

**15 March 2024**  
European Council voted in favour of the EU CSDDD

**2024**  
Approved by Parliament (Directive still subject to change!)

**2024-2026**  
Once adopted member states will have two years to transpose rules into national law

### Scope

- Large EU limited liability companies:
  - From 2027: companies with 5,000+ employees and a net worldwide turnover of 1,500mEUR must comply
  - From 2028: companies with 3,000+ employees and a net worldwide turnover of 900mEUR must comply
  - From 2029: companies with 1,000+ employees and a net worldwide turnover of 450mEUR must comply
- Non-EU companies: third country companies active in the EU with turnover threshold aligned with above, generated in the EU.





# The Task Force on Climate-related Financial Disclosures (TCFD)

- Aims to **encourage and standardise climate risk disclosures** enabling investors to make better decisions.
- Originated as a Task Force, the recommendations of which became a UK listing requirement. Now replicated in Climate Related Financial Disclosures (CFD) in amended UK Companies' Act.
- Key requirements include:
  - **Governance:** Regarding climate-related risks and opportunities
  - **Strategy:** The actual and potential impacts of climate-related risks and opportunities on the organisations businesses, strategy and financial planning where such information is material.
  - **Risk management:** How an organisation assesses and manages climate-related risks.
  - **Metrics and targets:** The metrics and targets used to assess and manage relevant climate-related risks and opportunities where information is material



The Financial Stability Board created the TCFD to develop recommendations on the type of information that companies should disclose to support investors, lenders and insurance underwriters in appropriately assessing and pricing climate-related risks.

<https://www.fsb-tcfd.org/>

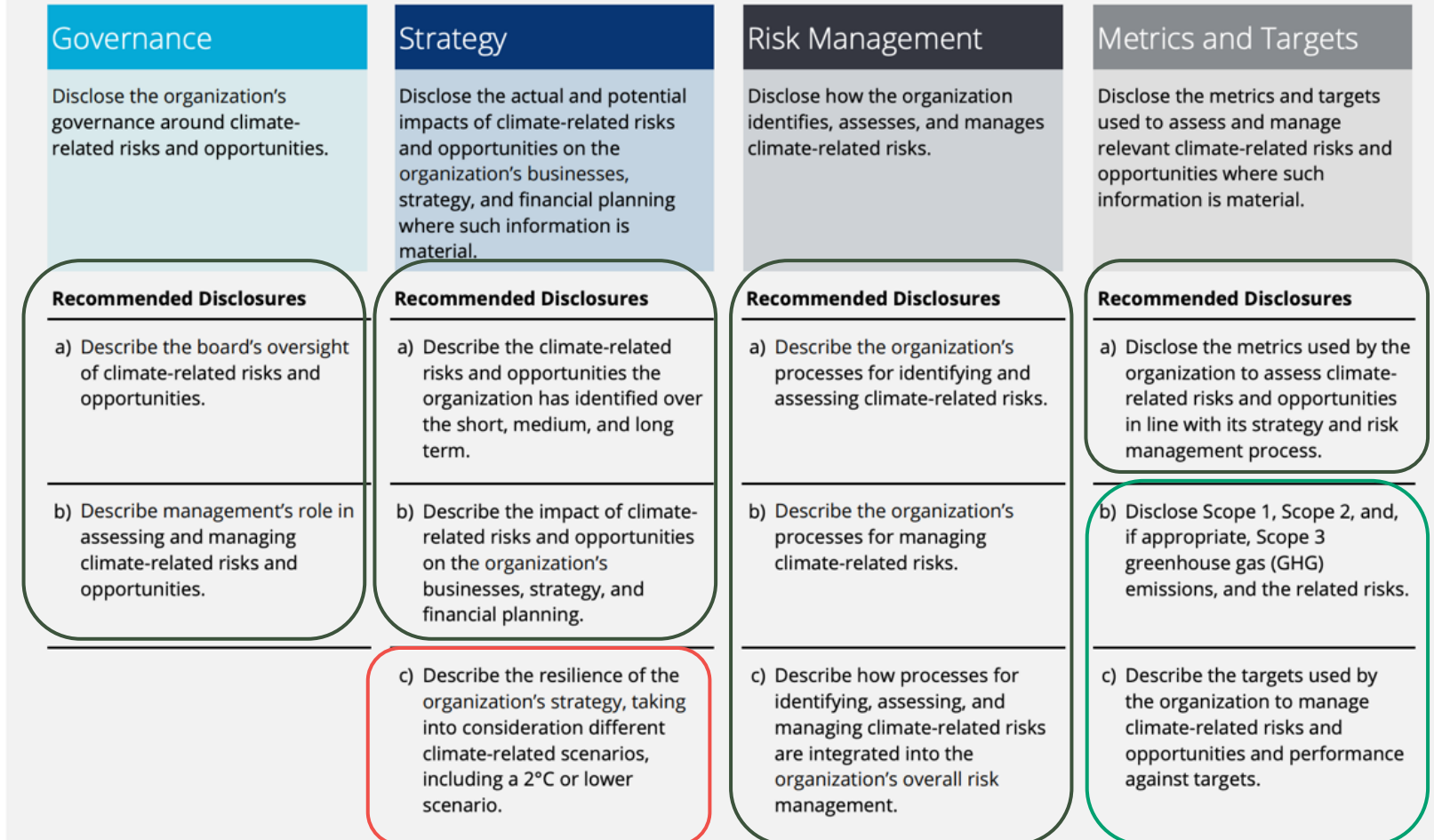




# CFD reporting recommends four focus areas.

Figure 4

## Recommendations and Supporting Recommended Disclosures





# Climate Scenarios

## Scenario 1: A Better World (1.5°C)



RCP1.9 / SSP1-1.9  
PRI IPR: 1.5°C Required Policy Scenario

- Action taken around the world has achieved the aims set out in the 2015 Paris Agreement - global temperatures have been limited to 1.5°C compared to pre-industrial levels.
- But that does not mean everything is the same as today. There have been some physical changes and achieving this goal has required **a substantial shift in policy and behaviour.**

Net Zero around 2050

## Scenario 2: An Uncertain and Volatile World (2°C)



RCP3.4 / SSP2-4.5  
PRI IPR: Forecast Policy Scenario

- Considered by most sources as the "most plausible scenario". Some of the ambitions set nowadays are met with slow, incremental improvements, but no consistent action and commitment.
- Some action has been taken, but it's very much business as usual. It's a bit better but global temperatures continue to climb, albeit slowly, and the **impacts are clear to see for many.**

Emissions starting to fall around 2050.

## Scenario 3: An Irreversible World (3°C)



RCP6.0 / SSP3-7.0

- Economies around the world continue to be powered by fossil fuels and promises made by global leaders have been largely ignored. Life has continued much the same.
- Global warming has accelerated and well past the point of no return by 2030. This is not doomsday, but **the consequences are all around, tangible and in some cases catastrophic.**

Emissions keep rising (2x by 2100)

### Time horizons:

- Short → 0-2 years
- Medium → 2-5 years
- Long → 5+ years



# Other big stories





## Enterprise risk



## Customer and market strategies



## Employee proposition



## Corporate reputation





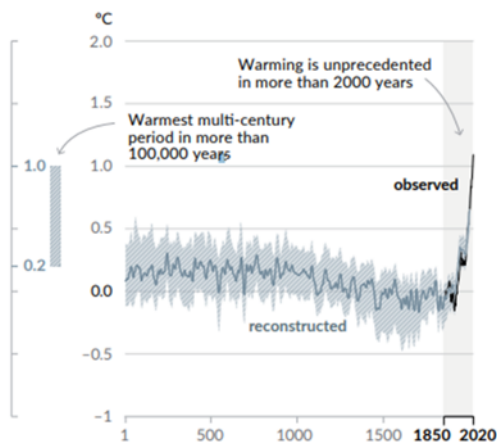


# Scope 3 and SBTi

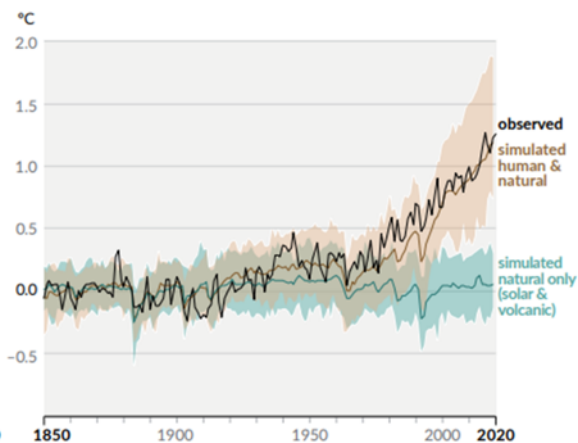
Human influence has warmed the climate at a rate that is unprecedented in at least the last 2000 years

