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ESG & Sustainability reporting evolution

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ESG & Sustainability Reporting

What is happening?

A number of sustainability accounting frameworks have evolved to improve standardized disclosure of environmental, social, and governance (ESG) information

With the constant increase of regulations concerning corporate ESG data reporting, it becomes increasingly important for businesses to report on those topics. Even though ESG reporting is not yet mandatory in all countries, an increasing number of companies disclose this information voluntarily since they've recognised the importance of communicating their business strategy and the impact their business has on our planet. In fact, since July 2020 about 90% of the companies in the S&P 500 have already created annual ESG reports and made it a standard.

Nonetheless, from 2023 onwards, more companies will actually be obliged to publish sustainability information.

The CSRD, in line with the SFRD and the European taxonomy, is a key component of the European legislative and regulatory framework. It both serves the European Union's sustainable development objectives.

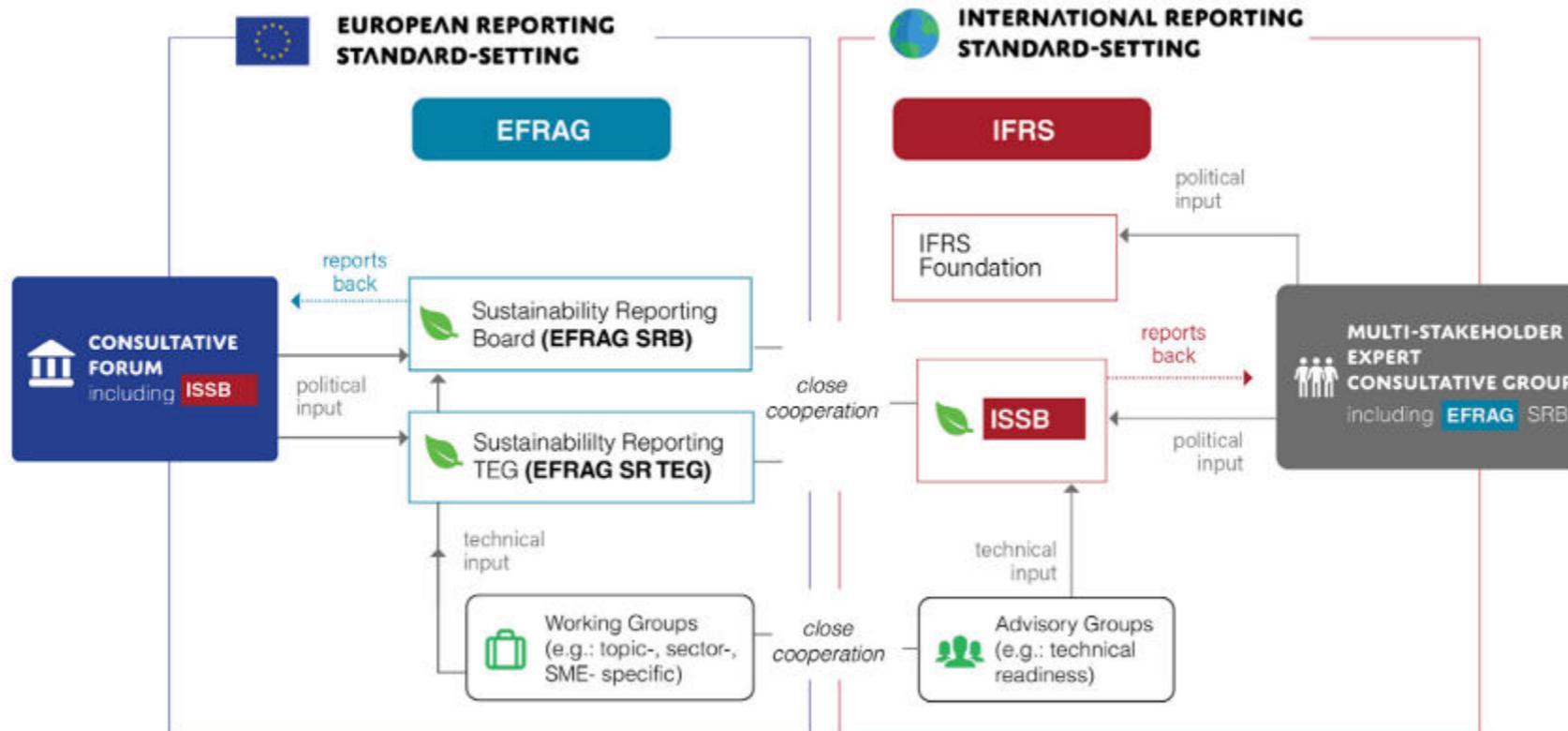


The European Commission (EC) issued on 21 April 2021 a proposal for a Corporate Sustainability Reporting Directive (CSRD). The proposal introduces a requirement for companies in scope to apply European sustainability reporting standards based on the double materiality principle.

European or International?

The European Financial Reporting Advisory Group (EFRAG) has been invited to start developing these standards for the EC, which will adopt them via delegated acts.

