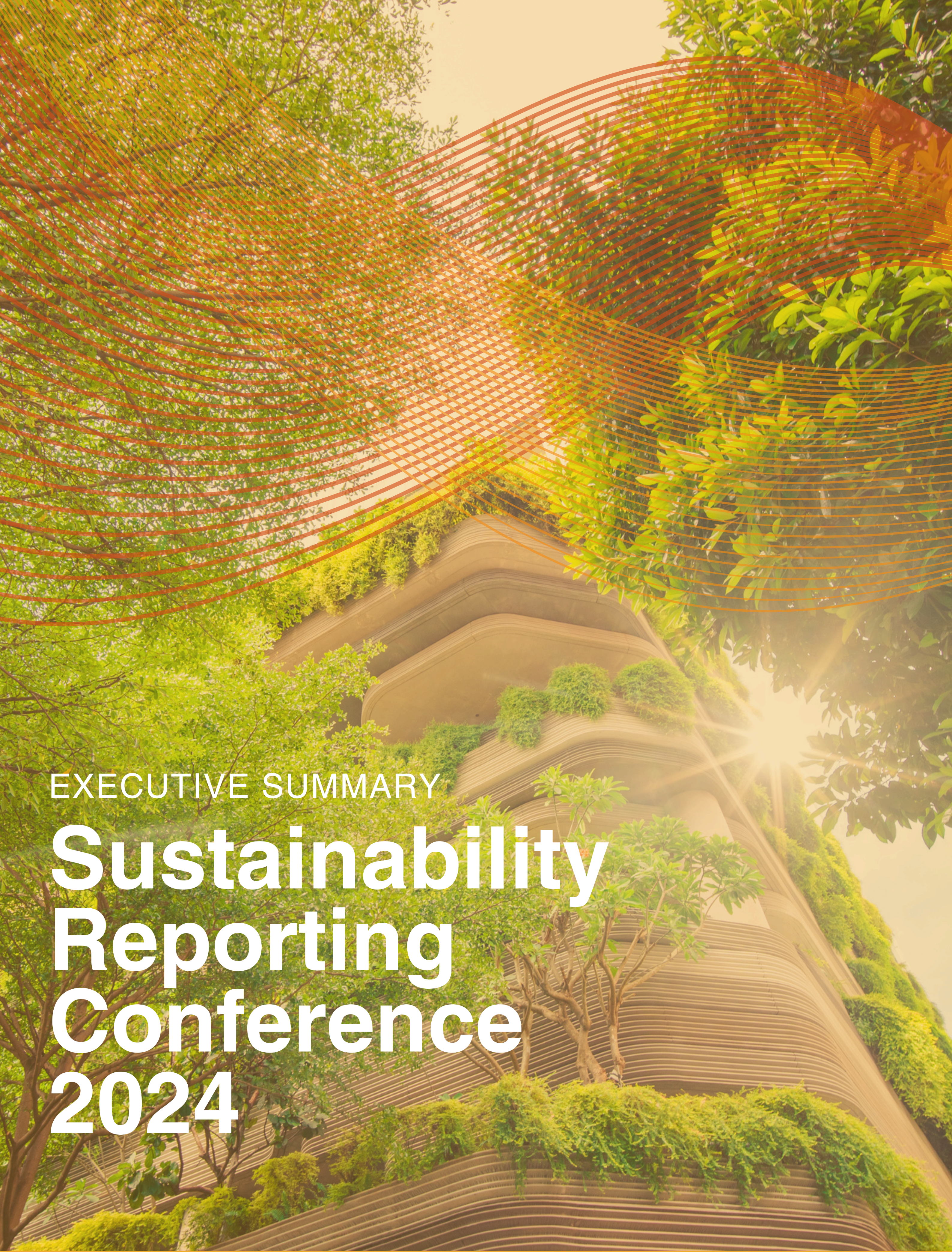


EXECUTIVE SUMMARY

Sustainability Reporting Conference 2024

pwc Deloitte. forvis mazars

About the Sustainability Reporting Conference

Since its inception in 2008, EuropeanIssuers has been developing its advocacy and expertise, establishing itself as the pan-European trade association representing publicly quoted companies. In the current context, it has never been more important to place our focus on EU Sustainable Finance legislation. Stricter regulatory and reporting requirements for listed companies may increase the cost of capital and put EU enterprises at a disadvantage when competing globally. Conversely, proportionate and pragmatic ESG requirements can be viewed as a strategic opportunity for companies to enhance their appeal to investors, transforming a mere compliance exercise into a chance for growth.

Moreover, the link between competitiveness and the simplification and implementation of reporting requirements has risen to the top of the EU policy agenda, in light of the numerous Reports by Letta, Draghi, and Noyer.

During this engaging event, EuropeanIssuers provided a cutting-edge and forward-looking perspective on the EU regulatory developments, starting with the CSRD and particularly focusing on the European Sustainability Reporting Standards (ESRS), interoperability between EU and international initiatives, including Transition Plans

