

Environmental, social and corporate governance (ESG) management and non-financial reporting as part of sustainable development

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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>



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WE COOP

EU – Central Asia Cooperation on
Water – Environment – Climate Change



Stantec



ACTED

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KREDIT

This project is implemented by the consortium led by Stantec, with ELLE (Estonian, Latvian & Lithuanian Environment), ACTED, and Kommunal Kredit Public Consulting as the consortium partners.

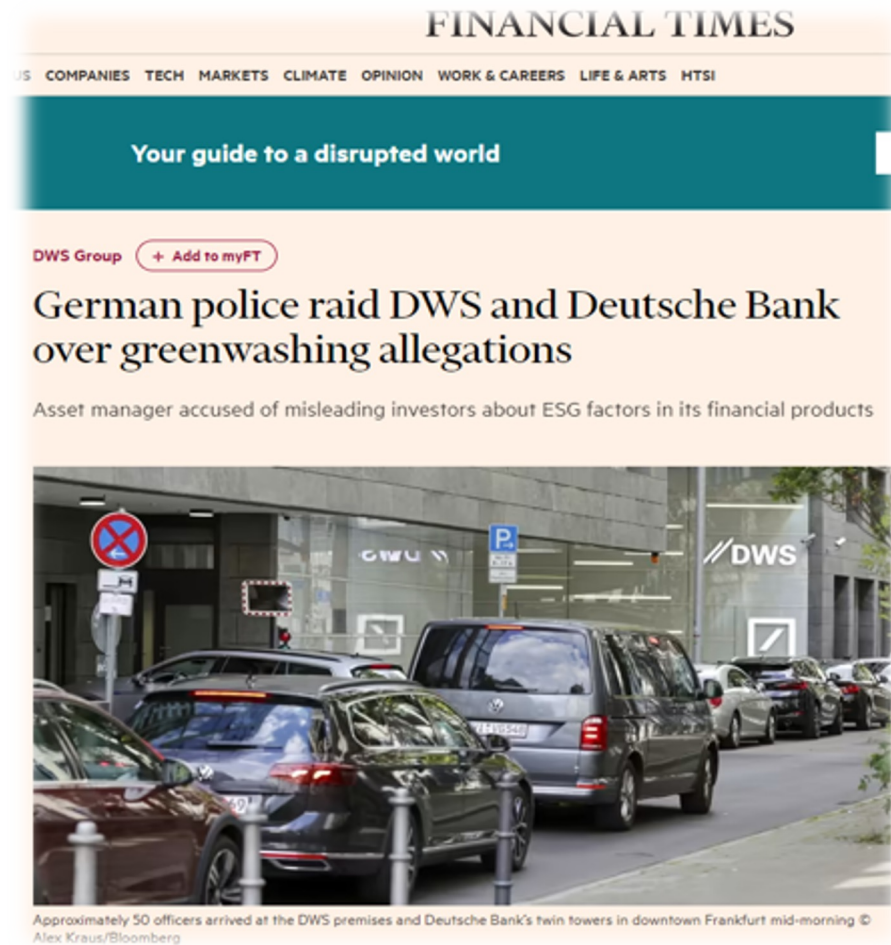
«Green» or «greenwashing»?

- Greenwashing is the process of conveying a false impression or misleading information about how a company's products are environmentally sound.
- Greenwashing involves making an unsubstantiated claim to deceive consumers into believing that a company's products are environmentally friendly or have a greater positive environmental impact than they actually



Images: <https://eluxemagazine.com/culture/articles/greenwashing/>
<https://genv.org/green-washing/>
<https://mindseteco.co/greenwashing/>

«Green» or «greenwashing»?



<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/>

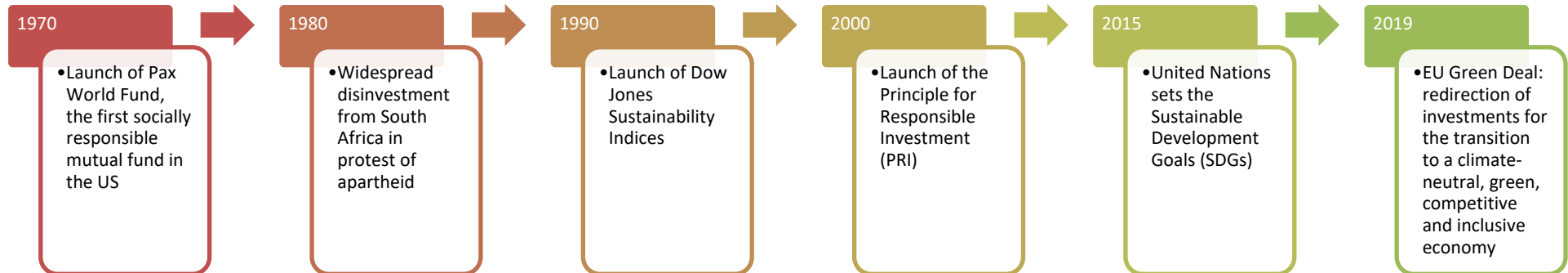
ESG: what is it all about?



