



ESG and non-financial reporting: good and bad news

June 2022



About us

- International environmental consulting company ELLE (Estonian, Latvian & Lithuanian Environment) founded in 1998 by a group of environmental professionals from the three Baltic countries.
- By now ELLE brand unites a group of three enterprises in the **three Baltic countries**, **employing more than 50 highly professional staff.**

Our experience



Clients



Our services in most relevant fields

**Financial sector
consulting**

**Climate change
and GHG
calculations**

**Environmental
Impact Assessment
(EIA)**

**Preparation of
applications for
permits for
polluting activities**

**Environmental
management
systems**

**Non-financial
reporting**

PLATĪNS

PAR ILGTSPĒJĀ. Visa kara/valsts kāroja pēc platīna gredzena - kurš to iegūtu, kļūtu neuzvarams. Tomēr tikai viedie zināja, ka šis gredzens nav iegūstams vienkārši. Ceļš pie tā ir ilgs un izaicinājumiem pilns. Un ne katrs, kas reiz to ieguvīs, spēs to noturēt mūžīgi. Tie, kuriem gredzens pieder vēl šobaltdien, apveltīti ar īpašām zināšanām par lietu un pasaules kārtību un izpratni par lielo atbildību, kuru gredzens iemieso.



ZELTS

PAR PĀRLIECĪBU. Ābeli, kas nes zeltainus augļus, uzlūkoja jo daudzi. Cauri vienpadsmit saules rītiem vien diviem gribētājiem bija izdevies plūkt šos zelta ābolus ar pirmo mēģinājumu. Ābolu īpašniekiem bijis jāpierāda sevi caur sevišķu dzīvesziņu, un jāvelta pūles, nesnaužot uz veciem lauriem.



SUDRABS

PAR IZAUGSMI. Sudraba avots plūda strauji. Pie avota veldzēties steidzās daudzi - gan tādi, kas tālu ceļu mērojuši, gan tādi, kas pīsteigušies klāstu no tuviņas. Bet tomēr - pie avota satiksi vien tos, kas tur nonākuši mērķtiecīgi. Ceļš prasa savu artavu, ar apņēmību vien nepietiek, solis jāliek spēji.

Institute for Corporate social responsibility (InCSR)

- **Mission:** strengthen regional sustainable development and international competitiveness
- **One of the co-founders:** ELLE
- **Established:** 2011
- **Action fields:** education, benchmarking



What is it all about?



Bad news?



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UN News

Global perspective Human stories

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UN climate report: It's 'now or never' to limit global warming to 1.5 degrees



© UNICEF/Sebastian Rich | A young boy collects what little water he can from a dried up river due to severe drought in Somalia.

4 April 2022 | Climate and Environment



<https://news.un.org/en/story/2022/04/1115452>

Bad news?

FINANCIAL TIMES


US COMPANIES TECH MARKETS CLIMATE OPINION WORK & CAREERS LIFE & ARTS HTSI

Your guide to a disrupted world

DWS Group + Add to myFT

German police raid DWS and Deutsche Bank over greenwashing allegations

Asset manager accused of misleading investors about ESG factors in its financial products



Approximately 50 officers arrived at the DWS premises and Deutsche Bank's twin towers in downtown Frankfurt mid-morning © Alex Kraus/Bloomberg

<https://www.ft.com/content/ff27167d-5339-47b8-a261-6f25e1534942>

“According to a 2019 Edelman’s Trust Barometer Special Report, a mere 34% of consumers trust the brands they purchase from. To compound this concern, the report also indicates that **81% of consumers think this lack of trust could be a deal-breaker in their purchase decisions.**”

<https://greenbusinessbureau.com/business-function/marketing-sales/how-to-avoid-greenwashing-a-businesses-guide-for-sustainable-marketing/>



Bad news?

