

Πράσινη Μετάβαση στην Πράξη: Εργαλεία και Λύσεις για τις ΜμΕ

ESG και η Ευρωπαϊκή Οδηγία CSRD Τι αλλάζει για τις ΜμΕ?

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Βιώσιμη Ανάπτυξη – Στόχοι Βιωσιμότητας (Sustainability Development Goals- SDGs)

Background-Ιστορικό

- Sustainability = Corporate Social Responsibility (CSR) & Sustainable Finance

[TOGETHER SUSTAINABLE DEVELOPMENT]

- Ελληνικά η γενική έννοια (notion-reference-concept) is referred in general “ΑΕΙΦΟΡΟΣ ΑΝΑΠΤΥΞΗ” και “ΒΙΩΣΙΜΗ ΑΝΑΠΤΥΞΗ”.

Framework Sustainable Development Goals (SDGs)



International Sustainability Strategy (ESG/CSR)

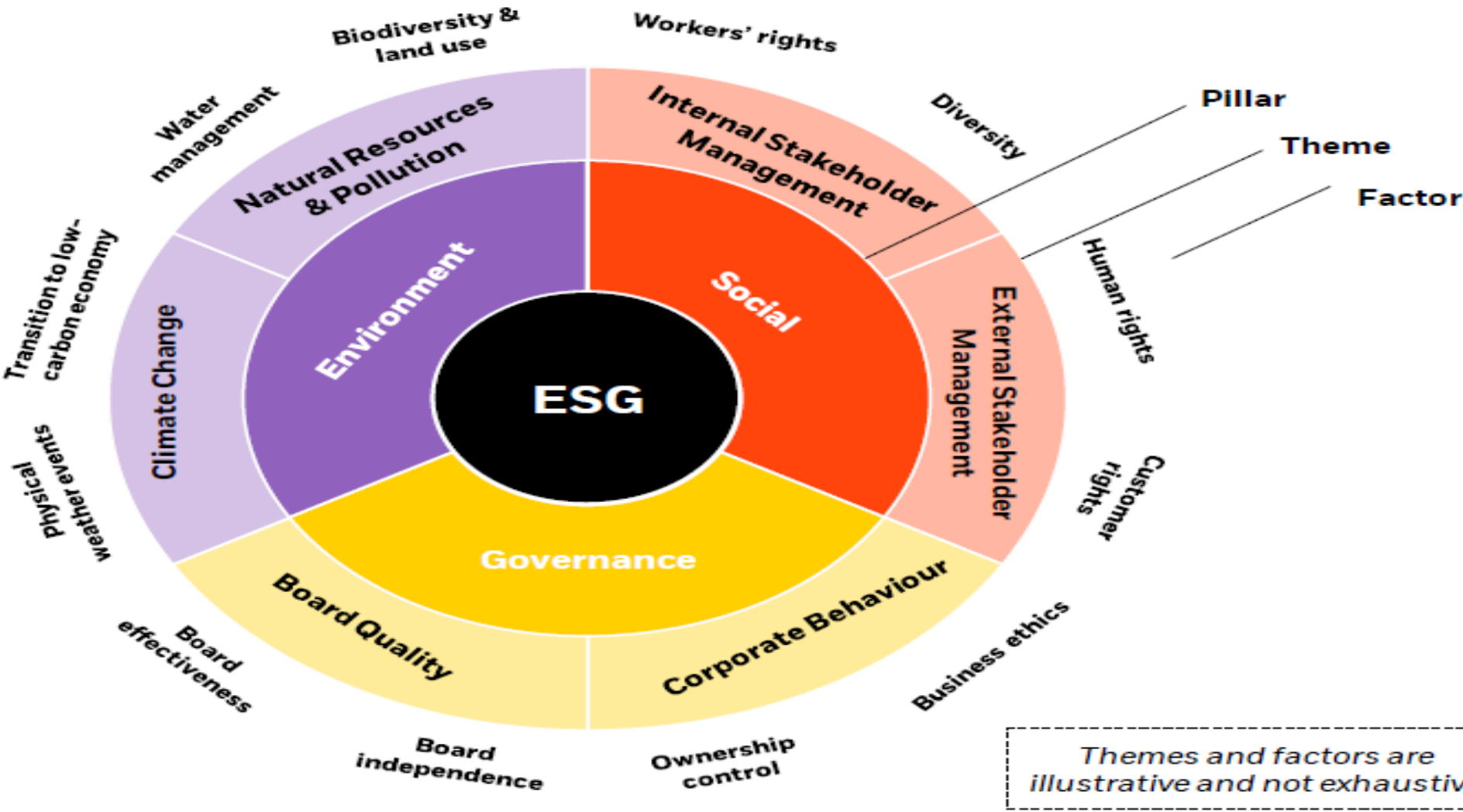
(Responsible Sustainable Business, i.e. Responsible business conduct)