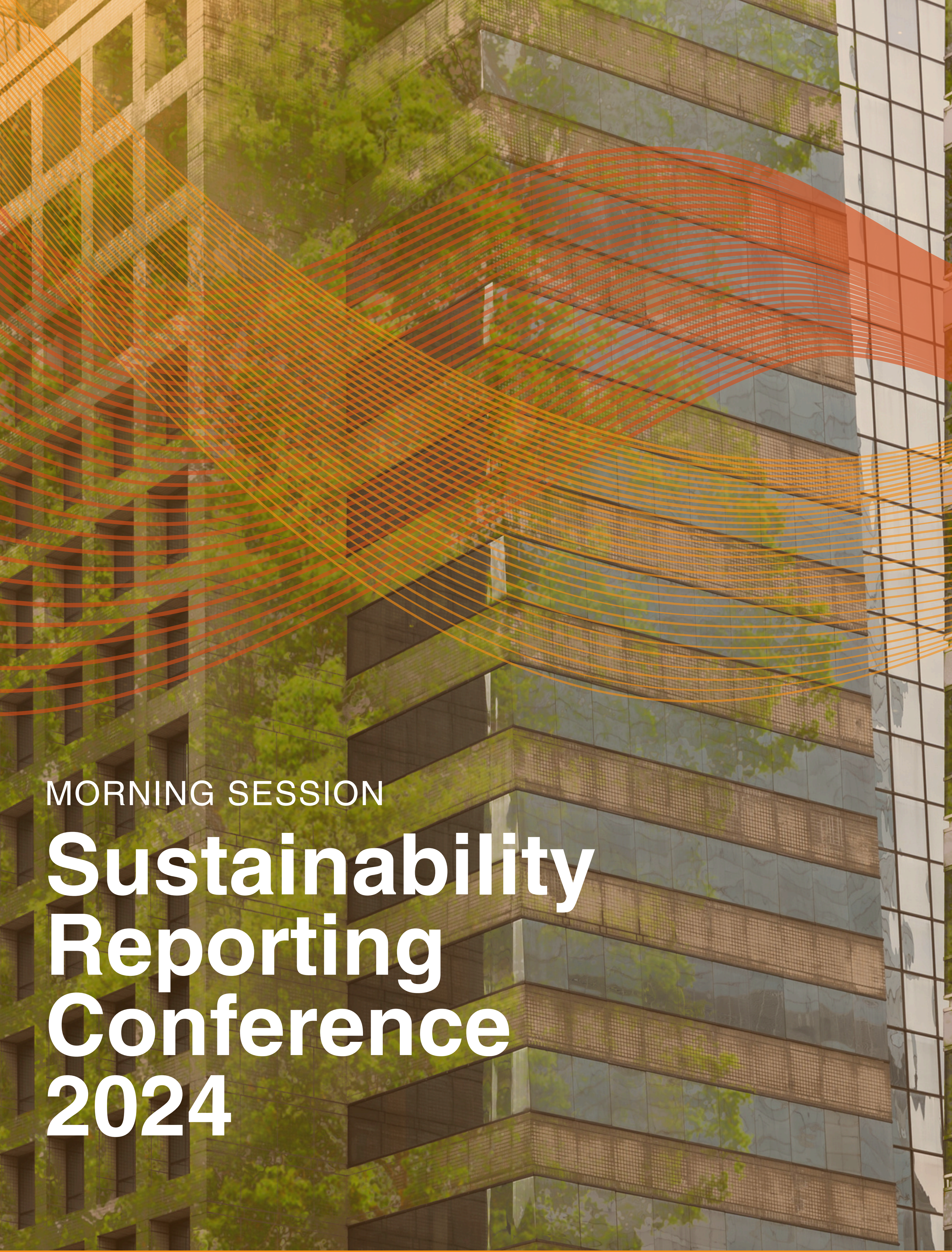
The sustainability reporting conference offered key insights into political and regulatory challenges and opportunities on the horizon.

The forum attracted over 130 specialised and skilled sustainability practitioners and included high-profile speakers from listed companies in various industries, EU institutions and authorities, stock exchanges, investors, and auditors. It brought together high-level industry leaders to discuss key policy areas where alignment between parties is paramount.

To view the biographies of the Speakers, click here.

To view EuropeanIssuers' CSRD Implementation Report, click here.

Take a look at our priorities for 2024-2029.



MORNING SESSION

Sustainability Reporting Conference 2024

Morning Session

Opening Remarks

Luc Vansteenkiste, Chairman, EuropeanIssuers

Opening the second edition of the Conference, Mr Luc Vansteenkiste reflected on the recent entry into force of Set 1 ESRS, a landmark that brought to light the challenges of ESG reporting. Large companies were exposed to extensive requirements, while smaller firms faced the unfamiliar domain of ESG reporting, unsure how to collect and present relevant information. This phase has proven to be a steep learning curve for businesses, auditors, and consultants dealing with differing interpretations of the standards.

The European Commission and EFRAG have cooperated in offering guidance and tools to help prioritise data and fulfil requirements. The development of LSME and sector-specific standards is still underway. The start of data collection in 2024 by larger firms served as a wake-up call across value chains, where participants were often unprepared for requests to provide information. Financial institutions are also navigating frameworks such as SFDR and Taxonomy. The growing importance of ESG highlights that no organisation is unaffected, underscoring its significance in connecting corporate strategies to sustainable growth. Recent analyses point to an urgent need for the EU to revitalise its economy, with ESG representing both a challenge and an opportunity for innovation.

While businesses are not opposed to ESG principles, the debate increasingly focuses on leveraging them to access the resources needed for the transition. the ESRS have inevitably imposed the need for European businesses to rethink their business strategies, and aligning the need for capital with the pursuit of long-term competitiveness and resilience in a more competitive global economy.

> *"Recent analyses point to an urgent need for the EU to revitalise its economy, with ESG representing both a challenge and an opportunity for innovation"*

Morning Session

Keynote Address

Stéphane Boujnah, Chief Executive Officer, Euronext

Mr Stéphane Boujnah highlighted Euronext's strong commitment to ESG, focusing on enhancing the visibility of ESG performance for investors. Euronext has welcomed 160 clean tech companies, collectively valued at €85 billion in market capitalisation.

Initiatives like the single equity prospectus and My ESG Profile tool aim to simplify ESG data interpretation, while ESG reporting guides support smaller companies with limited capacities.

Key trends seen from companies' reports include a rise in the level of reporting, reductions in energy intensity, greater use of renewables, and improved gender balance in management. These changes create significant opportunities for capital investment, aligning investor preferences with evolving ESG priorities. Still, Euronext notices a certain apprehension from companies regarding CSRD, with interrogations over complexity, redundancy, and efficiency of reporting requirements.

In Euronext's view, there is a shared need to refine the purposes of sustainability reporting and demonstrate its value in helping businesses adapt to new stakeholders' demands.

A growing disparity between disclosure obligations for listed and non-listed companies is emerging, with private firms not submitted to the same regulatory constraints as listed companies. This discrepancy may impact listings, especially for SMEs. Boards are challenged to understand extensive sets of datapoints, and call for greater simplicity.

Mr Boujnah noted broader regulatory concerns, suggesting the framework reflects above all post-financial crisis thinking, which is sometimes at odds with today's global competitive dynamics. Simplification, competitiveness, and synchronisation with international norms are key to ensure that Europe's regulatory approach is compatible with the need for greater risk-taking and innovation. Without adjustments, the regulatory environment risks being a hurdle to growth, a contradiction rightly pointed out in the the Letta and Draghi reports.