Changes in global surface temperature relative to 1850–1900

(a) Change in global surface temperature (decadal average) as reconstructed (1–2000) and observed (1850–2020)

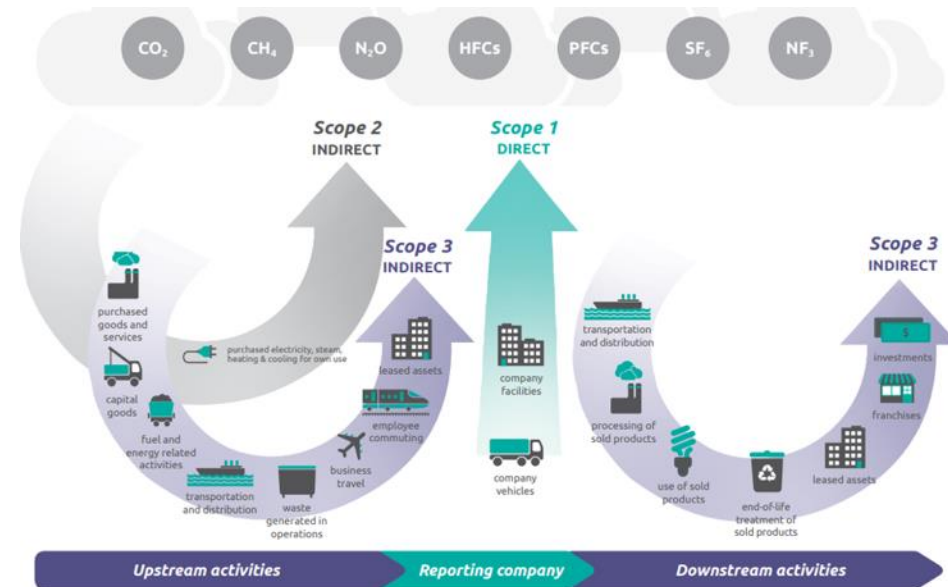


(b) Change in global surface temperature (annual average) as observed and simulated using human & natural and only natural factors (both 1850–2020)

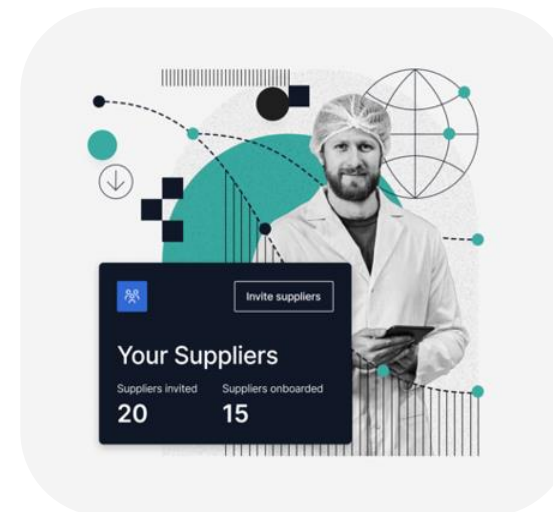


SCIENCE  
BASED  
TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION



Source: Figure 1.1 of Scope 3 Standard.



# Responsible Sourcing



## Advancing Human Rights in our Supply Chain

Responsible Sourcing Manual,  
Clothing and General Merchandise Suppliers  
July 2021

- We ALWAYS buy and sell ETHICALLY
- We ONLY buy and sell ETHICALLY
- No Ethical buying and sourcing = No buying and sourcing
- Rather gaps on product shelves than compromise our Ethical Standards



### ETI Base Code



The ETI Base Code is an internationally recognised set of labour standards based on ILO conventions. It is used by ETI members and others to drive improvements in working conditions around the world.

[www.ethicaltrade.org](http://www.ethicaltrade.org)