2013



WORLD ECONOMIC FORUM : ESG FACTORS

2021



CORE: Business Starting Point : Sustainable Finance

2018

Sustainability & Investments: Opportunities & Challenges for Businesses – Investors

- **Key driver** of the increasing prominence of ESG is the **role of investors** and stakeholders

i.e. Requiring business and asset managers to fully integrate ESG into their organisation and investment processes (**internal and external**).
- **Blackrock CEO, Larry Fink (2020):**
Letter to company executives noting Blackrock would be placing sustainability at the very centre of its business i.e:

“ increasingly disposed to vote against management and boards of directors when companies are not making sufficient progress on sustainability related disclosures and the business practices underlying them.”

INTERNATIONAL SUSTAINABILITY STRATEGY :

- 2030 UN Agenda for Sustainable Development and the SDGs -25 September 2015 (2016)
 - Commitment to eradicate poverty and achieve sustainable development by 2030 worldwide &
 - Includes 17 Sustainable Development Goals (SDGs) → split in 169 targets.

2030 Agenda - VITAL :

(1) People, (2) Prosperity, (3) Planet, (4) Partnership and (5) Peace

- High Level Political Forum on Sustainable Development
 - United Nations High Level Political Forum on Sustainable Development (HLPF).
 - Main forum for sustainable development issues within the UN framework.
 - **THEREFORE, the notion of ESG FACTORS idea arisen.**



SUSTAINABLE DEVELOPMENT GOALS





Implementing the Sustainable Development Goals through the next Multi-Annual Financial Framework of the European Union

European Union SDGs through the lens of ESG



European Union Priorities

Sustainability Growth Action Plan : Formulated in 6 Deals (2019 -2024)



CYPRUS – RECOVERY & RESILIENCE PLAN

NextGenerationEU: European Commission endorses Cyprus's €1.2 billion recovery and resilience plan - 8 July 2021

Παράρτημα II

Συμβολή Σχεδίου Ανάκαμψης και Ανθεκτικότητας (ΣΑΑ) Κύπρου
στους 17 Στόχους Βιώσιμης Ανάπτυξης των Ηνωμένων Εθνών για το 2030