Panel One

Is the Current Interoperability between EFRAG and ISSB Frameworks Enough to Lead Companies to Efficient Value Creation?

Patrick de Cambourg, Chair, EFRAG Sustainability Reporting Board

Sue Lloyd, Vice-Chair, International Sustainability Standards Board

Annemie Rombouts, Vice-President, FSMA

Verena Ross, Chair, European Securities and Markets Authority

Moderator: Luc Vansteenkiste, Chairman, EuropeanIssuers

Mr Luc Vansteenkiste questioned whether the EU sustainability reporting framework effectively delivers the competitive edge highlighted by Letta and Draghi.

Ms Verena Ross emphasised its dual mention of advancing decarbonisation and boosting competitiveness, noting Europe's leadership in sustainable investing and green bonds issuance. However, the framework's complexity challenges both companies and supervisors, requiring a balance. Ms Ross stressed the importance of global alignment, with ESMA collaborating internationally. Supporting businesses through clear guidance and pragmatism is essential to ensure the framework achieves its overarching sustainability and competitiveness goals.

Mr Patrick de Cambourg reflected on EFRAG's mandate from EU co-legislators, noting that while the framework aligns with its intended purpose, there is scope for adjustment.
The first challenge was that of establishing standards for multinationals and smaller companies just above the SME threshold simultaneously. Concerns among large companies are also focused on sector-specific standards, perceived as an additional burden. EFRAG has supported implementation by publishing guidance, including IG 3, which ensures narrative disclosures are streamlined for comparability and aligned with other EU legislation. Recognising the importance of global alignment, EFRAG supports the ISSB global baseline, stressing the EU must not operate alone. Input is needed to identify where disclosures are excessively demanding, aiming for a balanced and practical approach to sustainability reporting.

Ms Sue Lloyd highlighted investors' demand for sustainability risk and opportunity information, also in the USA. EFRAG and the IFRS Foundation jointly published Interoperability Guidance in 2024 to help companies effectively navigate between ESRS and ISSB Standards. This guidance acts as a filter, ensuring investor-focused information is identified within a broader reporting framework.
Looking ahead, proportionality for companies and usefulness for investors are key priorities. SASB Standards play a role in delivering entity-specific insights, and interoperability should extend to sectoral standards to support investor-focused reporting.
Ms Annemie Rombouts echoed that sustainability should be a key to long-term success.

Panel One

IROs with sustainability topics under the ESRS are a work in progress, requiring dialogue between industry, standard setters, and supervisors to find the right balance. Establishing this alignment is part of an evolving journey that relies on continuous engagement.

Auditors are also on a learning curve and often adopt a conservative approach, reflecting the complexity of the framework.

Mr Vansteenkiste questioned whether the EFRAG framework is sufficiently aligned with international standards.

In response, Mr de Cambourg stressed the importance of avoiding double reporting and highlighted efforts to synchronise the ESRS with GRI Standards, ISSB Standards, and TNFD recommendations. He confirmed that ESRS reporting should align with these frameworks, with a focus on identifying differences to meet investors' expectations. Reporting, he emphasised, is not merely for compliance but a management tool to reflect business model evolution and strategic planning.

Additionally, boards must be able to understand sustainability reports, using them as a basis for decision-making. He also clarified that while value chains cannot be excluded from IROs, a proportionate approach with focused metrics is key.

"Establishing alignment is part of an evolving journey that relies on continuous engagement."

Ms Rombouts noted significant progress in comparability, with the EU aligning with global initiatives covering over 50% of global GDP. She praised the ongoing dialogue between EU and international standards.

Ms Lloyd highlighted the achievement of the interoperability guidance, noting that despite differing timelines at the beginning, progress has been made. However, ensuring full cross-compliance and industry-specific disclosures remains a challenge. Mr Vansteenkiste asked about necessary improvements to the framework to enhance access to capital. Ms Ross highlighted that the sustainability framework extends beyond the ESRS, also addressing SFDR. ESMA aims to simplify investor understanding through clear label categories, common definitions, and recognising that the transition from "brown" to "green" is a gradual process, not binary. While ESAP will improve disclosure availability across the EU, comparability remains a challenge.

On sector standards, Ms Lloyd emphasised the importance of providing investors with industry-specific information on risks and opportunities, noting that each sector has unique factors to consider.

Panel One

A company applying IFRS S1 refers to the SASB Standards in identifying sustainability-related risks and opportunities and associated disclosures. The ISSB has been working to enhance the SASB Standards to support implementation of IFRS S1 and ensure that the SASB Standards continue to be relevant and fit for use by companies in disclosing sustainability-related financial information.

Asked about promoting a level playing field amidst uneven transposition, Ms Rombouts pointed to political changes in 2024 that have caused delays, though the reporting rules are set in the Delegated Act. She praised ESMA's role in supporting supervisory convergence in financial reporting, which should extend also to sustainability reporting. Ms Ross noted that the CSRD’s nature of directive raises questions about the best regulatory approach to reduce legal uncertainty, with alignment activities underway to foster collaboration among national supervisors and share best practices.

Mr de Cambourg concluded by noting issuers' concerns about transposition and the risk of a "reporting strike."

Panel Two

Challlenges and Opportunities in Shaping ESG Data: Ensuring Quality, Reliability, and Accessibility

Mette Kornvig, Head of Sustainability, Jyske Bank

Jane Moeys, Head of ESG, Euroclear

Emmanuel Thierry, Partner, Head of CSRD Task Force, Forvis Mazars

Véronique Toully, Global Head of Sustainability, UCB

Suhrit Kumar, ESG Solutions Director, Nasdaq

Moderator: Lé Quang Tran Van, Director for Financial Affairs, AFEP

Mr Tran Van raised the challenge of large companies preparing to publish their first sustainability reports, with French companies disclosing around 800 datapoints. He questioned who would utilise such a vast amount of data and how it would be used.

Ms Mette Kornvig responded that the CSRD is beneficial for banks, as more data is welcome in the lending decision process. While some datapoints are already incorporated, others, particularly those related to Transition Plans, will be more easily integrated. The CSRD is expected to streamline the gathering process, saving resources. She also noted that biodiversity is becoming increasingly important for banks and will be incorporated into the lending process. However, for banks, CO2 Scope 3 data may not be as relevant. A key task going forward will be determining what is most important per each sector.