Employment is freely chosen



Freedom of association and the right to collective bargaining are respected



Working conditions are safe and hygienic



Child labour shall not be used



Living wages are paid



Working hours are not excessive



No discrimination is practised



Regular employment is provided



No harsh or inhumane treatment is allowed

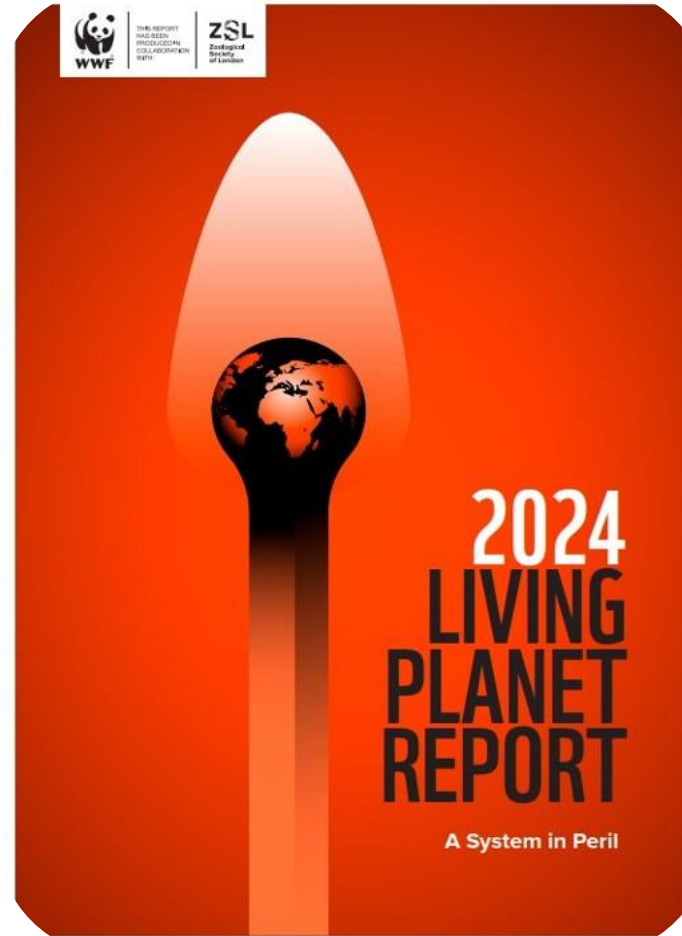
For human rights, for better business



## Gangmasters and Labour Abuse Authority



# Biodiversity

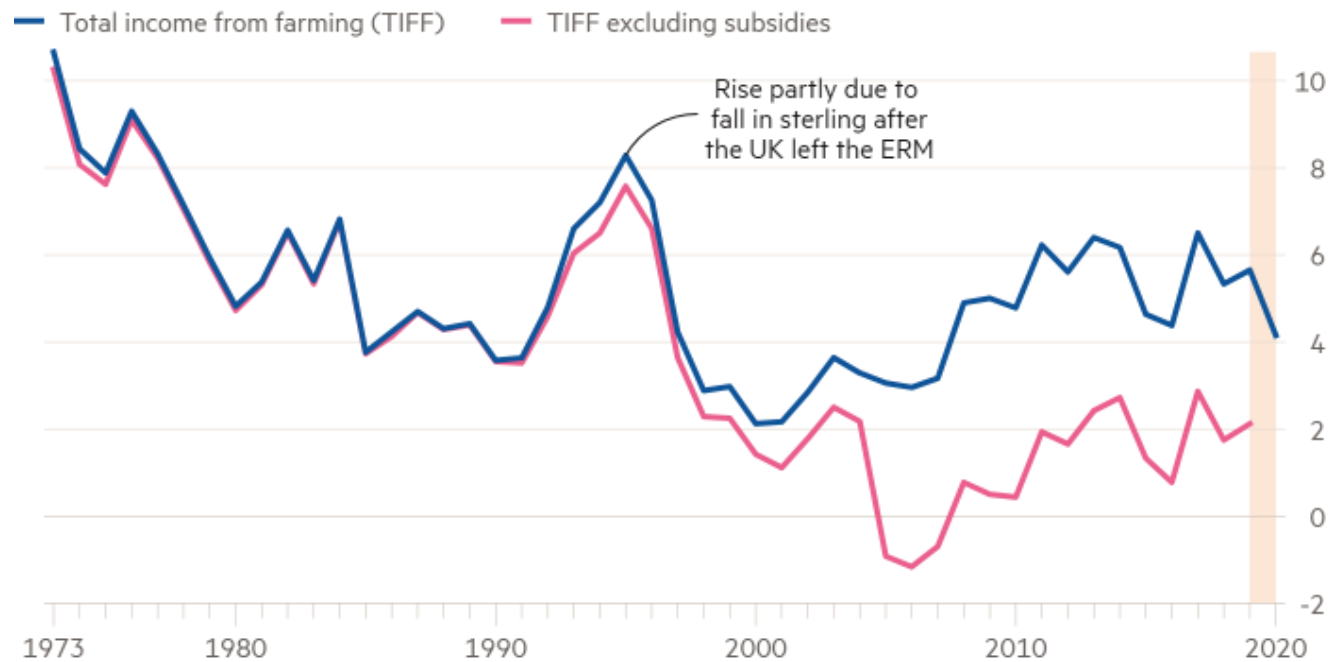




# Skills and succession

## Aggregate income from farming fell back last year

£bn at constant 2020 prices



TIFF is net value added at factor cost less wages, rent and interest. 2020 total = provisional

Sources: Defra, FT calculations

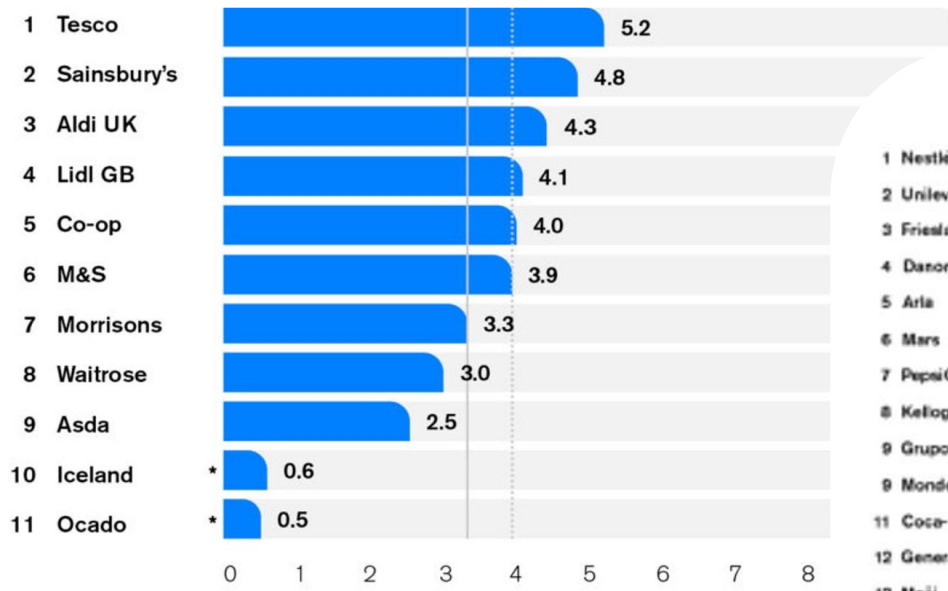
© FT





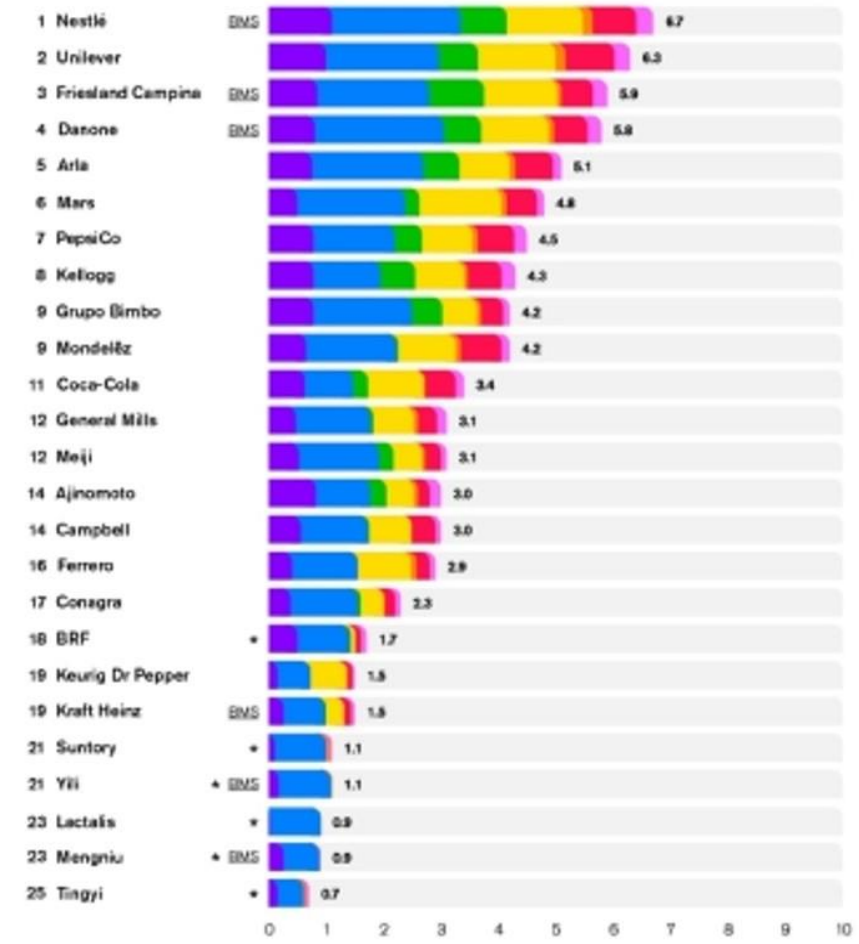


# Nutrition



\*Did not provide information to ATNI

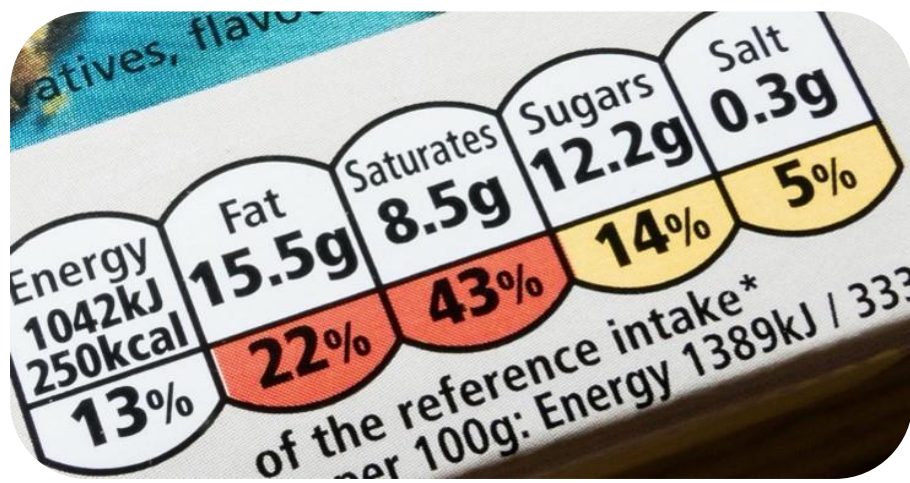
| Average score (3.3) | Media



A Governance (12.5%)
 D Products (38%)
 G Accessibility (15%)
 M Marketing (20%)
 L Lifestyles (2.5%)
 R Labeling (10%)
 E Engagement (15%)

BMS Assessed against the BMS methodology. An adjustment based on the BMS score is incorporated in the overall score

\* Did not provide information to ATNI







# The importance of strategy



# Developing an overall ESG Strategy

- Strategy is your chance to:
  - Define your own narrative
  - Engage decision-makers and get their sign-off
  - Communicate externally and internally

The structures and definitions may change –  
the strategy endures





# From materiality to strategy

Our material issues underpin the development of our approach to sustainability. This captures the areas where we want to be a leader and frame our strategy to positive impact. It also provides a framework for assessing the performance of the business.