The number of environmental, social and corporate governance (ESG) regulations and standards globally has nearly doubled in the last five years. Accompanying this rise are various reporting frameworks led by the “Group of Five” standard setting organizations.¹ In addition, there are **currently over 600 ESG reporting provisions** globally, with many having differing interpretations of sustainability.

“At the moment, it is estimated that over **500 formal and informal sustainability reporting standards** and frameworks exist, depending on industry, location and the issue(s) covered.”

Bad news?

Global reporting initiative (GRI)



Standards ▾ How to use the GRI Standards ▾ Reporting support ▾ Public policy & partnerships ▾ About GRI ▾ MyGRI

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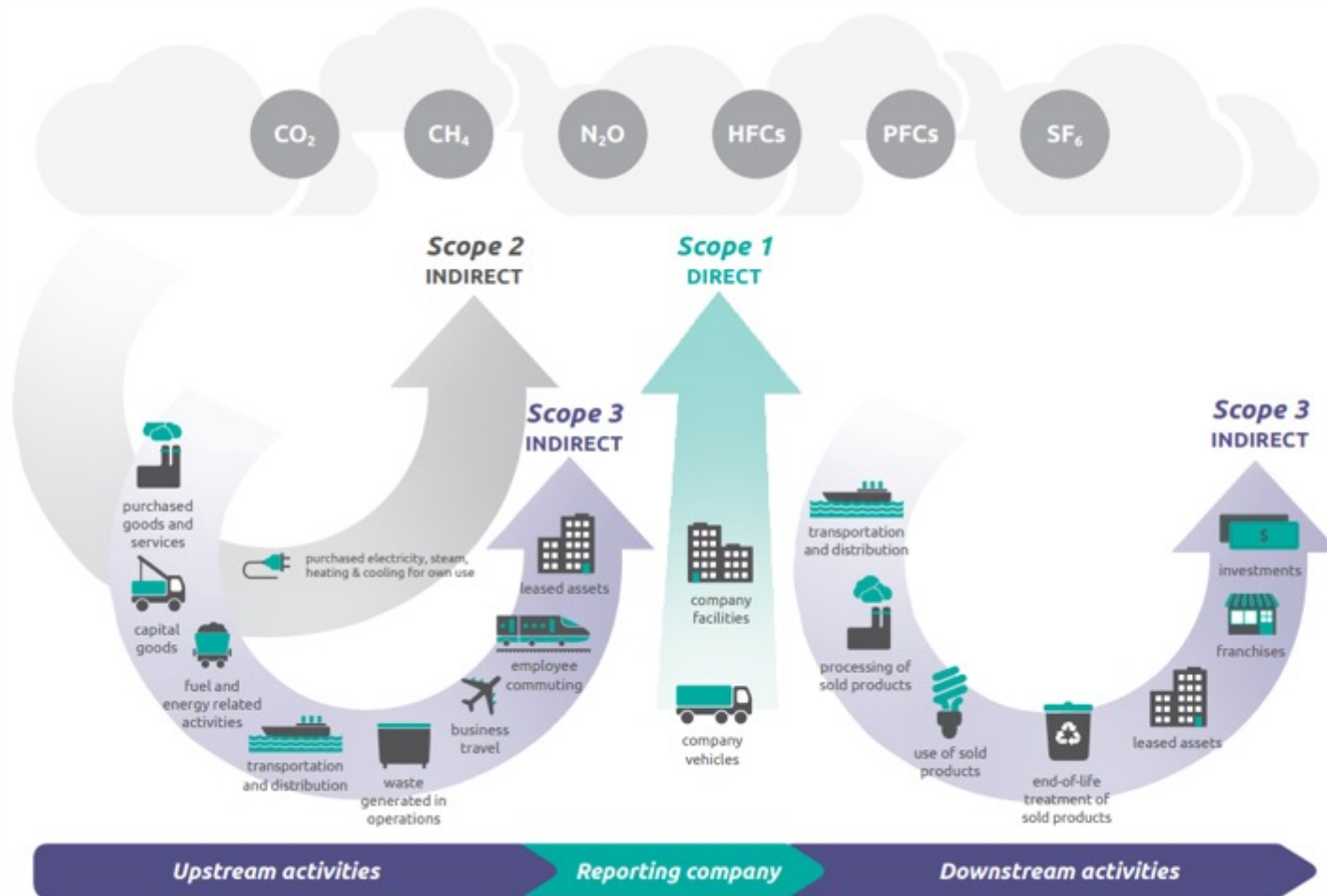
File resource ^	Category ▾	Type	Language	Publ. Date ▾
GRI 1: Foundation 2021	GRI Standards	pdf	English	05 Oct 2021
GRI 2: General Disclosures 2021	GRI Standards	pdf	English	05 Oct 2021
GRI 3: Material Topics 2021	GRI Standards	pdf	English	05 Oct 2021
Consolidated Set of the GRI Standards 2021	GRI Standards	pdf	English	15 Mar 2022
Full set of GRI Standards 2021 - English	GRI Standards	pdf	English	15 Mar 2022
GRI 11: Oil and Gas Sector 2021	GRI Standards	pdf	English	05 Oct 2021
GRI 12: Coal Sector 2022	GRI Standards	pdf	English	15 Mar 2022
GRI 201: Economic Performance 2016	GRI Standards	pdf	English	10 Oct 2016