Ms Veronique Toully shared that UCB already uses ESG data to assess organisational performance, with the CSRD enhancing the quality of data, aligning it more to the level of financial reporting. This helps the company better understand its ESG performance and define the strategy, although the board focuses on key data points rather than the entire dataset.
Ms Jane Moeys viewed CSRD reporting as an opportunity to reassess the company's sustainability path. The materiality assessment has facilitated strategic conversations with the board, helping integrate sustainability into the company's future planning.

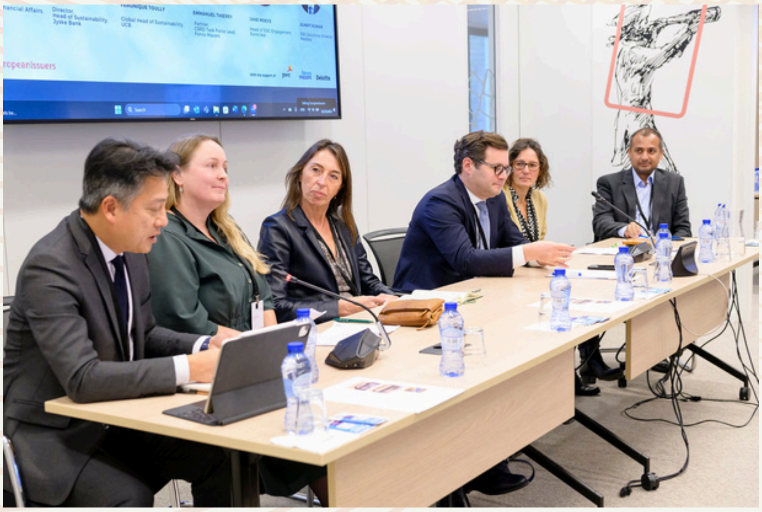
When asked about the use of data by stock exchanges, Mr Suhrit Kumar highlighted challenges for companies of all sizes, particularly smaller ones, in navigating the reporting landscape. He called for simplification, especially on the qualitative side, as smaller companies often lack in-house expertise. While companies have disclosed data in the past, there is overlap between frameworks, and integrating data from previous reports like GRI into CSRD reports may still require manual input. Mr Thierry emphasised the importance of fetching data from multiple channels, noting that the CSRD is a key component of the Green Deal. He described the CSRD as a tool to measure performance that should be integrated into company governance, generating valuable data for internal purposes. As the volume of ESG data grows, particularly from 2026 onwards, he expects the quality of this data to align with financial reporting standards.

Panel Two

Mr Thierry cautioned against allowing this data to become unused or irrelevant, stressing that ESG data should drive Europe's sustainability transition. He highlighted the need for data integration by banks, other financial participants, and public authorities. Furthermore, he noted that stock exchanges, through digital tagging systems and the creation of benchmarks, will likely increase the use and relevance of ESG data, providing an incentive for companies to utilise it.

Asked about the challenges of preparers, Mr Thierry mentioned that a key challenge is understanding rules, as there are questions requiring their reading. It is crucial also to involve the top management, who should understand that the reporting is strategic. When transition plans are designed, there should be a linkage to strategy and business priorities. As regards estimates, it is expected that they will improve in quality.

On the topic, Ms Moeys mentioned that data accuracy, environmental data, and management understanding of the strategic value of reporting are the main challenges for Euroclear.



> *"The challenge is to make this reporting process more than a compliance exercise and become integrated into strategies."*

Ms Toully said that the challenge is to make this reporting process more than a compliance exercise and become integrated into strategies. There should be internal dialogue to make this a worthwhile effort. At UCB, finance, IT, and sustainability departments work together with a shared reporting accountability between finance and sustainability system (finance being accountable for the quantitative dataset and sustainability for qualitative data). As regards SMEs, challenges are huge as this collaboration between departments is more challenging.

Ms Kornvig sees how the banking sector interacts with the value chain and its responsibilities when lending. The new role of a bank should be understood to make it part of the solution. Mr Kumar added that the key point is to standardise reports to improve readability, allowing quick accessibility.

As regards digitalisation, Mr Tran Van mentioned the ESEF for financial reports: will digitalisation be important for ESG? Ms Moeys said that the divergences in interpretations are concerning for comparing information. Digitalisation is therefore key.

EuropeanIssuers

Fireside Chat

Mastering Metrics: Validation and Assurance of ESG Data

Simon Braaksma, Senior Director, Royal Philips

Cécile Saint-Martin, Global Leader, Sustainability and Assurance, PwC

Moderator: Philippe Lambrecht, Special Advisor, VBO-FEB

Mr Lambrecht introduced the topic: validating and assurance ESG data is paramount considering the concerns on the accuracy, and reliability of the information, and the differences in levels between financial and sustainability reporting. What are the difficulties for preparers and assurers, and are there positives to this exercise?

Mr Braaksma reported that Philips has embedded ESG in the company's strategy for a long time and has been reporting through reasonable assurance for quite some time already. Having reasonable assurance on EU Taxonomy data is, however challenging, as it imposes a positive review of the regulation especially as interpretative issues are concerned, while for the CSRD, not every datapoint is a KPI. Philips began its CSRD reporting journey in 2022, identifying over 800 datapoints. A process per topical standard was initiated following the overall Materiality Assessment. For smaller companies, this appears as a sort of mission impossible.

Ms Saint-Martin said that the first year of assurance brings specific complexity, as it coincides with the first year of reporting by issuers, and an assurance strategy has to be created for information that is not yet known, without pre-existing benchmarks. This lack of past history, and little time between regulation approval and implementation, makes it more complex to ensure consistency in positions taken, both for issuers as well as for assurance providers.

Thirdly, from the proportionality debate standpoint, the volume of assurance procedures is mainly dependent on- the disclosures issuers make in their report, as a result of their DMA and selection of material IROs and material information within relevant disclosure requirements, and how issuers apply the transitional provisions. Proportionality is also achieved through limited assurance which will be provided in the beginning. A move to reasonable assurance would provide the same level of trust seen for financial data, but limited assurance is a step on the way. Some issuers are also keen on adding further disclosures beyond CSRD. It is important to note that these additional voluntary disclosures will be subject to assurance.