- 1. Safer betting and gaming (SG)**  
Minimising potential harm associated with betting and gaming and enhancing customer protection.
- 2. Ethical and compliant behaviour**  
Conducting business and engaging with stakeholders in a transparent way that respects the law and follows the highest ethical standards. This includes combating financial crime, anti-bribery and corruption, animal welfare and responsible policy engagement.
- 3. Corporate governance**  
How we put in place robust management structures, systems and targets. How management balances the interests of stakeholders as well as how Entain is transparent and accountable to its stakeholders.
- 4. Data privacy and cybersecurity**  
Meeting legal and regulatory requirements and maintaining trust with regard to the privacy and security of personal and business data for employees, customers, suppliers and business partners.
- 5. Having the right people**  
Focuses on how businesses engage with their employees to enhance employee well-being and development, job quality, and belonging.
- 6. Innovation**  
Investing and innovating in technology resources, manpower, business models and systems to enable businesses to adapt to a changing environment and safeguard their people, assets, and brand.
- 7. Environmental sustainability**  
Reducing business impact on the environment, managing the risks and opportunities presented by climate change.
- 8. Diversity, equity and inclusion**  
Policies and practices that aim to build a more diverse, equitable, and inclusive environment for employees, customers, suppliers, business partners, and the community.

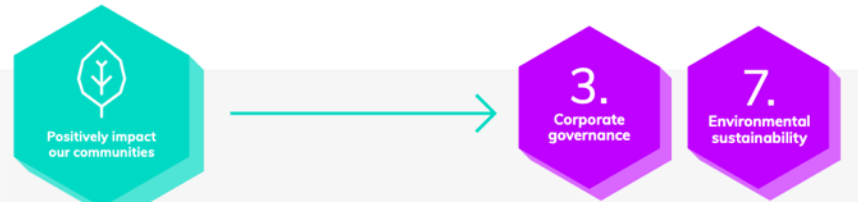
# Our new sustainability strategy

For each of our sustainability pillars, we have identified our goals and assigned responsibility for oversight, supported by our business units. On the following pages, we outline our performance against these pillars.

What it means	Aligned material clusters	Focus areas
<b>Be a leader in player protection</b>	<ul style="list-style-type: none"> <li>Safer betting and gaming</li> <li>Ethical &amp; compliant behaviour</li> <li>Innovation</li> </ul>	<ul style="list-style-type: none"> <li>Industry-leading <b>customer protection processes</b></li> <li><b>Empower our people</b> and protect our customers</li> <li>Harm prevention through <b>education and responsible communications</b></li> <li>Promote research <b>evidence-based</b> insights</li> </ul>
<b>Provide a secure and trusted platform</b>	<ul style="list-style-type: none"> <li>Ethical &amp; compliant behaviour</li> <li>Data privacy and cybersecurity</li> <li>Corporate Governance</li> </ul>	<ul style="list-style-type: none"> <li>Only operate in <b>regulated markets</b></li> <li><b>Ethics and integrity</b> of our organisation</li> <li>Provide <b>industry-leading cybersecurity, data and AI governance</b></li> <li>Clear and <b>robust governance processes</b> for each ESG area</li> </ul>
<b>Create the environment for everyone to do their best work</b>	<ul style="list-style-type: none"> <li>Diversity, equity and inclusion</li> <li>Having the right people</li> </ul>	<ul style="list-style-type: none"> <li><b>Attract, engage and retain the best, most diverse talent</b></li> <li>Provide the <b>right growth opportunities</b> for our people</li> <li>Build a sense of <b>belonging</b> for all Entainers</li> </ul>
<b>Positively impact our communities</b>	<ul style="list-style-type: none"> <li>Environmental Sustainability</li> <li>Corporate Governance</li> </ul>	<ul style="list-style-type: none"> <li>Reduce our <b>environmental impact</b></li> <li>Creating a <b>sustainable value chain</b></li> <li>Promote <b>grassroots and disability sports</b></li> <li><b>Support communities</b> where we operate</li> </ul>

## Our sustainability strategy

### Positively impact our communities



## Our ambition

We support and positively impact our communities around the globe

Our areas of focus	Reduce our environmental impact	Creating a sustainable value chain	Promote grassroots, women's and disability sports	Support communities where we operate
<b>Examples of what we're already doing</b>	<ul style="list-style-type: none"> <li>100% renewable energy contract across the UK retail estate</li> <li>Renewable energy power purchase agreement in place with SSE in the UK</li> <li>Demonstrated year-on-year reductions in GHG emissions</li> </ul>	<ul style="list-style-type: none"> <li>Launched partnership with EcoVadis</li> <li>Evaluation of supply chain sustainability risks with UnSeen</li> <li>Established the Modern Slavery Working Group</li> </ul>	<ul style="list-style-type: none"> <li>Strategic initiatives in place with Pitching-In and SportsAid</li> <li>Launched the Pitching-In volunteer hub</li> </ul>	<ul style="list-style-type: none"> <li>Ladbrokes Coral Trust has raised £10m since its inception</li> <li>Committed to contributing £100m through the Entain Foundation</li> <li>Introduced annual Social Impact Report to measure impact-based outcomes</li> </ul>





# FDF Strategy



Contribute to a 50% reduction in emissions across the agrifood supply chain by 2030



Contribute to the UK's Nature Positive ambition to halt and reverse nature loss by 2030.



Contribute to halting commodity-driven deforestation and conversion by 2030.



Halve per capita food waste by 2030, contributing to UNSDG12.3 and the Courtauld 2030 commitment.



Contribute to implementing a worldclass packaging recycling system in the UK, reducing the environmental impact of packaging.





# At a glance



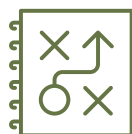
Don't fix your approach to any 'ESG' structure



Try not to get lost in compliance



Remember there are other essential topics



***The importance of setting your own strategy***





Do you  
have any  
questions?





# Appendix 1: ESG Disclosure and Regulatory Frameworks

Slides from the ICRS



Institute  
of Corporate  
Responsibility  
and Sustainability

# Navigating Sustainability: An ESG Framework Overview

This document describes the main global sustainability reporting standards and frameworks, covering those already in operation and those that are likely to materialise in the near future. It is not intended to provide a definitive guide to all relevant legislation and regulation in every country and professional advice should be sought where necessary.

# Regulatory Disclosures & Standards

ESG regulatory frameworks establish government and regulatory guidelines to mandate sustainable and responsible business practices, encompassing reporting standards and disclosure requirements to promote transparency and accountability.

# The Corporate Sustainability Reporting Directive (CSRD)

<b>Purpose</b>	The CSRD mandates comprehensive disclosures, blending the specific topics contained within ESRS2 with Double Materiality assessments, ensuring companies report on financial performance, environmental impact, and stakeholder considerations, enhancing transparency and accountability for public viewership.
<b>Audience</b>	All EU operating companies and non-EU operating companies with significant EU revenues and a branch or subsidiary within the EU.
<b>Where to Report</b>	Annual financial filings (e.g. annual report)
<b>Focus Areas</b>	Environment, Social, Governance
<b>Information to Report</b>	<ul style="list-style-type: none"> <li>• <b>Environmental:</b> Disclosures in line with the EU Taxonomy of environmental objective, including mitigation of climate change (Scope 1, 2 and 3 emissions)</li> <li>• <b>Social and human rights:</b> Disclosures to cover gender equality, working conditions and respect for human rights as defined by core UN and EU human rights conventions</li> <li>• <b>Governance:</b> Disclosures covering information on how management and supervisory bodies manage sustainability risk and internal controls over the sustainability reporting process, lobbying activities and business ethics.</li> </ul>
<b>Prescriptive or Flexible</b>	Prescriptive process requires ESRS2 compliance and mandates Double Materiality assessment, combining stakeholder/environment impacts with financial issues.
<b>Sector Focus</b>	Agnostic
<b>Required by Law? Scope?</b>	Yes: The CSRD is mandatory across the EU and member states can set penalties for companies that don't follow the CSRD. Compliance is gradual: FY 2024 (reporting 2025) – large companies (over 500 employees) already required to report against the Non-Financial Reporting Directive (NFRD) ; FY 2025 large companies not already required to report against NFRD (with more than 250 employees and/or €40m turnover and/or €20m in total assets; FY 2026 for listed SMEs and other undertakings; 2028 non-EU companies with net turnover above €150 m in the EU.



