


Webinar Report

EuropeanIssuers Capital Markets Webinar Series: ESG: How to Improve the Value of the ESG Disclosure?



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EuropeanIssuers Capital Markets Webinar Series

ESG: How to Improve the Value of the ESG Disclosure?

29 September 2020

11.00 – 12.00

Webinar Report

Moderator: *Elisabeth Gambert, Director for CSR & International Affairs at AFEP & Co-Chair of EuropeanIssuers Corporate Reporting Working Group*

Speakers:

- *Sirpa Pietikäinen, MEP, EPP, Member of ECON Committee*
- *Tomas Thyblad, Vice President, Head of ESG Solutions, European Markets, Nasdaq*
- *Dr Christine Negrini, CSR Senior Manager, RWE AG*
- *Bertrand Janus, Investor Relations - CSR Reporting Manager, Total*

As ESG reporting requirements are under review, listed companies are continually facing heightened demands for corporate transparency from various stakeholders. Moderated by **Ms Elisabeth Gambert**, the webinar focused on answering questions such as what is the added value of the ESG reporting standards and how can it be improved, what the EU standardisation of non-financial reporting could deliver and how the different interested stakeholders could coordinate their efforts in order to best improve the value of ESG disclosure.

The first panellist, **MEP Sirpa Pietikäinen**, mentioned that in her opinion, the ESG reporting framework should be part of the IFRS, and that it should be global, as financial markets are of global nature. In this context, the EU has the opportunity to become the leading actor in the discussion, and the Taxonomy framework can lay the foundation in the long run for all ESG reporting. MEP Pietikäinen suggested that there is a need for an initiative to have a harmonised data base which could include the calculation of the CO2 emission and consumption of all materials, for example. Lastly, MEP Pietikäinen recognised that while the information and the calculation models are already in place, there is a strong need for consistency between the various instruments and harmonisation in order to create a simplified efficient framework. This is also what EuropeanIssuers has been advocating for, namely the necessity to align all pieces of legislation in order to avoid inconsistencies and

diverging interpretations, as emphasized in the response to the Revision of the NFRD Consultation.¹

Mr Tomas Thyblad recognised the importance of the Taxonomy Regulation in the context, especially with a view to standardisation in the long run. However, Mr Thyblad suggested that self-regulation has been and will be playing a key role when it comes to the developments in the area, despite the limited legislation. In relation to SMEs, it is clear that the reporting requirements would be too cumbersome for them, and thus, focus should be kept on the largest companies. To this end, EuropeanIssuers has been advocating for the need to simplify and avoid the overburdening of SMEs in this area.² As for the role of the stock exchanges, their activities relate a lot to preparing corporates for transformation and for disclosing information to various stakeholders, thus facilitating dialogue and ensuring awareness. To this end, Nasdaq has a number of initiatives, such as the ESG Reporting Guide acting as a practical tool, the ESG Data Portal, as well as adding information about ESG when educating and training listed companies.

From the perspective of preparers, **Dr Christine Negrini** focused on the challenges to optimise the future. To that end, having various different standards at the international level is one of the key challenges especially for international acting companies. At the same time, there are numerous developments with perspective to developing new standards. Dr Negrini mentioned that not all KPIs are meaningful or relevant for all companies to report on, and perhaps a limited set of joint KPIs for all companies would be more useful, with an addition of sector specific supplements. This would not only make certain KPIs comparable, but it will also create a level playing field between companies within one industry.

Mr Bertrand Janus described the process of sustainability reporting from the companies' point of view. While the situation was manageable ten years ago, with the GRI becoming a sustainability reporting standard in France for example, the new initiatives overburdened companies. This is due to the fact that various international, European and national frameworks have been put in place, and each of them added a new layer to what the company had to report on, instead of replacing previous frameworks. The ideal solution would be to have convergence of the numerous standards already available in order to simplify the process for companies when reporting on sustainability.

When it comes to the future EU standards, the panellists agreed that the focus should be on the harmonisation and simplification of the already existing frameworks, instead of the creation of completely new processes. It was unanimously agreed that the EU has the opportunity to take a leading position in this area and create an EU robust standard. A new possible easily accessible data base should be put in place in order to have a centralised point

¹ EuropeanIssuers' response to EC consultation on the Revision of the NFRD, 11 June 2020, available at <http://www.europeanissuers.eu/positions/files/view/5ee259970ae12-en>.

² EuropeanIssuers response to EC consultation on the Renewed Sustainable Finance Strategy, 15 July 2020, available at <http://www.europeanissuers.eu/positions/files/view/5f115bd6b8626-en>.

for all information and calculation metres. However, the new standards are unlikely to be put in place earlier than 2022 in the EU. This will give the opportunity for other frameworks to become more and more used, and will become the leading standards used by the companies. Moreover, applicability of the standards outside the EU is also a concern.

One of the viewers was interested in the importance of the S in the ESG data, as Mr Tomas Thyblad mentioned that there is a shift in focus from the E to the S. To this end, Mr Thyblad clarified that diversity, and how companies are handling staff in a pandemic are just a few examples of how this will become more important, and will create a change in the request and need for data. In relation to the initiatives of the US reporting standards, the advocacy for the use of the SASB standards was mentioned, and it is one of the reasons why the EU should try to promote its own framework.

The webinar also included a number of poll questions which were replied by the viewers. On the question of whether participants see the ESG reporting frameworks being harmonised and standardised in the coming years, a majority of 43% of the respondents believe that that is indeed the case, for issuers having investors and other stakeholders in one region (e.g. Europe), however they believe it won't be the case for issuers with global investors and stakeholders base. At the same time, 40% of the same respondents believe that in this case, within not too long distance there will be a few dominate disclosure frameworks issuers can report on that will serve all significant stakeholders. In a second poll question, a majority of 46% of the respondents believe that by providing practical ESG reporting guides and ESG advisory services, stock exchanges can provide the greatest value of support to issuers. When asked about where they get their ESG information of companies/organisations from, 41% of respondents chose the annual report, while the majority of 55% take it from the sustainability report. Finally, on the question of which initiative will become the commonly accepted ESG reporting standard, the majority of 41% respondents believe that this will be the case with the upcoming EU defined ESG reporting standard.

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We aim to ensure that EU policy creates an environment in which companies can raise capital through the public markets and can deliver growth over the longer term. We seek capital markets that serve the interests of their end users, including issuers.

You can find the EuropeanIssuers positions on this topic in contributions such as the [Renewed Sustainable Finance consultation](#) and the Revision of the [NFRD consultation](#).

For more information, please visit www.europeanissuers.eu.