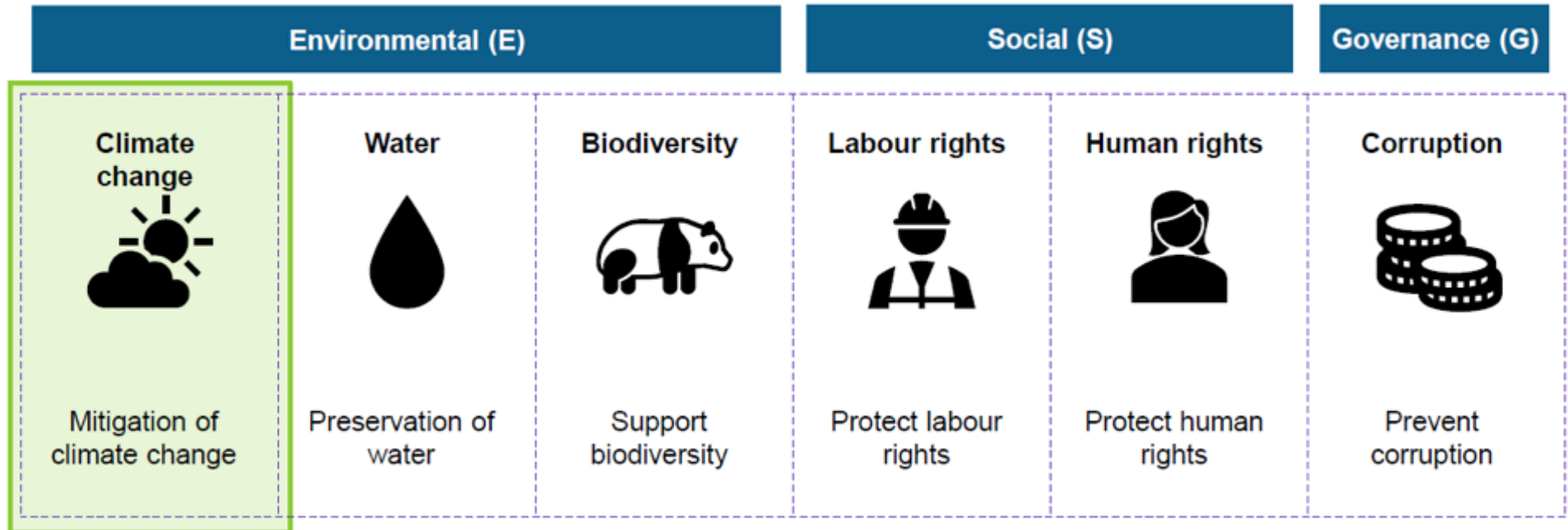
Responsible investment background

ESG integration into Investment decision is starting to become Mainstream

Responsible investing is not a new concept. The approach has evolved from a focus on social and ethical issues to a broader scope, including environmental, social and governance (ESG) factors.



Key aspects of ESG



Source: SEB group – ESG discussion

Reporting? But how?

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 **600 formal and informal sustainability reporting standards** and frameworks exist, depending on industry, location and the issue(s) covered.”

https://assets.ey.com/content/dam/ey-sites/ey-com/en_gl/topics/sustainability/ey-the-future-of-sustainability-reporting-standards-june-2021.pdf

[https://www.bdo.global/en-gb/insights/global-industries/sustainability/sustainability-frameworks-a-snapshot#:~:text=At%20the%20moment%2C%20it%20is,the%20issue\(s\)%20covered.](https://www.bdo.global/en-gb/insights/global-industries/sustainability/sustainability-frameworks-a-snapshot#:~:text=At%20the%20moment%2C%20it%20is,the%20issue(s)%20covered.)

Reporting? But how?

Consistency with recognized reporting systems and standards Companies are encouraged to disclose information in accordance with generally accepted reporting standards and frameworks to maximize comparability for their stakeholders.

Key Performance Indicators

Companies must disclose key performance indicators that are relevant to their specific business. They should consider using indicators to support their other climate-related disclosures, such as those related to outcomes or key risks and their management, and to enable aggregation and comparability across companies and jurisdictions.