Θεματική Πολιτική	Κατηγορία παρεμβάσεων	Πόροι ΣΑΑ € εκ.	Στόχοι Βιώσιμης Ανάπτυξης (ΣΒΑ)
ΠΡΑΣΙΝΗ ΛΕΙΦΟΡΟΣ ΑΝΑΠΤΥΞΗ	ΑΠΕ / ενεργειακή αναβάθμιση / κύμα ανακατασκευών	80,1	3 ΑΚΑΘΑΡΤΟ ΥΔΡΟΓΕΝΟ, 11 ΕΠΕΝΔΥΣΗ ΚΑΙ ΕΡΕΥΝΑ, 12 ΠΡΟΒΛΕΠΟΜΕΝΟ ΚΑΙ ΕΚΤΕΛΕΣΙΜΟ
	Άνοιγμα αγοράς ενέργειας / συστήματα προηγμένης τεχνολογίας	39,7	7 ΑΚΑΘΑΡΤΟ ΥΔΡΟΓΕΝΟ, 9 ΕΠΕΝΔΥΣΗ ΚΑΙ ΕΡΕΥΝΑ, 11 ΕΠΕΝΔΥΣΗ ΚΑΙ ΕΡΕΥΝΑ, 13 ΕΠΕΝΔΥΣΗ ΚΑΙ ΕΡΕΥΝΑ
	Τερματισμός ενεργειακής απομόνωσης – ηλεκτρική διασύνδεση	100	7 ΑΚΑΘΑΡΤΟ ΥΔΡΟΓΕΝΟ, 11 ΕΠΕΝΔΥΣΗ ΚΑΙ ΕΡΕΥΝΑ, 13 ΕΠΕΝΔΥΣΗ ΚΑΙ ΕΡΕΥΝΑ
	Διαχείριση υδάτινων πόρων	79,6	6 ΑΚΑΘΑΡΤΟ ΥΔΡΟΓΕΝΟ, 11 ΕΠΕΝΔΥΣΗ ΚΑΙ ΕΡΕΥΝΑ, 15 ΕΠΕΝΔΥΣΗ ΚΑΙ ΕΡΕΥΝΑ
	Κλίμα / περιβάλλον / βιοποικιλότητα	56,9	13 ΕΠΕΝΔΥΣΗ ΚΑΙ ΕΡΕΥΝΑ, 14 ΕΠΕΝΔΥΣΗ ΚΑΙ ΕΡΕΥΝΑ, 15 ΕΠΕΝΔΥΣΗ ΚΑΙ ΕΡΕΥΝΑ
	Ηλεκτροκίνηση (ηλεκτρικά αυτοκίνητα, απόσυρση συμβατικών, υποδομές φόρτισης)	55,8	3 ΑΚΑΘΑΡΤΟ ΥΔΡΟΓΕΝΟ, 7 ΑΚΑΘΑΡΤΟ ΥΔΡΟΓΕΝΟ, 11 ΕΠΕΝΔΥΣΗ ΚΑΙ ΕΡΕΥΝΑ, 13 ΕΠΕΝΔΥΣΗ ΚΑΙ ΕΡΕΥΝΑ
	Βιώσιμη αστυς κινητικότητα (δημόσιες μεταφορές, πεζόδρομοι, ποδηλατοδρόμοι, έξυπνα συστήματα)	35,5	3 ΑΚΑΘΑΡΤΟ ΥΔΡΟΓΕΝΟ, 7 ΑΚΑΘΑΡΤΟ ΥΔΡΟΓΕΝΟ, 11 ΕΠΕΝΔΥΣΗ ΚΑΙ ΕΡΕΥΝΑ, 13 ΕΠΕΝΔΥΣΗ ΚΑΙ ΕΡΕΥΝΑ
ΨΗΦΙΑΚΗ ΜΕΤΑΒΑΣΗ	Κυκλική οικονομία	65,7	12 ΕΠΕΝΔΥΣΗ ΚΑΙ ΕΡΕΥΝΑ, 11 ΕΠΕΝΔΥΣΗ ΚΑΙ ΕΡΕΥΝΑ, 13 ΕΠΕΝΔΥΣΗ ΚΑΙ ΕΡΕΥΝΑ
	Συνδεσιμότητα – ευρυζωνικότητα	53	9 ΕΠΕΝΔΥΣΗ ΚΑΙ ΕΡΕΥΝΑ, 10 ΣΥΝΕΡΓΙΑ
ΚΟΙΝΩΝΙΚΟΣ ΙΣΤΟΣ	Η-Διακυβέρνηση / Κυβερνοασφάλεια	36,4	9 ΕΠΕΝΔΥΣΗ ΚΑΙ ΕΡΕΥΝΑ, 16 ΕΠΕΝΔΥΣΗ ΚΑΙ ΕΡΕΥΝΑ
	Ανθεκτικό & αποτελεσματικό σύστημα υγείας	69,6	3 ΑΚΑΘΑΡΤΟ ΥΔΡΟΓΕΝΟ
	Πολιτική προστασία	4,5	3 ΑΚΑΘΑΡΤΟ ΥΔΡΟΓΕΝΟ, 13 ΕΠΕΝΔΥΣΗ ΚΑΙ ΕΡΕΥΝΑ
	Εκπαίδευση / κατάρτιση / δεξιότητες	94	1 ΕΠΕΝΔΥΣΗ ΚΑΙ ΕΡΕΥΝΑ, 4 ΕΠΕΝΔΥΣΗ ΚΑΙ ΕΡΕΥΝΑ, 8 ΕΠΕΝΔΥΣΗ ΚΑΙ ΕΡΕΥΝΑ, 10 ΕΠΕΝΔΥΣΗ ΚΑΙ ΕΡΕΥΝΑ
	Απασχόληση	20,6	5 ΕΠΕΝΔΥΣΗ ΚΑΙ ΕΡΕΥΝΑ, 8 ΕΠΕΝΔΥΣΗ ΚΑΙ ΕΡΕΥΝΑ
	Κοινωνική πρόνοια & ενσωμάτωση	58,3	1 ΕΠΕΝΔΥΣΗ ΚΑΙ ΕΡΕΥΝΑ, 5 ΕΠΕΝΔΥΣΗ ΚΑΙ ΕΡΕΥΝΑ, 10 ΕΠΕΝΔΥΣΗ ΚΑΙ ΕΡΕΥΝΑ