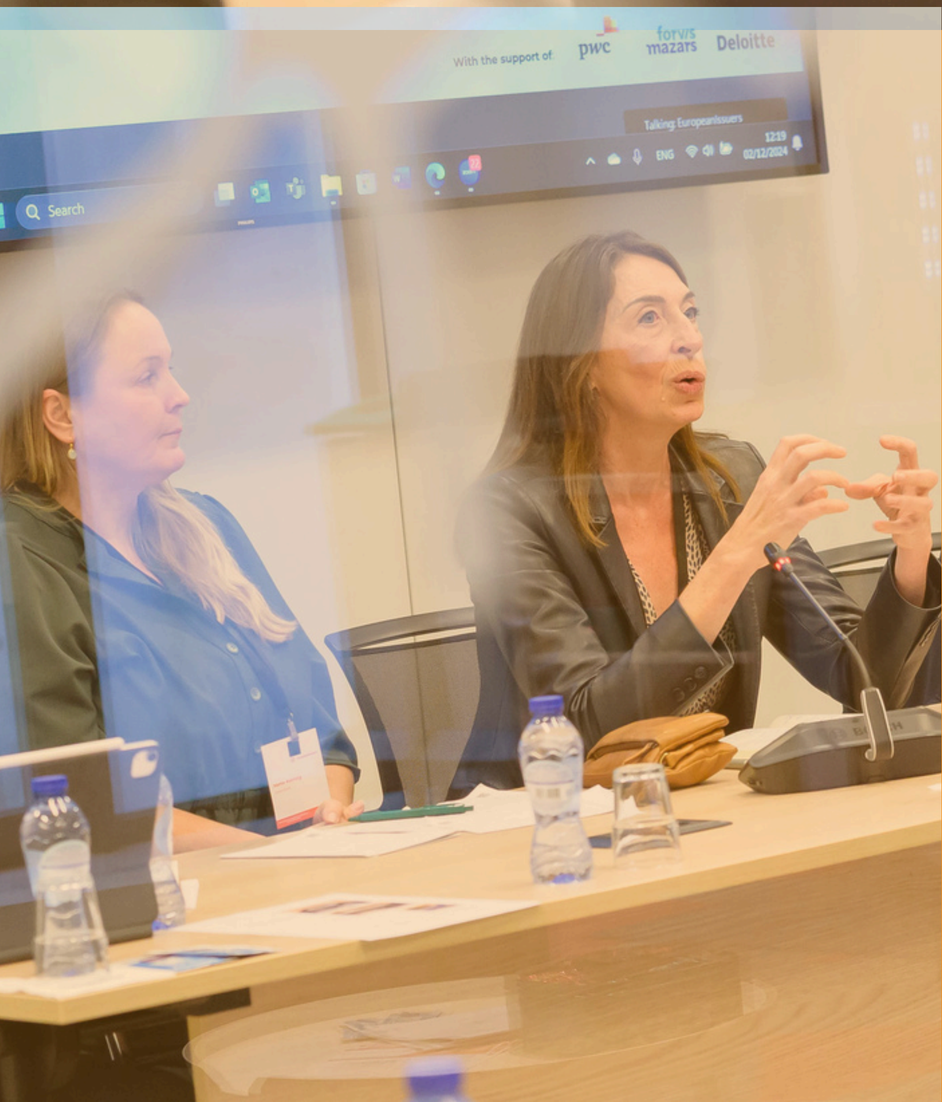
Fireside Chat

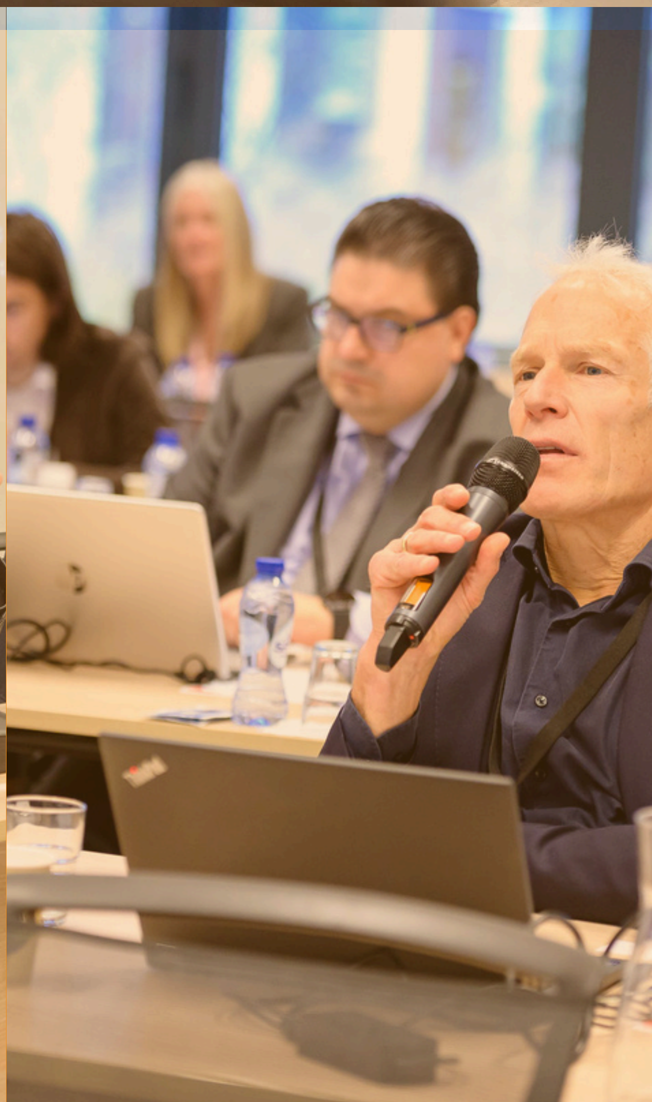
Mr Braaksma restated that reporting is not done for its own sake, it is done to improve performance and reduce environmental impacts. ESG is a strategic element, and it is linked with the Sustainable Development Goals by the United Nations in Philips's case.