This directive is a key pillar in the EU's ambitious focus on corporate sustainability and sits alongside other major European legislative and regulatory initiatives aimed at advancing the green economy.

[Corporate sustainability reporting \(europa.eu\)](https://europa.eu/corporate-sustainability-reporting)



# The European Sustainability Reporting Standards (ESRS)

<b>Purpose</b>	The Directive establishes objectives and deadlines for member states, complemented by the ESRS outlining CSRD requirements. CSRD provides a methodological framework for cohesive reporting, ensuring consistency in financial disclosures.
<b>Audience</b>	Companies within the scope of the CSRD
<b>Where to Report</b>	Sustainability entity report– At the same time as related financial statements within the same period. (quarterly or annually) building upon the TCFD entity report.
<b>Focus Areas</b>	Environment, Social, Governance
<b>Information to Report</b>	<ul style="list-style-type: none"> <li>• <b>Environmental:</b> Disclosures in line with the EU Taxonomy of environmental objective, including mitigation of climate change, pollution, marine resources, biodiversity and circular economy.</li> <li>• <b>Social and human rights:</b> Disclosures to cover gender equality, working conditions and respect for human rights as defined by core UN and EU human rights conventions</li> <li>• <b>Governance:</b> Disclosures covering information on how management and supervisory bodies manage sustainability risk and internal controls over the sustainability reporting process, lobbying activities and business ethics.</li> </ul>
<b>Prescriptive or Flexible</b>	Prescriptive - Disclosures include Double Materiality assessment results, extending beyond ESRS2 for comprehensive reporting.
<b>Sector Focus</b>	Agnostic
<b>Required by Law? Scope?</b>	Yes- The European Commission adopted the ESRS on the 31 <sup>st</sup> July 2023 to compliment the CSRD. Companies must adhere to the financial reporting standards starting in the 2024 fiscal year, with listed SMEs required to report from 2026, allowing for a voluntary opt-out until 2028, and the option to use separate, proportionate standards developed by EFRAG in the following year.



The ESRS detailing requirements for sustainability disclosures by undertakings in their management reports, effective from 1 January 2024, to enhance transparency and comparability of sustainability-related information in the EU.

[EUR-Lex - 32023R2772 - EN - EUR-Lex \(europa.eu\)](https://eur-lex.europa.eu/eli/reg/2023/2772/oj)

# The Task Force on Climate-related Financial Disclosures (TCFD)

<b>Purpose</b>	To encourage firms to align climate-related risk disclosures by publicly disclosing better reporting processes to help inform investors with better investment decision making. Whilst the TCFD has now ceased to exist as an entity, the reporting requirements developed by the TCFD have been adopted by the IFRS with additional elements such as the IFRS2.
<b>Audience</b>	Investors, lenders, insurers
<b>Where to Report</b>	Annual financial filings (e.g. annual report)
<b>Focus Areas</b>	Environment, Governance
<b>Information to Report</b>	<ul style="list-style-type: none"> <li>• <b>Governance:</b> Regarding climate-related risks and opportunities</li> <li>• <b>Strategy:</b> The actual and potential impacts of climate-related risks and opportunities on the organisations businesses, strategy and financial planning where such information is material.</li> <li>• <b>Risk management:</b> How an organisation assesses and manages climate-related risks.</li> <li>• <b>Metrics and targets:</b> The metrics and targets used to assess and manage relevant climate-related risks and opportunities where information is material</li> </ul>
<b>Prescriptive or Flexible</b>	Flexible (may enter into force later)
<b>Sector Focus</b>	Agnostic (+ some sector-specific guidance)
<b>Required by Law? Scope?</b>	Varies on domain: It is mandatory within the UK and New Zealand, voluntary within domains such as the EU, Canada and Japan and considered within the US. The scope specifies companies that have more than 500 employees, have a total operating income over £500 million or been instructed by their sponsoring department to follow this guidance.



The Financial Stability Board created the TCFD to develop recommendations on the type of information that companies should disclose to support investors, lenders and insurance underwriters in appropriately assessing and pricing climate-related risks.

<https://www.fsb-tcfd.org/>



# The Sustainable Finance Disclosure Regulation (SFDR)

<b>Purpose</b>	A European regulation introduced to improve transparency in the market for sustainable investment products, to prevent greenwashing and to increase transparency around sustainability claims made by financial market participants.
<b>Audience</b>	Asset managers and financial advisors conducting business in EU
<b>Where to Report</b>	Disclosure of sustainability risk policy, principle adverse impact and sustainability risk remuneration policy on the SFDR website
<b>Focus Areas</b>	Environment, Social, Governance (financial markets)
<b>Information to Report</b>	<ul style="list-style-type: none"> <li>• <b>Provision of sustainability information with respect to financial products:</b> additional disclosures for certain products concerning the extent to which environmental and social characteristics are met</li> <li>• <b>Environmental Risk management:</b> the potentially negative consequences an investment decision may have on sustainability factors and how they are mitigating the impacts (environmental and social).</li> <li>• <b>ESG risk consideration in investment process:</b> Firms need to disclose where an ESG event could negatively impact material investment and align their remuneration policies with sustainability risk management.</li> </ul>
<b>Prescriptive or Flexible</b>	Prescriptive
<b>Sector Focus</b>	Specific
<b>Required by Law? Scope?</b>	Yes within the EU : The scope embraces financial market participants and financial advisors in the EU, financial market participants (FMPs) with EU shareholders, and those marketing themselves in the EU. Examples include asset managers, banks, financial advisors, pension fund providers and insurers.



The SFDR will require Financial Market Participants (FMPs) and financial advisors to evaluate and disclose sustainability-related data and policies at entity, service and product level.

[Sustainability-related disclosure in the financial services sector \(europa.eu\)](#)



# The Corporate Sustainability Reporting Directive (CSRD)

<b>Purpose</b>	The CSRD mandates comprehensive disclosures, blending the specific topics contained within ESRS2 with Double Materiality assessments, ensuring companies report on financial performance, environmental impact, and stakeholder considerations, enhancing transparency and accountability for public viewership.
<b>Audience</b>	All EU operating companies and non-EU operating companies with significant EU revenues and a branch or subsidiary within the EU.
<b>Where to Report</b>	Annual financial filings (e.g. annual report)
<b>Focus Areas</b>	Environment, Social, Governance
<b>Information to Report</b>	<ul style="list-style-type: none"> <li>• <b>Environmental:</b> Disclosures in line with the EU Taxonomy of environmental objective, including mitigation of climate change (Scope 1, 2 and 3 emissions)</li> <li>• <b>Social and human rights:</b> Disclosures to cover gender equality, working conditions and respect for human rights as defined by core UN and EU human rights conventions</li> <li>• <b>Governance:</b> Disclosures covering information on how management and supervisory bodies manage sustainability risk and internal controls over the sustainability reporting process, lobbying activities and business ethics.</li> </ul>
<b>Prescriptive or Flexible</b>	Prescriptive process requires ESRS2 compliance and mandates Double Materiality assessment, combining stakeholder/environment impacts with financial issues.
<b>Sector Focus</b>	Agnostic
<b>Required by Law? Scope?</b>	Yes: The CSRD is mandatory across the EU and member states can set penalties for companies that don't follow the CSRD. Compliance is gradual: FY 2024 (reporting 2025) – large companies (over 500 employees) already required to report against the Non-Financial Reporting Directive (NFRD) ; FY 2025 large companies not already required to report against NFRD (with more than 250 employees and/or €40m turnover and/or €20m in total assets; FY 2026 for listed SMEs and other undertakings; 2028 non-EU companies with net turnover above €150 m in the EU.