ΟΙΚΟΝΟΜΙΑ – παραγωγικός ιστός & ανταγωνιστικότητα	Εκσυγχρονισμός πρωτογενή τομέα	35,6	2 ΕΠΕΝΔΥΣΗ ΚΑΙ ΕΡΕΥΝΑ, 8 ΕΠΕΝΔΥΣΗ ΚΑΙ ΕΡΕΥΝΑ, 9 ΕΠΕΝΔΥΣΗ ΚΑΙ ΕΡΕΥΝΑ, 11 ΕΠΕΝΔΥΣΗ ΚΑΙ ΕΡΕΥΝΑ
	Ενίσχυση μεταποιητικού τομέα	32,3	8 ΕΠΕΝΔΥΣΗ ΚΑΙ ΕΡΕΥΝΑ, 9 ΕΠΕΝΔΥΣΗ ΚΑΙ ΕΡΕΥΝΑ
	Διαφοροποίηση & βιωσιμότητα τουριστικού προϊόντος	32,8	8 ΑΚΑΘΑΡΤΟ ΥΔΡΟΓΕΝΟ, 9 ΕΠΕΝΔΥΣΗ ΚΑΙ ΕΡΕΥΝΑ, 12 ΕΠΕΝΔΥΣΗ ΚΑΙ ΕΡΕΥΝΑ
	Στήριξη επιχειρήσεων & επιχειρηματικότητας	78,4	8 ΕΠΕΝΔΥΣΗ ΚΑΙ ΕΡΕΥΝΑ, 9 ΕΠΕΝΔΥΣΗ ΚΑΙ ΕΡΕΥΝΑ, 12 ΕΠΕΝΔΥΣΗ ΚΑΙ ΕΡΕΥΝΑ
	Έρευνα & Καινοτομία	64	8 ΕΠΕΝΔΥΣΗ ΚΑΙ ΕΡΕΥΝΑ, 9 ΕΠΕΝΔΥΣΗ ΚΑΙ ΕΡΕΥΝΑ, 13 ΕΠΕΝΔΥΣΗ ΚΑΙ ΕΡΕΥΝΑ
	Δημοσιονομική & χρηματοοικονομική σταθερότητα	44,5	8 ΕΠΕΝΔΥΣΗ ΚΑΙ ΕΡΕΥΝΑ, 17 ΕΠΕΝΔΥΣΗ ΚΑΙ ΕΡΕΥΝΑ
ΘΕΣΜΟΙ – Διοίκηση, Δικαιοσύνη, Διαφάνεια	Σύγχρονη και αποτελεσματική δημόσια διοίκηση	9,7	16 ΕΠΕΝΔΥΣΗ ΚΑΙ ΕΡΕΥΝΑ
	Μεταρρύθμιση τοπικής αυτοδιοίκησης	66,3	11 ΕΠΕΝΔΥΣΗ ΚΑΙ ΕΡΕΥΝΑ, 16 ΕΠΕΝΔΥΣΗ ΚΑΙ ΕΡΕΥΝΑ
	Αποδοτικό δικαστικό σύστημα	13,6	16 ΕΠΕΝΔΥΣΗ ΚΑΙ ΕΡΕΥΝΑ
	Καταπολέμηση της διαφθοράς	6,5	16 ΕΠΕΝΔΥΣΗ ΚΑΙ ΕΡΕΥΝΑ