The company developed a KPI called “Lives Improved” which extends beyond the CSRD limits. Ms Saint-Martin saw better coordination between sustainability teams and the C-suite as a positive note deriving from the exercise: sustainability topics are much more discussed and there is greater sensitivity by the management.

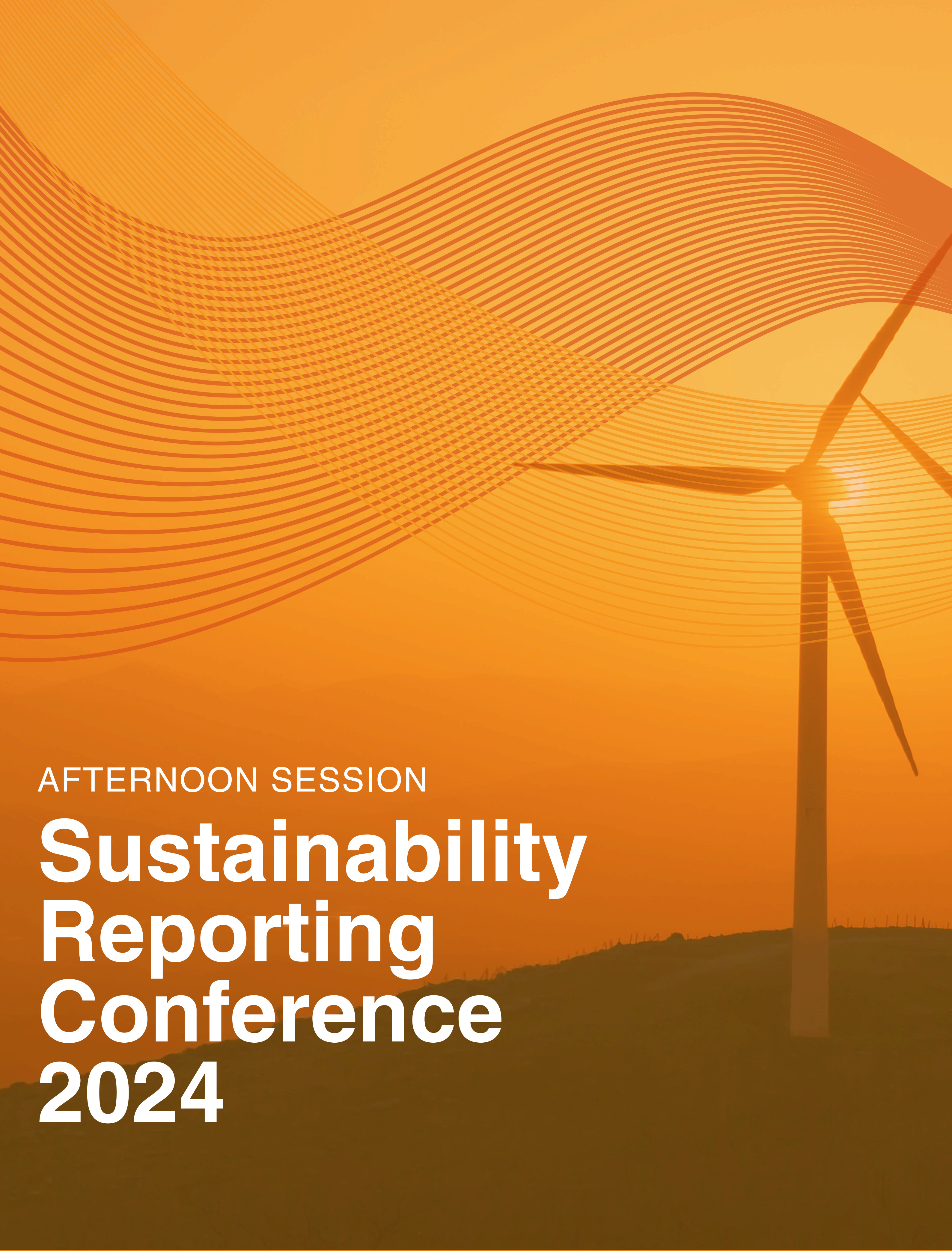
Ms Saint-Martin observed that it was positive that CSRD reporting is fostering stronger coordination across departments, between ESG teams and the C-suite, and is incentivising companies to consider sustainability-related risks and related internal control, strengthening resilience. 59% of PwC’s Global CSRD survey respondents are seeing leadership consider sustainability to a greater extent when making business decisions, as a result of the CSRD.

Mr Braaksma saw that for SMEs, there should be a review of thresholds and requirements to ensure smaller companies face slimmer requirements. As an assurer, Ms Saint-Martin concurred on the undesirability of assuring data from the companies that are unable to perform the exercise. The CSRD brings value, as leaderships of businesses tend to embed sustainability more in decision-making, and data provide value for this. Mr Braaksma praised the greater level of transparency brought by the CSRD and allowed information to be visible to all stakeholders. This, on the other hand, can create greater litigation cases.





pwc Deloitte. forvis mazars



AFTERNOON SESSION

Sustainability Reporting Conference 2024

Fireside Chat

Investing in Tomorrow: Navigating Sustainable Finance from an Investor's Lens

Thomas Roulland, Head of Sustainability Standards and Analytics, Allianz

Leontine Schijf, Sustainability Reporting Manager, L'Oréal

Moderator: Marcello Bianchi, Deputy Director General, Assonime

Mr Bianchi kicked off the discussion by outlining how both companies and investors are under increasing pressure to integrate ESG considerations into business strategies and investment decisions. Policymakers worldwide are introducing regulations to ensure the availability of reliable ESG data, balancing the need for sustainability with the risks of greenwashing. In Europe, where regulation is advancing more rapidly, concerns rise about the potential impact on competitiveness and the need for alignment to ensure a level playing field.

Ms Schijf mentioned that L'Oréal sees challenges in the interoperability of the CSRD and other reporting frameworks, specifically ISSB, which could lead to differences in comparability between companies. These frameworks are based on different materiality approaches (double materiality versus simple/financial materiality). Investors will need to be conscious of these foundational differences to effectively use the new reports that companies in Europe (through CSRD) and outside of Europe (via ISSB) will produce.. Moreover, while the CSRD is robust and very exhaustive, its practical application is complex, as it needs clear guidelines, standardised definitions, and industry-specific considerations. She expressed hope that the development of an efficient tagging framework would lead to clearer, more comparable information-sharing. This could also enable AI to easily find and use the right information, ultimately benefiting every user of sustainability information.