This directive is a key pillar in the EU’s ambitious focus on corporate sustainability and sits alongside other major European legislative and regulatory initiatives aimed at advancing the green economy.

[Corporate sustainability reporting \(europa.eu\)](https://europa.eu/corporate-sustainability-reporting)



# The European Sustainability Reporting Standards (ESRS)

<b>Purpose</b>	The Directive establishes objectives and deadlines for member states, complemented by the ESRS outlining CSRD requirements. CSRD provides a methodological framework for cohesive reporting, ensuring consistency in financial disclosures.
<b>Audience</b>	Companies within the scope of the CSRD
<b>Where to Report</b>	Sustainability entity report– At the same time as related financial statements within the same period. (quarterly or annually) building upon the TCFD entity report.
<b>Focus Areas</b>	Environment, Social, Governance
<b>Information to Report</b>	<ul style="list-style-type: none"> <li>• <b>Environmental:</b> Disclosures in line with the EU Taxonomy of environmental objective, including mitigation of climate change, pollution, marine resources, biodiversity and circular economy.</li> <li>• <b>Social and human rights:</b> Disclosures to cover gender equality, working conditions and respect for human rights as defined by core UN and EU human rights conventions</li> <li>• <b>Governance:</b> Disclosures covering information on how management and supervisory bodies manage sustainability risk and internal controls over the sustainability reporting process, lobbying activities and business ethics.</li> </ul>
<b>Prescriptive or Flexible</b>	Prescriptive – Disclosures include Double Materiality assessment results, extending beyond ESRS2 for comprehensive reporting.
<b>Sector Focus</b>	Agnostic
<b>Required by Law? Scope?</b>	Yes– The European Commission adopted the ESRS on the 31 <sup>st</sup> July 2023 to compliment the CSRD. Companies must adhere to the financial reporting standards starting in the 2024 fiscal year, with listed SMEs required to report from 2026, allowing for a voluntary opt-out until 2028, and the option to use separate, proportionate standards developed by EFRAG in the following



The ESRS detailing requirements for sustainability disclosures by undertakings in their management reports, effective from 1 January 2024, to enhance transparency and comparability of sustainability-related information in the EU.

[EUR-Lex - 32023R2772 - EN - EUR-Lex \(europa.eu\)](#)

# International Financial Reporting Standards (IFRS SDS S1 & S2)

<b>Purpose</b>	IFRS S1 aims to make companies disclose material sustainability-related risks and opportunities that could impact their financial prospects. S2 focuses on specific climate-related disclosures.
<b>Audience</b>	Firms and various stakeholders.
<b>Where to Report</b>	General Purpose Financial Reports (GPFR) – At the same time as related financial statements within the same period. (quarterly or annually)
<b>Focus Areas</b>	Environmental & Governance
<b>Information to Report</b>	<ul style="list-style-type: none"> <li>• <b>Environmental:</b> Disclosure of cross-industry metrics that are relevant to all companies e.g. GHG emissions.</li> <li>• <b>Governance:</b> Disclosures to report the processes, controls and procedures that are used to manage sustainability-related risks and opportunities as well as individuals responsible and management's role in managing such risks and opportunities.</li> <li>• <b>Risk Management:</b> How the company assesses the likelihood and impact of risks, prioritises them, input parameters and if it is consistent with previous years as well as how they assess and prioritise opportunities as well as how they monitor, manage and mitigate them.</li> </ul>
<b>Prescriptive or Flexible</b>	Flexible – In relation to GAAP, the IFRS S1 & S2 are far more open to interpretation.
<b>Sector Focus</b>	Agnostic
<b>Required by Law? Scope?</b>	Globally: Not currently a mandatory standard but gaining traction and expected to become compulsory in many jurisdictions. Jurisdiction-Specific: Individual countries decide whether to adopt IFRS S1 and S2 into their regulations i.e., the UK has committed to incorporating them, but the official implementation date is yet to be confirmed.



IFRS S1 & S2 is aiming to enhance global sustainability reporting consistency and quality, and to address challenges like greenwashing by requiring companies to disclose sustainability-related financial information alongside financial statements.

[IFRS - IFRS S1 General Requirements for Disclosure](#)  
[IFRS - IFRS S2 Climate-related Disclosures](#)



# Sustainability Disclosure Requirements – FCA (SDR)

<b>Purpose</b>	The SDR by the FCA provides final rules and guidance for sustainable investment product labels and anti-greenwashing measures in the UK financial market closely like the SFDR in the EU.
<b>Audience</b>	Financial advisors & companies (Any FCA authorised firms with over £5 billion in assets under management).
<b>Where to Report</b>	Sustainability entity report– At the same time as related financial statements within the same period. (quarterly or annually) building upon the TCFD entity report.
<b>Focus Areas</b>	Social & Governance
<b>Information to Report</b>	<ul style="list-style-type: none"> <li>• <b>Governance:</b> Disclosures to report the processes, controls and procedures that are used to manage sustainability-related risks and opportunities, building upon the TCFD structure.</li> <li>• <b>Consumer Trust:</b> Must set a clear objective for investment product labels so that it is genuinely pursuing a sustainability objective, have a set policy, clear KPI's, firm governance and investor stewardship (double materiality reasons)</li> <li>• <b>Risk Management:</b> A 70% minimum threshold is required for investment products to be labelled as sustainable or ESG based on assets selected under absolute robust and evidence-based standards.</li> </ul>
<b>Prescriptive or Flexible</b>	Prescriptive
<b>Sector Focus</b>	Wealth/Asset Managers and Financial institutions that offer similar services (i.e. pension funds)
<b>Required by Law? Scope?</b>	Yes (UK only) – Came into force on 28 <sup>th</sup> November 2023 with further roll-outs of updates across the next 2 years. This applies to all FCA-authorized firms offering sustainable or ESG-focused investment products and services in the UK, encompassing asset managers,



Financial Conduct Authority's (FCA) new Sustainability Disclosure Requirements and investment labels, aiming to enhance market transparency and protect consumers from greenwashing, outlining the rules, their impact, and next steps for firms and the FCA.

[PS23/16: Sustainability Disclosure Requirements \(SDR\) and investment labels \(fca.org.uk\)](https://www.fca.org.uk/ps23/16)





# Sustainability Reporting Frameworks & Indices

Reporting frameworks provide a structure and indicators that organisations can use for their sustainability reporting while sustainability indices help evaluate companies on ESG criteria and inform ethical investment decisions. Although not legally required, they assist investors and other stakeholders in assessing corporate performance and the progress companies are making towards achieving their sustainability ambitions and specific targets.

# The Global Reporting Initiative (GRI)

<b>Purpose</b>	To help organisations report on economic, environmental and social impacts considering a wide range of interests
<b>Audience</b>	A broad set of stakeholders
<b>Where to Report</b>	Corporate sustainability report
<b>Focus Areas</b>	Environment, Social, Economic, Governance
<b>Information to Report</b>	<ul style="list-style-type: none"> <li>• <b>General disclosures:</b> An organisational profile, strategy, ethics and integrity, governance, stakeholder engagement practices and reporting process.</li> <li>• <b>Economic:</b> Performance, market presence, indirect economic impacts, procurement practices, anti-corruption and anti-competitive behaviour</li> <li>• <b>Environment:</b> Materials, energy, water and effluents and waste, environmental compliance and supplier environmental assessment</li> <li>• <b>Social:</b> Employment labour/management relations, occupational health/safety, training and education, diversity and equal opportunity, non-discrimination, freedom of association and collective bargaining, child labour etc.</li> </ul>
<b>Prescriptive or Flexible</b>	Prescriptive
<b>Sector Focus</b>	Agnostic (+ some sector-specific guidance)
<b>Required by Law? Scope?</b>	No



The aim of the GRI was to create the first accountability mechanism to ensure companies adhere to responsible environmental conduct principles, which was then broadened to include social, economic and governance issues.