European Union Priorities

Sustainability Growth 2024 -2029



European Union Priorities

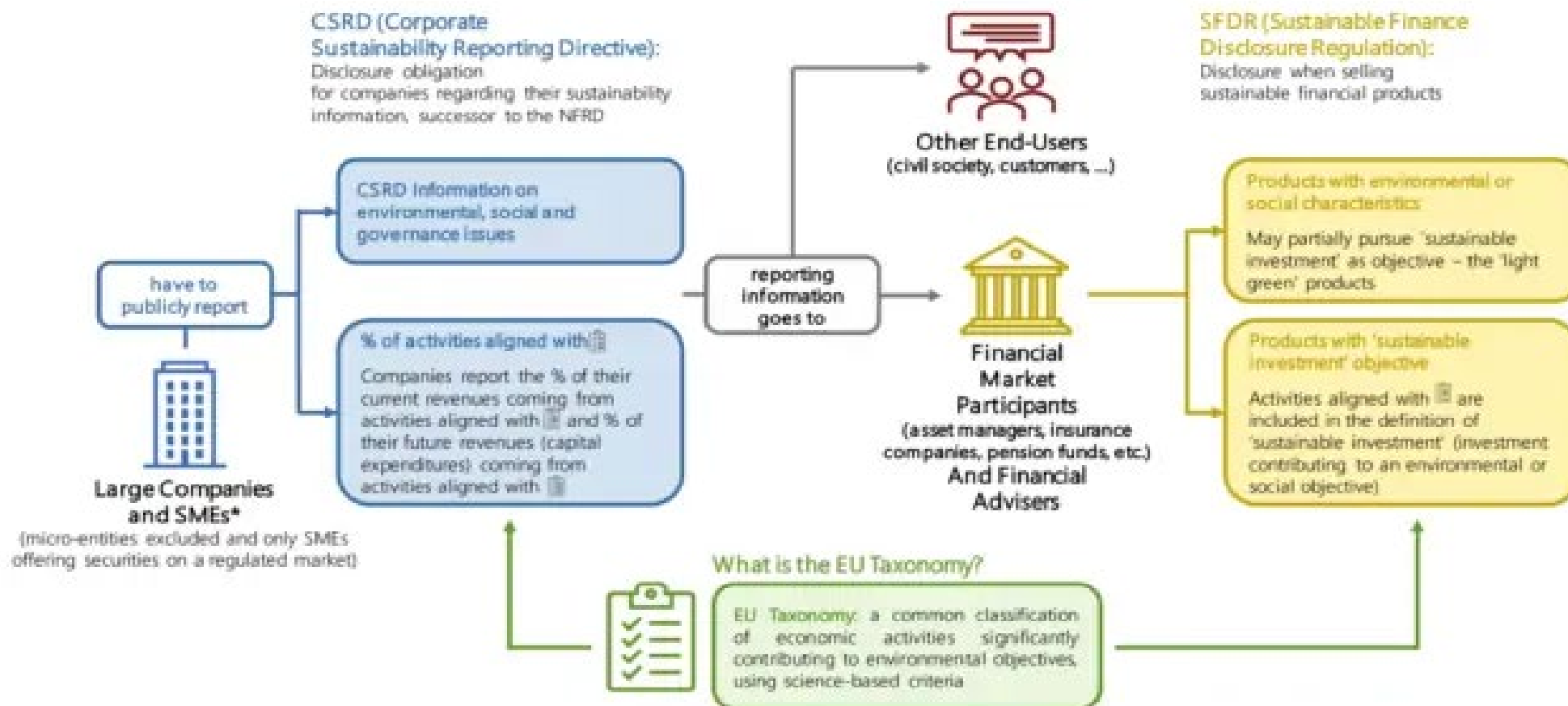
Sustainability Growth