Mr Roulland stated that investors face difficulties accessing and comparing ESG data due to variations in data formats and reliance on third-party providers like MSCI and S&P. The CSRD's impact will evolve, with Europe moving towards a unified framework and digital tagging though XBRL Taxonomies will undoubtedly automate data collection. Reliable data is critical to managing fund risk profiles and integrating ESG considerations into investment processes. A pragmatic approach with clear KPIs is essential to avoid overwhelming asset managers with excessive information. Standardisation across regions will take time but is vital for consistent data utilisation.

Panel Three

Executing Change: Strategies for Implementing Transition Plans

Sven Gentner, Head of Unit for Corporate Reporting, DG FISMA

Philippe Hermann, Senior Vice-President, Sustainable Finance, Veolia

Oliver Moullin, Managing Director, Sustainable Finance, AFME

Laurence Rivat, EU Corporate Reporting Policy Lead, Deloitte

Moderator: Florence Bindelle, Secretary General, EuropeanIssuers

Ms Bindelle began the panel by referencing to EuropeanIssuers' recent CSRD Implementation Report, in which results reveal remaining challenges in implementation of the Directive related to delayed timelines, complexities of the value chain reporting and double materiality assessment. Therefore, Ms Bindelle while outlining this evidence turned to the panellists trying to investigate how one can expect a way to ensure necessary findings for European companies to transition, while co-existing with the current non-financial reporting framework. As regards transition plan implementation, guidelines are set to be released soon.

Mr Gentner noted how the Commission has currently placed its focus on implementing existing legislation, adjusting the current framework through an Omnibus proposal dealing with simplification for the CSRD, CS3D, and the EU Taxonomy. Moreover, creating the new category of "mid-caps" is on the table. For sectoral standards, the Commission is expecting adoption by 2026. On Transition Plans, the 1.5C compatibility should be looked at from a trajectory perspective and the potential for sector-specific pathways.

Mr Hermann, from a preparer's perspective, mentioned the need for methodologies and IT tools. In Transition Plans, the EU Taxonomy is not the best tool to explain a transition. On the company side, help is needed to explain such a path and the steps to be followed to achieve goals. When the EU Taxonomy embedded the transition aspect, Veolia struggled to align investment from coal to gas and provide a meaningful explanation for such efforts. It is hoped that narrative disclosures in the CSRD will allow the company to better explain activities. Ms Rivat, from an auditor's view, concurred with such difficulties. Regarding transition plans, ESRS reporting is desired to allow companies to better explain their stage of transition and be informative for readers. The auditor has a strong responsibility to ensure the trustfulness of the information. Auditors are waiting for EFRAG's guidance to specify which disclosures are expected from companies to evaluate alignment with the 1.5C goal. Databases for trajectories at country level and within sectors are also welcomed.

Mr Moullin mentioned AFME's support for the establishment of the framework. Such plans should be seen holistically, as each company is dependent on external factors: the public sector and the private one should be in a dialogue, to ensure the relevance of the plan. Still, it is important to consider that disclosure requirements should provide information on a company's strategy and such a strategic approach should be cherished.

Panel Three

Regarding the competitiveness concerns, Mr Gentner acknowledged the Commission's focus on such aspect: different pieces of legislation with different supervisors are at stake. Secondly, the CSRD reports will indicate if further guidance is needed. Mr Hermann noted that good balance should be struck between utility and the weight of disclosures: Veolia invested in improving the explanatory side of disclosures, and a tick-the-box approach is not desirable. Data do not mean anything by themselves. Moreover, PAIs included in the SFDR fail to capture Veolia's path, which imposes the addition of entity-specific disclosures to improve understanding.

"The EU Taxonomy is not the best tool to explain Transition Plans. Good balance should be struck between the weight and utility of disclosures"

Ms Rivat added that auditors maintain a professional scepticism stance, which requires having questions on internal controls, approval processes, and the context of the company. Then, the risk of material misstatements is assessed, which triggers assurance procedures. Mr Moullin further added that financial institutions are interested in the trajectories of companies, which also support specific lending processes. Main challenges remain, including the large number of requirements, and the interaction between CSRD, CS3D, and the Capital Requirements Regulation.

Case Studies

Eni's Journey

Cristina Saporetti, Head of Sustainability Reporting, ENI SpA

Presentation is available here.

Ms Cristina Saporetti addressed the practices put in place by Eni in implementing the new requirements of the CSRD. Eni began reporting in 2006 voluntarily, subject to assurance to ensure proper review. In 2011, Eni began an integrated report, merging sustainability information with the financial report. Since 2017, Eni has been under the scope of the NFRD. In 2023, the Sustainability Reporting Unit of was moved to the finance department from the sustainability department.

This allows sustainability reporting to elevate data quality and deepen the engagement of different departments in a consolidated fashion. The management and the Board were also engaged and involved in the exercise of implementation by the finance and sustainability teams.

Three activities were devised: Strategy and Positioning (with a focus on policies and targets), Gap Analysis (Double Materiality Assessment and creation of a Pilot Project to bolster engagement), and IT and Control Systems. The latter item is integrated in the broader internal control system and has been developed on a risk-based approach. Eni highlighted some opportunities deriving from implementation: having EU-wide standards enhances comparability and stimulates engagement and dialogue amongst sectors.

Still, challenges appear on the horizon. Ms Saporetti underscored complexities in re-evaluating processes in light of the new double materiality requirements. Additionally, there are remaining interpretative doubts about standards, and some critical aspects like the consolidation boundaries that doesn't reflect industry practices. Transposition timelines and legislative uncertainty is a further concern.

Looking at the future, Eni hopes for better interoperability among different standards worldwide and for the simplification of certain Set 1 aspects (such as aspects related to value chain, and anticipated financial effects), and of the current drafts of sector standards.

Case Studies

LUG’s Journey

Monika Bartoszak, Chair of the Managing Board, LUG SA

Presentation is available here.