A first set of standards should be ready by 31 October 2022, and a second one by 31 October 2023. EFRAG is currently consulting on the due process procedures on EU sustainability reporting standard-setting.

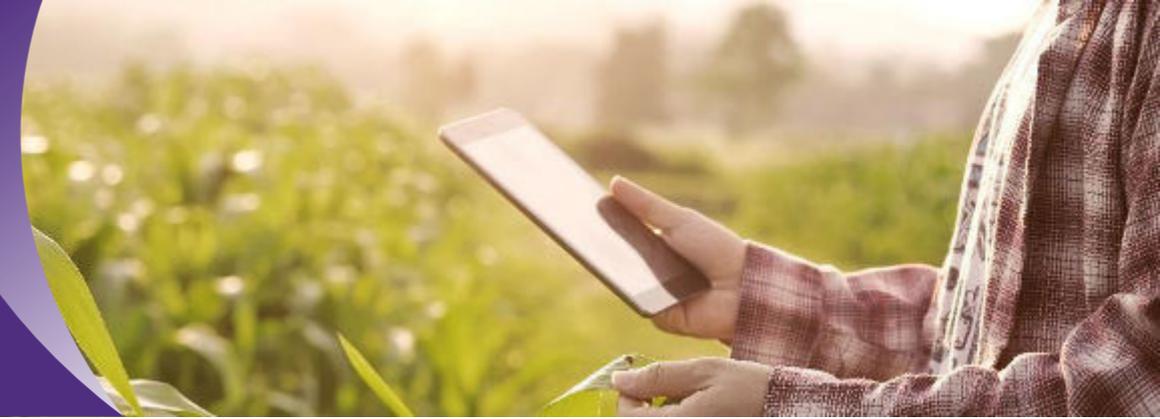


In parallel, the International Financial Reporting Standards (IFRS) Foundation is proposing changes to its Constitution to accommodate the creation of an International Sustainability Standards Board (ISSB). The key sustainability reporting standard bodies at the IFRS Foundation level will be the:

- ISSB, to develop sustainability reporting standards material to enterprise value
- Multi-stakeholder Expert Consultative Group.
- Technical Readiness Working Group.

ESG & Sustainability Reporting

The most well-known guidelines



Network Hellas

Submitting an annual Communication on Progress (CoP) is at the heart of the company's commitment to the UN Global Compact and provides valuable information to its stakeholders. The overall format of a CoP is flexible and CoPs can be prepared in any language as long as they meet the minimum requirements.



GRI is the independent, international organization that helps businesses and other organizations take responsibility for their impacts, by providing them with the global common language to communicate those impacts. It provides the world's most widely used standards for sustainability reporting – the GRI Standards, which are available as a free public good.



AccountAbility

AccountAbility's AA1000 Series of Standards are principles-based frameworks used by global businesses, private enterprises, governments, and other public and private organizations to demonstrate leadership and performance in accountability, responsibility, and sustainability.