[GRI - Home \(globalreporting.org\)](http://globalreporting.org)



# The S&P Global Corporate Sustainability Assessment (CSA)

<b>Purpose</b>	The CSA is intended for companies that want to establish a sustainability baseline as well as gain independent insight into their sustainability efforts compared to other companies.
<b>Audience</b>	Large companies will be invited, starting with those eligible for the Dow Jones Sustainability Index (DJSI)
<b>Where to Report</b>	CSA questionnaire
<b>Focus Areas</b>	Environment, Social, Governance
<b>Information to Report</b>	<ul style="list-style-type: none"> <li>• <b>Governance and Economic Dimensions:</b> Company Information, Material Issues Risk and Crisis management, Business Ethics, Policy Influence, Tax Strategy, Information Security etc.</li> <li>• <b>Environmental Reporting:</b> Environmental Policy and Management Systems, Operational Eco-Efficiency, Climate Strategy etc.</li> <li>• <b>Social Dimension:</b> Reporting, Labour Practice Indicators, Human Rights, Human Capital Development, Talent Attraction and Retention, Corporate Citizenship and Philanthropy, Occupational Health and Safety, Customer Relationship Management, Sustainable Marketing and Brand Perception, Privacy Protection</li> </ul>
<b>Prescriptive or Flexible</b>	Flexible (invite sent to certain companies - If companies choose not to actively participate in the assessment, they will still be scored by an S&P Global analyst based exclusively on publicly available information, such as the company's annual report and corporate website.)
<b>Sector Focus</b>	Specific
<b>Required by Law? Scope?</b>	No



The CSA is an annual evaluation of companies' sustainability practices. Results from the CSA, the S&P Global ESG Scores, are a key factor to select eligible companies into S&P Global ESG Indices, including the world famous Dow Jones Sustainability Indices, or the S&P Global Large Midcap ESG Index.  
<https://www.spglobal.com/en/>

# The Carbon Disclosure Project (CDP)

<b>Purpose</b>	To capture environmental performance data related to GHG emissions, water, forests and supply chain
<b>Audience</b>	Investors, private and public sector buyers of goods and services, and other stakeholders
<b>Where to Report</b>	CDPs online reporting platform
<b>Focus Areas</b>	Environment, Governance
<b>Information to Report</b>	<ul style="list-style-type: none"><li>• <b>Climate change:</b> Risks and low carbon opportunities for your organisation.</li><li>• <b>Forest:</b> How an organisation produces, sources and utilises major soft commodities associated with detrimental impacts on natural resources.</li><li>• <b>Water security:</b> Company management, governance, use and stewardship of water resources</li><li>• <b>Supply chain:</b> Management of climate change, forest and water security</li></ul>
<b>Prescriptive or Flexible</b>	Prescriptive
<b>Sector Focus</b>	Specific
<b>Required by Law? Scope?</b>	No



CDP is a not-for-profit charity that runs the global disclosure system for investors, companies, cities, states and regions to manage their environmental impacts.

<https://www.cdp.net/en/>





# International Integrated Reporting Framework (<IR>)

<b>Purpose</b>	The Integrated Reporting Framework (IIRC) aims to enhance corporate reporting by promoting a holistic and integrated approach across financial, social, and environmental factors. In August 2022, the IIRC was fully incorporated into the IFRS foundation in which on June 2021, the IIRC merged with the SASB to form the value reporting foundation (VRF)
<b>Audience</b>	Investors
<b>Where to Report</b>	Stand-alone integrated report
<b>Focus Areas</b>	Environment, Social, Governance
<b>Information to Report</b>	<ul style="list-style-type: none"> <li>• <b>Organisational overview:</b> and external environment</li> <li>• <b>Governance Structure:</b> How it supports the ability to create value in the short, medium and longer term</li> <li>• <b>Business model:</b> Of the organisation</li> <li>• <b>Risks and opportunities:</b> That affect the ability to create value over the short, medium and longer term and how these issues will be dealt with</li> <li>• <b>Strategy:</b> Including resource allocation</li> <li>• <b>Performance:</b> The extent to which objectives were achieved for the period; outcomes and their effect on capitals.</li> <li>• <b>Outlook:</b> Challenges and uncertainties likely to be encountered; implications for the business model and future performance</li> <li>• <b>Basis of presentation:</b> How the organisation determines what to include in its integrated report</li> </ul>
<b>Prescriptive or Flexible</b>	Flexible
<b>Sector Focus</b>	Agnostic
<b>Required by Law? Scope?</b>	No



The <IR> is a global coalition of regulators, investors, companies, standard setters, the accounting profession, academia and NGOs. The coalition promotes communication about value creation as the next step in the evolution of corporate reporting.

<https://www.integratedreporting.org/>



# The Sustainability Accounting Standards (SASB)

<b>Purpose</b>	To facilitate the disclosure of material sustainability information in SEC filings . As of August 2022, is International Sustainability Standards Board (ISSB) of the IFRS Foundation assumed responsibility for the SASB in which they continue to evolve, maintain and enhance the SASB.
<b>Audience</b>	Investors
<b>Where to Report</b>	SEC form 10-K, 20-F filings
<b>Focus Areas</b>	Environment, Social, Governance
<b>Information to Report</b>	<ul style="list-style-type: none"> <li>• <b>Environment:</b> Corporate impacts on the environment</li> <li>• <b>Social Capital:</b> Human rights, protection of vulnerable groups, local economic development, access to and quality of products and services, affordability, responsible marketing and customer privacy.</li> <li>• <b>Human capital:</b> Issues affecting employee productivity (e.g., employee engagement, diversity, incentives and compensation)</li> <li>• <b>Business model and innovation:</b> Impact of sustainability issues on innovation and business models and the integration of these issues in a company's value-creation process.</li> <li>• <b>Leadership and governance:</b> Management of issues inherent to the business model or common practice in the industry that are in potential conflict with the interests of broader stakeholder groups</li> </ul>
<b>Prescriptive or Flexible</b>	Prescriptive
<b>Sector Focus</b>	Specific
<b>Required by Law? Scope?</b>	Not yet, but some jurisdictions recommend using these standards for mandatory reporting



The SASB require Financial Market Participants (FMPs) and financial advisors to evaluate and disclose sustainability-related data and policies at entity, service and product level.

<https://www.sasb.org/>



# The Taskforce on Nature-related Financial Disclosures

<b>Purpose</b>	The TNFD aims to provide a framework towards nature-related impacts, risks and opportunities for businesses. Through such public disclosures, investors and stakeholders will have additional information to make more informed decision-making capabilities.
<b>Audience</b>	Investors, lenders, insurers
<b>Where to Report</b>	Annual financial filings (e.g. annual report)
<b>Focus Areas</b>	Environment, Governance
<b>Information to Report</b>	<ul style="list-style-type: none"> <li>• <b>Governance:</b> Around nature-related dependencies, impacts, risks and opportunities.</li> <li>• <b>Strategy:</b> Disclose the actual and potential impacts of nature-related risks and opportunities on the organisations businesses, strategy and financial planning where such information is material</li> <li>• <b>Risk and Impact Management:</b> How the organisation identifies/assesses/manages nature-related dependencies/impacts/risks and opportunities</li> <li>• <b>Metrics and Targets:</b> Used to assess and manage relevant nature-related dependencies, impact risks and opportunities where such information is material.</li> </ul>
<b>Prescriptive or Flexible</b>	Flexible (may enter into force later)
<b>Sector Focus</b>	Agnostic (+ some sector-specific guidance)
<b>Required by Law? Scope?</b>	No



TNFD has developed disclosure recommendations that are intended to provide business and capital markets with better quality information on an organisation's impacts and dependencies on nature. It adopts a similar approach to that of TCFD and aims to ensure that, equipped with this information, investors and other capital providers can shift the flow of capital to provider more positive outcomes for nature and society.