2024 -2029

10 priorities to boost
investment, growth &
employment

What companies expect from
the new European Commission



EU Sustainable Finance Framework Overview

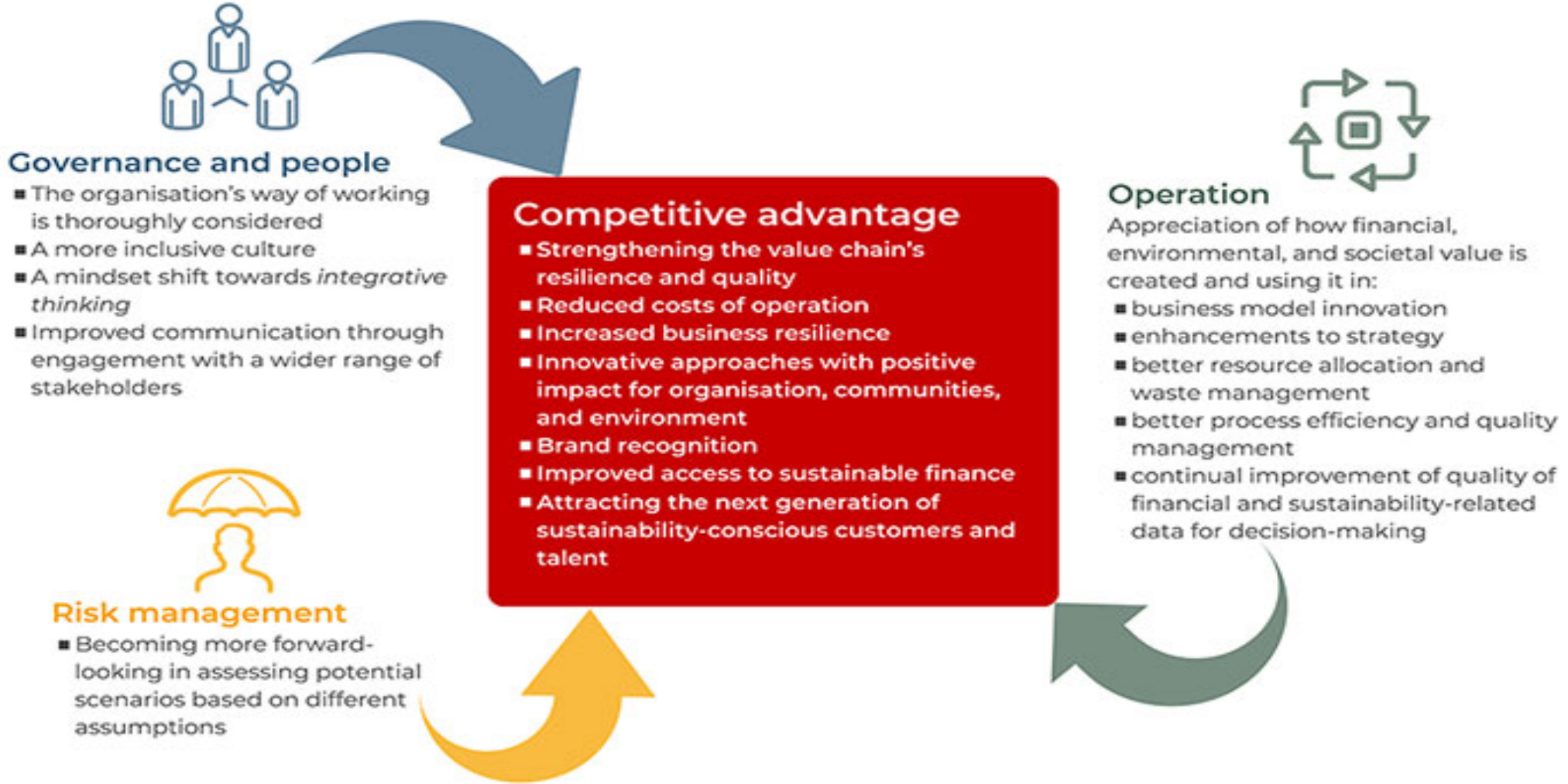




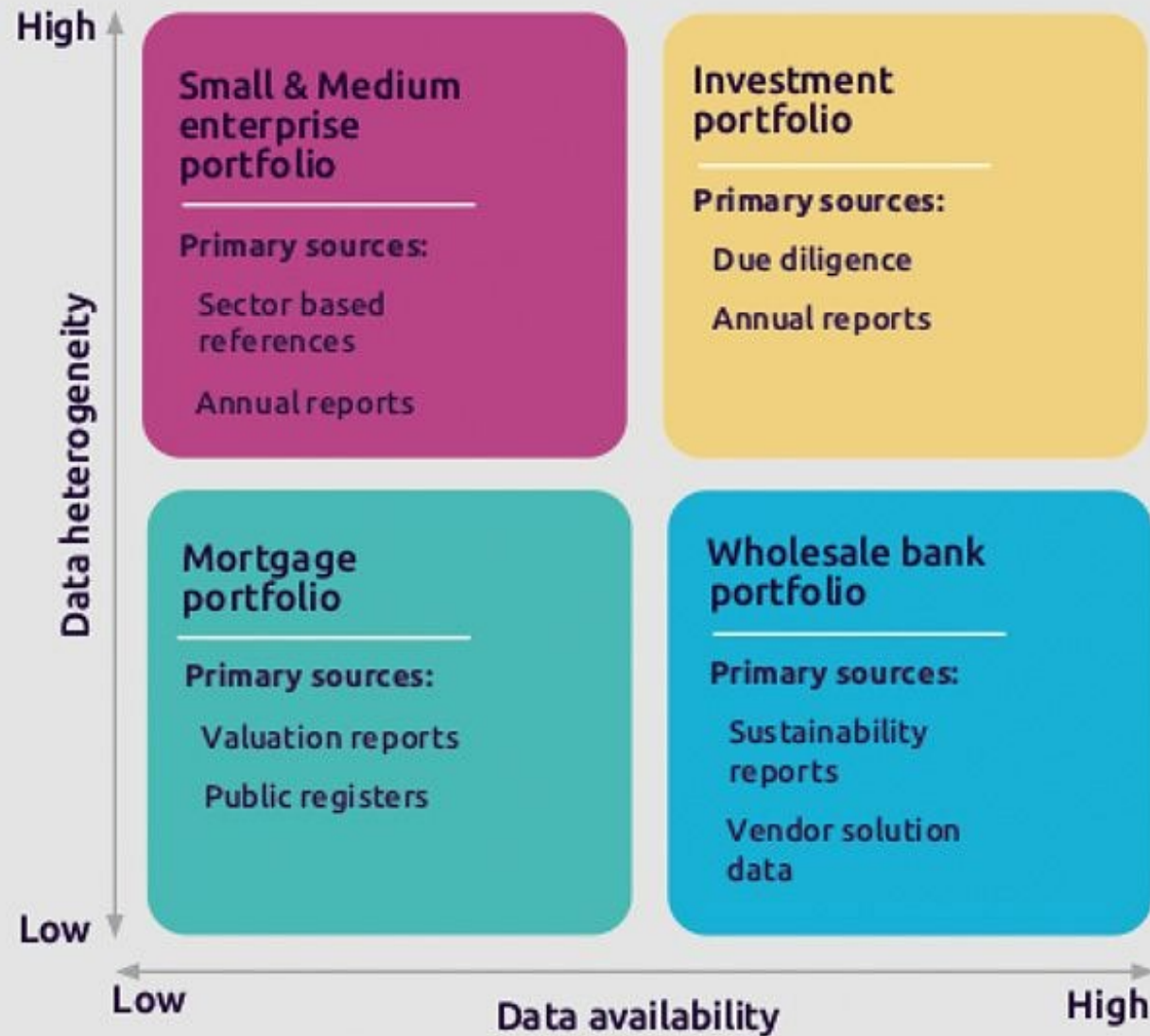
Importance, Challenges, and Benefits of Sustainability in SMEs