AccountAbility is recognized as a Framework Developer in the [World Economic Forum's ESG Ecosystem Map](#), acknowledging the impact of the AA1000 Series of Standards in advancing large-scale, integrated, and focused ESG change.

The new COP report



United Nations
Global Compact

Need for improved COP reporting

Since the last version of COP (2010) there have been monumental changes. The current format is unable to clearly and properly demonstrate the participants' progress on the SDGs.

Streamlining the process of COP

The launch of a new digital platform available starting in 2023 will involve:

- Submission of an electronic statement by the Chief Executive Officer expressing support for the UN Global Compact
- Responding to the Communication on Progress Questionnaire

Notable changes

- Introducing a universal submission period (February through May of each year)
- Reducing the “non-communication period” from twelve to six months

The new approach to COP reporting is expected to help participants:



The new GRI Standards (2021)



The revision of the Standards aims to:

-  Encourage more relevant and comprehensive reporting
-  Embed mandatory human rights-related disclosures
-  Integrate reporting on due diligence
-  Provide greater clarity on GRI key concepts, reporting principles and disclosures
-  Drive consistent application
-  Clarify approaches for using GRI Standards and demonstrating compliance

Standards for greater transparency on impacts than ever before

The launch of the **revised GRI Standards** came in response to feedback from stakeholders demanding greater transparency.

Main revisions

The key points of revision were focused on:

- ▶ Abandonment of “Core” and “Comprehensive” reporting options – replaced by a **single format**
- ▶ Former GRI 102 disclosures are **all now mandatory**
- ▶ Revised approach to **determining materiality** of topics – incorporating the concept of due diligence
- ▶ Raised bar for **human rights reporting** – now three mandatory disclosures address human rights
- ▶ Increased focus on **impact reporting** – new requirements to report the impacts and actions taken
- ▶ Introduction of sector-specific standards – plan to develop about **40 Sector Standards**

The revised Universal Standards are aligned with: the UN Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises, the OECD Due Diligence Guidance for Responsible Business Conduct and the ICGN Global Governance Principles.

Source: GRI Standards Update: What's Coming? And What Does It Mean for Reporters? – sustainerv.com

The new COP report questionnaire



United Nations
Global Compact

E1. Does the company have a formal policy on the following environmental topics?

Linked to: CDP C4.1 2021, CDP F6.1 2021, CDP W6.1 2021; GRI Disclosure 3-3-c (2021) for topics GRI 303 (2018), GRI 304 (2016), GRI 305 (2016), GRI 306 (2020), GRI 302 (2016), and GRI Disclosure 201-2-a-iv (2016)
(Matrix – Select one answer option per line)

Environmental Topics:	No, and we have no plans to develop a policy	No, but we plan to in the next two years	Yes, included within a broader policy [Prompts E1.1]	Yes, articulated as a stand-alone policy [Prompts E1.1]	Not applicable (Please provide additional information) [Makes text box mandatory]	Year policy was last updated (YYYY)
Climate Action	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	—
Water	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	—
Oceans	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	—
Forests / Biodiversity / Land Use	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	—
Air Pollution	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	—
Waste (e.g., chemical spills, solid waste, hazardous, plastic, etc.)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	—
Energy & Resource Use	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	—

The new questionnaire will contain 5 sections:

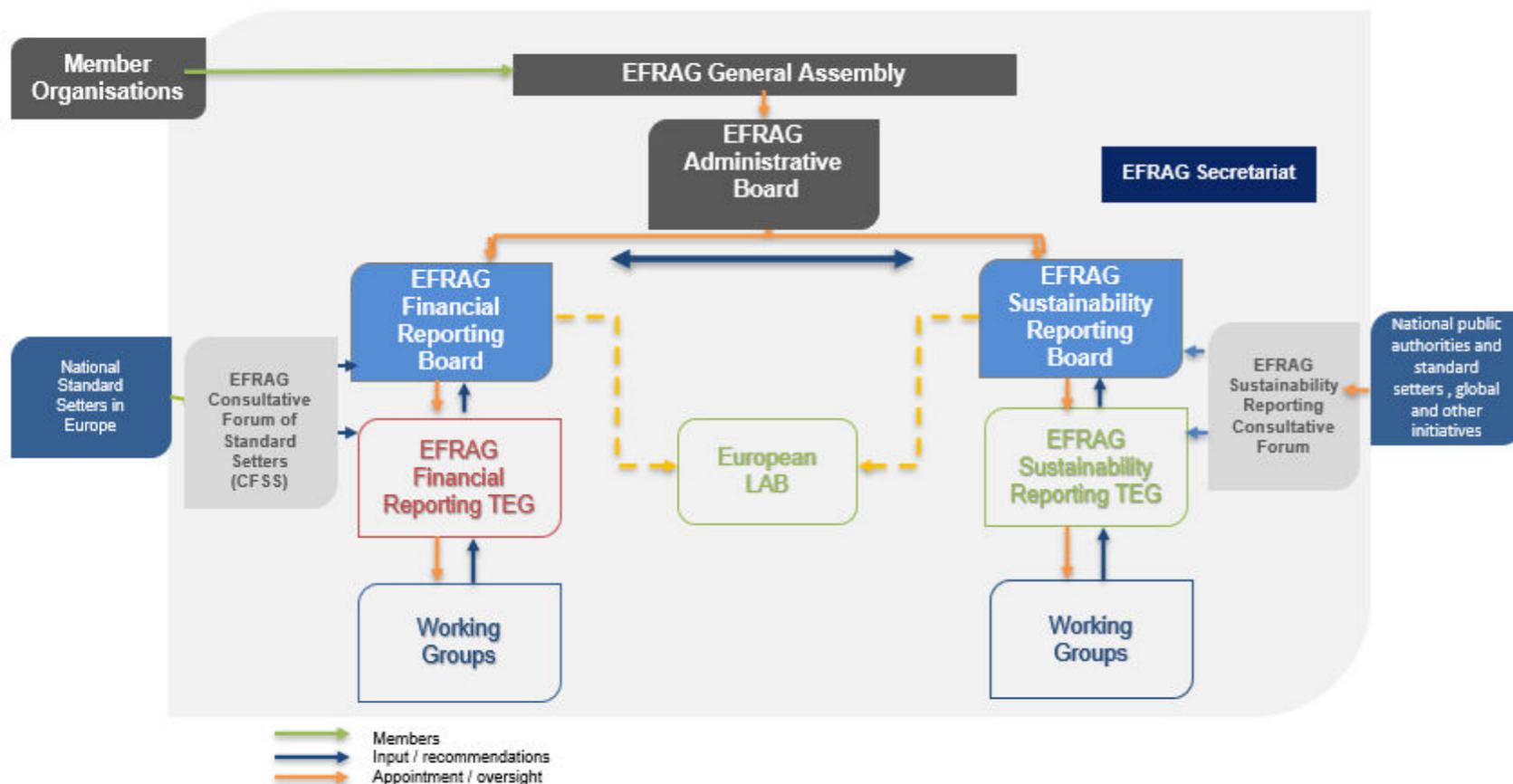
1. Governance
2. Human Rights
3. Labour
4. Environment
5. Anti-Corruption

Please provide link, upload the document and/or provide additional explanation: _____

EFRAG

EFRAG's role is to ensure that International Financial Reporting Standards are responsive to European needs and concerns. EFRAG consults publicly with all stakeholders that have an interest in financial reporting to develop evidence-based understanding about specific European circumstances.

EFRAG'S ORGANISATION CHART



The sustainability reporting standard-setting work is carried out on a project basis by the **Project Task Force on European Sustainability Reporting Standards (PTF-ESRS)**.

The PTF-ESRS entered into **cooperation agreements with GRI, Shift and WICI** and had meetings with the IFRS Foundation's Technical Readiness Working Group.

In March 2022, PTF-ESRS published 4 more **working papers on its sustainability reporting standards: Working conditions, Equal opportunities, Governance, risk management and control and Business conduct.**



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