In order to receive funding, companies must disclose the metrics and targets a company uses to assess climate-related risks and opportunities, consistent with their strategy and risk management processes. Reliability and quality of data is a key element for obtaining finance.

Reporting? But how?

Key Performance Indicators

KPI 1 Direct greenhouse gas emissions from sources owned or controlled by the company (domain 1)

KPI 2 Indirect greenhouse gas emissions from the production of purchased and consumed electricity, steam, heat or cooling (domain 2)

KPI 3 All indirect greenhouse gas emissions (not included in scope 2) that occur in the reporting company's product chain, including both upstream and downstream emissions (scope 3)

KPI 4 Absolute GHG Emissions Target

KPI 5 Total energy consumption and/or energy production from renewable and non-renewable sources

KPI 6 Energy Efficiency Goal

KPI 7 Percentage of turnover in the reporting year from products or services associated with activities that meet criteria to significantly contribute to climate change mitigation or adaptation, as specified in the Taxonomy

KPI 8 Proportion of climate-related Green Bonds. Total Green Bonds Outstanding (Year-End) Divided by (5-Year Moving Average) Total Bonds Outstanding

KPI 9 Industry-Specific Metrics

KPI 10 Indicators on human capital and social issues such as training and hiring

KPI 11 Opportunity-related metrics, such as revenue from low-carbon products, revenue from circular products or services, R&D, innovation, pilot projects

Reporting? But how?

One of the most famous is the carbon reporting project (*The Carbon Disclosure Project – CDP*, <https://www.cdp.net/en>), in existence since 2000. The project database is currently the most important source of climate change data for the global market. The CDP Electronic Carbon Reporting Database is the world's largest registry containing the most comprehensive information on corporate greenhouse gas emissions and corporate climate change strategies.

The most common standards and recommendations are:

Global Reporting Initiative (GRI)

Task Force on Climate-Related Financial Disclosure (TCFD)

Climate Disclosure Standards Board (CDSB)


Sustainability Accounting Standards Board (SASB)

International Integrated Reporting Council (IIRC)

EU Environmental Management and Audit Scheme (EMAS).

Reporting? But how?

Global reporting initiative (GRI)

 Standards ▾ How to use the GRI Standards ▾ Reporting support ▾ Public policy & partnerships ▾ About GRI ▾ MyGRI <input type="text" value="Search"/>				
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/>

Good news

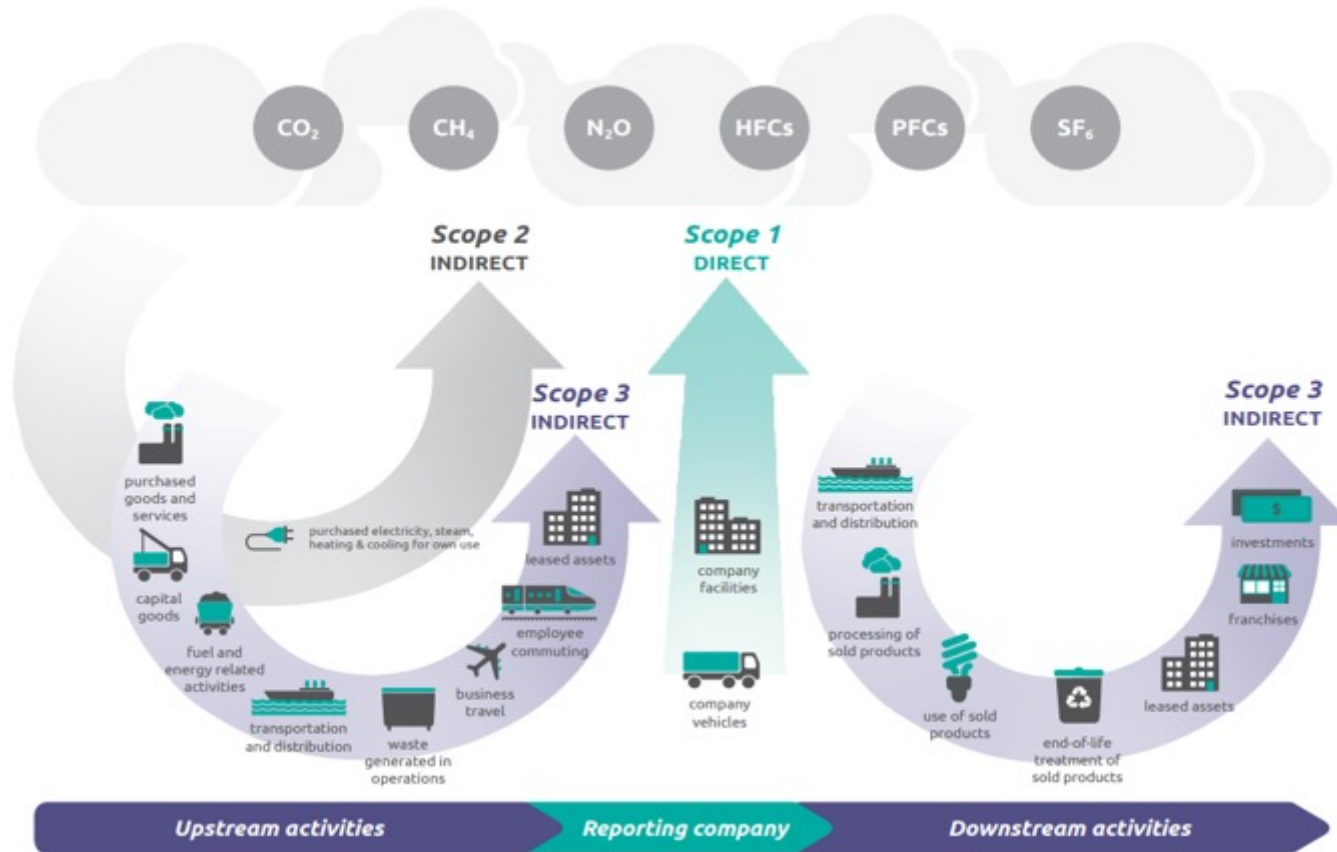
On 10 November 2022, the European Parliament adopted for a Corporate Sustainability Reporting Directive (CSRD), which would amend the existing reporting requirements of the NFRD:

- ***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



Bad news?

GHG Reporting Scope 1, 2 & 3



https://ghgprotocol.org/sites/default/files/standards/Corporate-Value-Chain-Accounting-Reporting-Standard_041613_2.pdf

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

<https://carbonaccountingfinancials.com/files/downloads/PCAF-Global-GHG-Standard.pdf>

PAR ILGTSPĒJĀJU. Visa karaļvalsts kāroja pēc platīna gredzena - kurš to iegūtu, kļūtu neuzvarams. Tomēr tikai viena zināja, ka šis gredzens nav iegūstams vienkārši. Ceļš pie tā ir lgs un izaicinājumiem pilns. Un ne katrs, kas reiz to ieguvis, spēšs to nosūtīt mājās. Tie, kuriem gredzens pieder vēl šodien, apvērš ar īpašām zināšanām par lietu un pasaules kārtību un izpratni par lielo atbildību, kuru gredzens iemēso.



ZELTS

PAR PĀRSLIECĪBU. Ābeli, kas nes zeltainus augļus, uzskatīja jo daudzi. Cauri vienpadsmit saules rītiem vien diem prātājiem bija izdevies plūkt šos zelta ābolus ar pirmo mēģinājumu. Ābolu īpašniekiem bija jāpierādīja sevi caur sevišķu drošību, un jāvelta pūles, nesaužot uz viediem lauriem.



SUDRABS

PAR IZAUGSMI. Sudraba avots plūda strauji. Pie avota veidošies stridzājs daudz - gan tādi, kas tālu ceļu mērojuši, gan tādi, kas piesteigušies kļūst no tuviņas. Ēst tomēr - pie avota satiek 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



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....

<https://www.vvd.gov.lv/lv/jaunums/pec-katlu-maju-testesanas-vvd-secina-vairums-testeto-iekartu-piesarno-gaisu-un-neepektivi-razo-siltumu>

Pēc katlu māju testēšanas VVD secina – vairums testēto iekārtu piesārņo gaisu un neefektīvi ražo siltumu

Atskanot tekstu

Publicēts: 27.05.2022.



Vairums iedzīvotāju nākamo apkures sezonu gaida ar bažām, ņemot vērā globāla mēroga notikumus, pastāv aizdomas, ka siltumenerģijas cenas kāps. Šajā situācijā liela nozīme ir katlu māju darbības efektivitātei. Ar mērķi novērtēt katlu māju ietekmi uz gaisa kvalitāti, Valsts vides dienests (VVD) īsteno sadedzināšanas iekārtu valsts kontroles programmu. Iekārtu testēšanas rezultāti ļauj secināt, ka degšanas režīms katlu mājās tiek slikti regulēts, pārsniegtas dažādu ķīmisko vielu robežkoncentrācijas, kā arī nenotiek efektīva siltuma ražošana.



Thank you!

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