<https://www.globalreporting.org/how-to-use-the-gri-standards/gri-standards-english-language/>



Bad news?

GHG Reporting Scope 1, 2 & 3



Bad news?

Happening right now: GHG Reporting for financial institutions (and others)

List of sectors with required scope 3 emissions inclusion as defined by the EU Technical expert group on sustainable finance (TEG)

Phase in period	NACE Level 2 (L2) sectors considered
From 2021	At least energy (oil & gas) and mining (i.e., NACE L2: 05-09, 19, 20)
From 2024	At least transportation, construction, buildings, materials, and industrial activities (i.e., NACE L2: 10-18, 21-33, 41-43, 49-53, 81)
From 2026	Every sector

Bad news?

The Greenhouse Gas Protocol



A Corporate Accounting and Reporting Standard
REVISED EDITION



World Economic Forum
Sustainable Development



WORLD
RESOURCES
INSTITUTE



GREENHOUSE
GAS PROTOCOL

Corporate Value Chain (Scope 3) Accounting and Reporting Standard

Supplement to the GHG Protocol Corporate
Accounting and Reporting Standard



WORLD
RESOURCES
INSTITUTE



wbcd



The GLOBAL GHG ACCOUNTING & REPORTING Standard FOR THE FINANCIAL INDUSTRY

PCAF
Partnership for
Carbon Accounting
Financials



Bad news?

Corporate sustainability reporting

Under Directive 2014/95/EU, large companies have to publish information related to

- ✓ environmental matters
- ✓ social matters and treatment of employees
- ✓ respect for human rights
- ✓ anti-corruption and bribery
- ✓ diversity on company boards (in terms of age, gender, educational and professional background)
- ***currently apply to large public-interest companies with more than 500 employees (incl. listed companies, banks, insurance companies, other companies designated by national authorities as public-interest entities)***



On 21 April 2021, the Commission adopted a proposal for a Corporate Sustainability Reporting Directive (CSRD), which would amend the existing reporting requirements of the NFRD:

- ***all large companies and all companies listed on regulated markets*** (except listed micro-enterprises)
- requires the audit (assurance)
- **mandatory EU sustainability reporting standards**
- requires companies to digitally 'tag' the reported information

Good news?



- Setting up a management system might be challenging but a well-structured systems runs smoothly afterwards (more or less on its own)

Good news?

It's useful for:

- Building trust
- Complying with legal and 3rd party requirements
- Measuring to manage
- Setting science-based targets (SBTs)
- Designing strategies to reach the targets
- Implementing concrete actions to achieve the targets
- Reputation
- Improving efficiency and saving money
- Etc....



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