Ms Monika Bartoszak presented LUG Capital Group, a Polish-listed company operating in the lighting manufacturing sector. LUG has been in business for 35 years and has a workforce of 455. Regarding non-financial initiatives, LUG issued its first report in 2019. Drawing on its many years of experience in reporting, conducting double materiality analysis or counting its carbon footprint, in 2024, LUG produced its first voluntary report under the CSRD Directive, which was subject to limited assurance. Despite the challenges posed by time constraints, the LUG Group report was awarded first prize for the best sustainability report from the Warsaw Stock Exchange.

In terms of the resources involved, in 2024 LUG has developed internal structures to implement the requirements, and a Sustainability Committee has been established to communicate directly with the Executive and Supervisory Boards. A Sustainable Development Strategy for the LUG Group has also been developed, and all these actions have been implemented through close cooperation between LUG's internal experts and a specialised consultancy.

However, LUG has identified a number of challenges faced by companies in the field of sustainability reporting, especially smaller ones with limited financial resources, time and expertise. These entities may experience a shortage of sustainability experts and the difficult decision of allocating financial resources to sustainability projects or to reporting on sustainability appropriately. Other challenges that may be worth considering include the technical nature of the standards, the complex structure of EU-level legislation and national transposition documents, and the limited supply of assurance professionals amidst evolving standards. It is therefore vital for companies to demonstrate adaptability and flexibility in managing limited organisational resources, while making informed decisions regarding the allocation of resources to sustainability projects or sustainability reporting.
Furthermore, in her presentation, Ms. Bartoszak emphasised the pivotal function of ESG reporting that offers significant opportunities by enhancing transparency, credibility, and the overall quality of decision-making. Additionally, it allows companies to gain market recognition and distinguish themselves through innovative efforts, attracting investment and reducing capital costs. Importantly, ESG reporting plays a crucial role in Europe's energy transition, profoundly impacting the future of our continent by fostering sustainable development and promoting environmental responsibility.

Afternoon Session

Keynote Address

Alexandra Jour-Schroeder, Deputy Director General, DG FISMA

"Opportunities" are central to sustainability, but balancing the European Green Deal's climate goals with a competitive economy remains challenging. Sustainability reporting supports financial stability by influencing investment risks and encourages companies to rethink strategies and internal goals, benefiting the whole economy.

The European Commission supports companies, ensures proportionality, and fosters collaboration between auditors, authorities, and assurance professionals. Moreover, the recent publication of "Guidelines on Limited Assurance of Sustainability Reporting" by the CEAOB (Committee of European Audit Oversight Bodies) is a step forward in the right direction.

Additionally, the earlier paper on CSRD Reporting by the European Contact Group was another relevant publication.

Technological advancements and digitalisation are helping to reduce costs and improve efficiency, while international interoperability guidance shows progress, though more alignment is needed.

Reporting frameworks like the EU Taxonomy provide clarity but pose challenges for preparers' interpretation, particularly with the "Do No Significant Harm" (DNSH) criteria.

The European Commission is focused on enabling transition finance, especially for SMEs, to drive innovation across all businesses. Reducing regulatory burdens is also a key priority, with the new Commission planning an omnibus initiative. Ms Jour-Schroeder emphasised the importance of companies sharing real-world examples to identify challenges and craft practical solutions.

Afternoon Session

Closing Remarks

Florence Bindelle, Secretary General, EuropeanIssuers

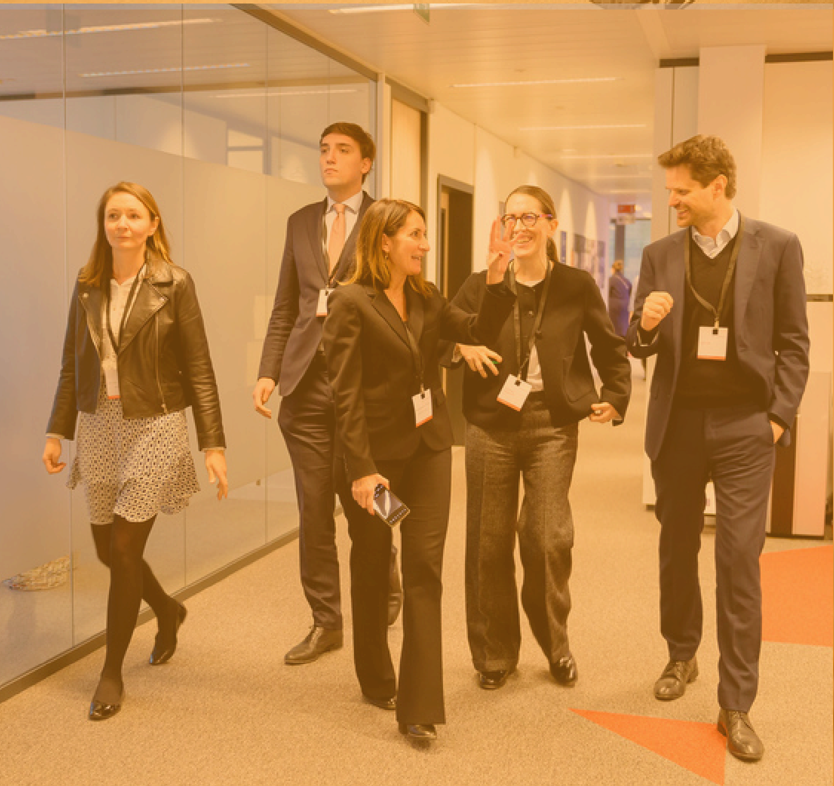
Ms Bindelle emphasised EuropeanIssuers' key priorities: ensuring interoperability and simplification while maintaining the same level of ambition in sustainability reporting.

She acknowledged the value of a gradual approach to implementation witnessed in 2024 but highlighted that future efforts must focus on competitiveness, simplification, and practicality.

Collaboration among all market participants is essential, with stock exchanges playing a critical role in listed companies accessing financial resources.

In 2024, EuropeanIssuers conducted its very first survey on CSRD Implementation to gather insights from European listed companies under scope.

The full Report following the survey is available here.



EuropeanIssuers
Rue de la Science 23,
Brussels, Belgium
info@europeanissuers.eu
www.europeanissuers.eu