<https://tnfd.global/>



# Reporting Disclosure Frameworks & Standards to be rolled out in the short- term (0-3 years)

Whilst not yet released, it would be of value to be aware of upcoming standards and frameworks to raise awareness for future expectations and plan before/if they are rolled out.

# Corporate Sustainability Due Diligence Directive (CSDDD)

<b>Purpose</b>	The Corporate Sustainability Due Diligence Directive (CSDDD) aims to enhance corporate accountability by mandating thorough assessments of environmental, social, and governance impacts, fostering sustainable business practices and transparency.
<b>Audience</b>	Large Corporations operating in the EU, investors and stakeholders.
<b>Where to Report</b>	Not explicitly stated yet but would most likely be in either a company's sustainability report or separate report.
<b>Focus Areas</b>	Environmental, Social & Governance
<b>Information to Report</b>	<ul style="list-style-type: none"> <li>• <b>Environmental:</b> The directive will ensure compliance with international environmental conventions is paramount in addressing adverse impacts within value chains.</li> <li>• <b>Social:</b> The directive will contribute to the EU Pillar of Social rights such as fair working conditions, international labour standards and thus help compliment the EU regulatory environment to assess and manage sustainability risks and impacts with respect to core human rights and environmental risks including across their value chains.</li> <li>• <b>Governance:</b> Due diligence must be conducted by applicable companies on the following: Integrating due diligence into internal policies, identifying actual/potential impacts, preventing and mitigating potential adverse impacts, establishing/maintaining a complaints procedure, monitoring and updating the due diligence policy where accordingly.</li> </ul>
<b>Prescriptive or Flexible</b>	Prescriptive
<b>Sector Focus</b>	Agnostic (Both for EU and Non-EU companies)
<b>Required by Law? Scope?</b>	Yes (if approved) –The Scope states both EU companies and non-EU companies operating within the EU that either have more than 500 employees and a turnover above €150 million worldwide or have more than 250 employees and a turnover above €40 million that operate in defined high impact sectors (textiles, agriculture, etc.) should prepare to meet the requirements. If approved by the EU Council, member states will have 2 years to transpose the CSDDD into national law.



The Corporate Sustainability Due Diligence Directive (CSDDD) represents a regulatory framework designed to advance sustainable corporate practices. Its core objective is to compel companies to systematically identify, prevent, and alleviate adverse human rights and environmental impacts emanating from their operations and supply chains.

[EUR-Lex - 52022PC0071 - EN - EUR-Lex \(europa.eu\)](https://eur-lex.europa.eu/eli/dir/2022/2464/oj)





# UK Sustainability Disclosure Standards (UK SDS)

<b>Purpose</b>	The UK SDS will set out corporate disclosures for sustainability-related risks and opportunities that companies face, drawing upon the ISSB Standards. The Sustainability Disclosure Technical Advisory Committee (TAC) and Sustainability Disclosure Policy and Implementation Committee (PIC) are
<b>Audience</b>	UK-listed and UK-registered companies
<b>Where to Report</b>	General Purpose Financial Reports (GPFR) – At the same time as related financial statements within the same period. (quarterly or annually) (assuming it follows similar procedures as the IFRS S1&2.)
<b>Focus Areas</b>	Social & Governance (assuming it follows similar procedures as the IFRS S1&2.)
<b>Information to Report</b>	<ul style="list-style-type: none"> <li>• <b>Environmental:</b> Disclosure of cross-industry metrics that are relevant to all companies e.g. GHG emissions.</li> <li>• <b>Governance:</b> Disclosures to report the processes, controls and procedures that are used to manage sustainability-related risks and opportunities as well as individuals responsible and management's role in managing such risks and opportunities.</li> <li>• <b>Risk Management:</b> How the company assesses the likelihood and impact of risks, prioritises them, input parameters and if it is consistent with previous years as well as how they assess and prioritise opportunities as well as how they monitor, manage and mitigate them.</li> </ul>
<b>Prescriptive or Flexible</b>	Prescriptive
<b>Sector Focus</b>	Agnostic
<b>Required by Law? Scope?</b>	No – Still not officially rolled out but it should be by July 2024. Afterwards, it may be referenced for any legal/regulatory requirements.



The UK SDS is proposed to roll out in July 2024, aiming to help companies disclose climate-related information and act alongside future frameworks such as the proposed UK Green Taxonomy in the same period.

[UK Sustainability Disclosure Standards - GOV.UK \(www.gov.uk\)](https://www.gov.uk)



# International Standard on Sustainability Assurance (ISSA)

<b>Purpose</b>	The proposed ISSA 5000 will serve as a standard for sustainability assurance engagement to be used by professional accountant and non-accountant assurance practitioners, enhancing trust/confidence in financial and non-financial reporting.
<b>Audience</b>	Professional service firms, assurers, accountants.
<b>Where to Report</b>	General Purpose Financial Reports (GPFR) – At the same time as related financial statements within the same period. (quarterly or annually)
<b>Focus Areas</b>	Environmental, Social & Governance
<b>Information to Report</b>	<ul style="list-style-type: none"> <li>• <b>Environmental:</b> Disclosures related to sustainability matter (than financial) and cover topics related to climate, energy and water among others depending on firm specific requirements/interests.</li> <li>• <b>Social:</b> Offers guidance on application of requirements including identifying and assessing risks of material misstatements but may express them differently if need-be for tailored specifics (A286-A521).</li> <li>• <b>Governance:</b> Disclosures to report the processes, controls and procedures that are used to manage sustainability-related risks and opportunities as well as individuals responsible and management's role in managing such risks and opportunities.</li> </ul>
<b>Prescriptive or Flexible</b>	Prescriptive
<b>Sector Focus</b>	Agnostic
<b>Required by Law? Scope?</b>	No – Not officially rolled out but firms should follow the ISSA in line with respective jurisdiction laws.



The ISSA is a proposed set of standards for assurance engagement on sustainability information, creating a framework for practitioners to evaluate a firm against suitable criteria to provide greater transparency and reporting standards for informed decision-making capabilities.

[Understanding International Standard on Sustainability Assurance 5000 | IAASB](#)



# Transition Plan Taskforce (TPT)

<b>Purpose</b>	The TPT offers comprehensive guidelines and standards for businesses to develop and disclose their transition strategies to closely align with the UK's goal of becoming a net-zero financial centre complementing/building upon the IFRS S1&S2 and components identified by GFANZ.
<b>Audience</b>	UK based Companies, Suppliers (for information documentation).
<b>Where to Report</b>	General purpose financial reports– Eventually it would be good practise (though not required) to publish it in a standalone document.
<b>Focus Areas</b>	Environmental, Social & Governance
<b>Information to Report</b>	<ul style="list-style-type: none"> <li>• <b>Environmental:</b> Disclosures must explain whether and how the company is applying a carbon price in decision-making and the price for each metric tonne of ghg emissions in accordance with the Greenhouse Gas Protocol: A corporate Accounting and Reporting Standard (2004).</li> <li>• <b>Social:</b> Disclosures must explain the policies and practises for firm workforces, social impact under element 2.3 and risk and opportunity in their value chain defined under Strategic Ambitions.</li> <li>• <b>Governance:</b> Companies must disclose any target it has set required by law or regulation and how the targets reflect Strategic Ambition, Implementation and Engagement strategy listed under sub-element 4.1 a.</li> </ul>
<b>Prescriptive or Flexible</b>	Prescriptive
<b>Sector Focus</b>	Agnostic
<b>Required by Law? Scope?</b>	No – It is currently (as of recent developments) voluntary, however with the mandate until July 31 <sup>st</sup> with potential extensions, it is likely it could eventually be. There is also a strong chance the FCA will incorporate some elements into their disclosure requirements (SDR).



The Transition Plan Taskforce (TPT) report aims to improve the consistency and quality of climate-related transition plans. It addresses challenges such as greenwashing by providing a framework for finance and the real economy to disclose their climate-related transition plans.

[TPT\\_Disclosure-framework-2023.pdf](https://transitiontaskforce.net/TPT_Disclosure-framework-2023.pdf)  
([transitiontaskforce.net](https://transitiontaskforce.net))

**TPT**



Making  
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