NEXT

The business case for organisations to embed sustainability is grounded in the potential for competitive advantage. This competitive advantage is only possible due to enablers that result from creating and using sustainability-related information.



Customer segmentation: connected approaches needed



EU Outlook : Financial Regulation

BACKGROUND

The four (4) components should work together like cogs in a wheel:

1. Markets in Financial Instruments Directive II (MiFID II) :

Investment advisors have to verify ex ante that investment strategies are consistent with investors' personal ESG preferences.

2. EU Taxonomy :

Identifies sustainable economic activities to provide a common language for sustainable investments [Environmental objectives].

3. Corporate Sustainability Reporting Directive (CSRD) :

Companies are obliged to make ESG information transparent, while meeting the criteria set out in the EU taxonomy.

4. Sustainable Finance Disclosure Regulation (SFDR) :

Aim is to ensure that providers of sustainable funds and mandates guarantee transparency in terms of companies and products.

***** July 2024 CSDDD : Corporate Sustainability Due Diligence Directive *****

EU Omnibus I & II - Sustainability Proposals

Ongoing : EU Sustainability package

EU & Local Sustainability Developments

- EU Action Plan - Sustainable Growth
- Sustainable Development Goals (SDGs) & Environmental Social Compliance (ESG)
- EU Green Deal, Sustainable Finance & Taxonomy
- ESG Product Governance (PRIIPs, KIDs)
- European Sustainability Reporting Standards [ESRS]
- Business Sustainability : Corporate Governance & Social Reporting, NFDR to CSRD & Corporate Sustainability Due Diligence Directive (CSDDD)

Sustainability – Goals & Targets

EU Strategy on Sustainable Finance and Sustainability

Basic Legal Framework :

- Non- Financial Reporting Directive (NFRD)
i.e. Corporate Social Responsibility (CSR)
- Corporate Sustainability Reporting Directive (CSRD)
- Corporate Sustainability Due Diligence Directive (CSDDD or CS3D)
- Sustainable Finance Disclosure Regulation (SFDR)
- Taxonomy Regulation (TR)

EU CURRENT STATUS : NEW rules how to make Sustainability considerations an Integral part of EU Financial Policy to support the Sustainable Finance & European Green Deal [2017 – onwards]

- EU Taxonomy for sustainable activities: Classification System.
- Corporate sustainability reporting : EU rules require certain companies to report annually on the social and environmental impacts and risks related to their activities.

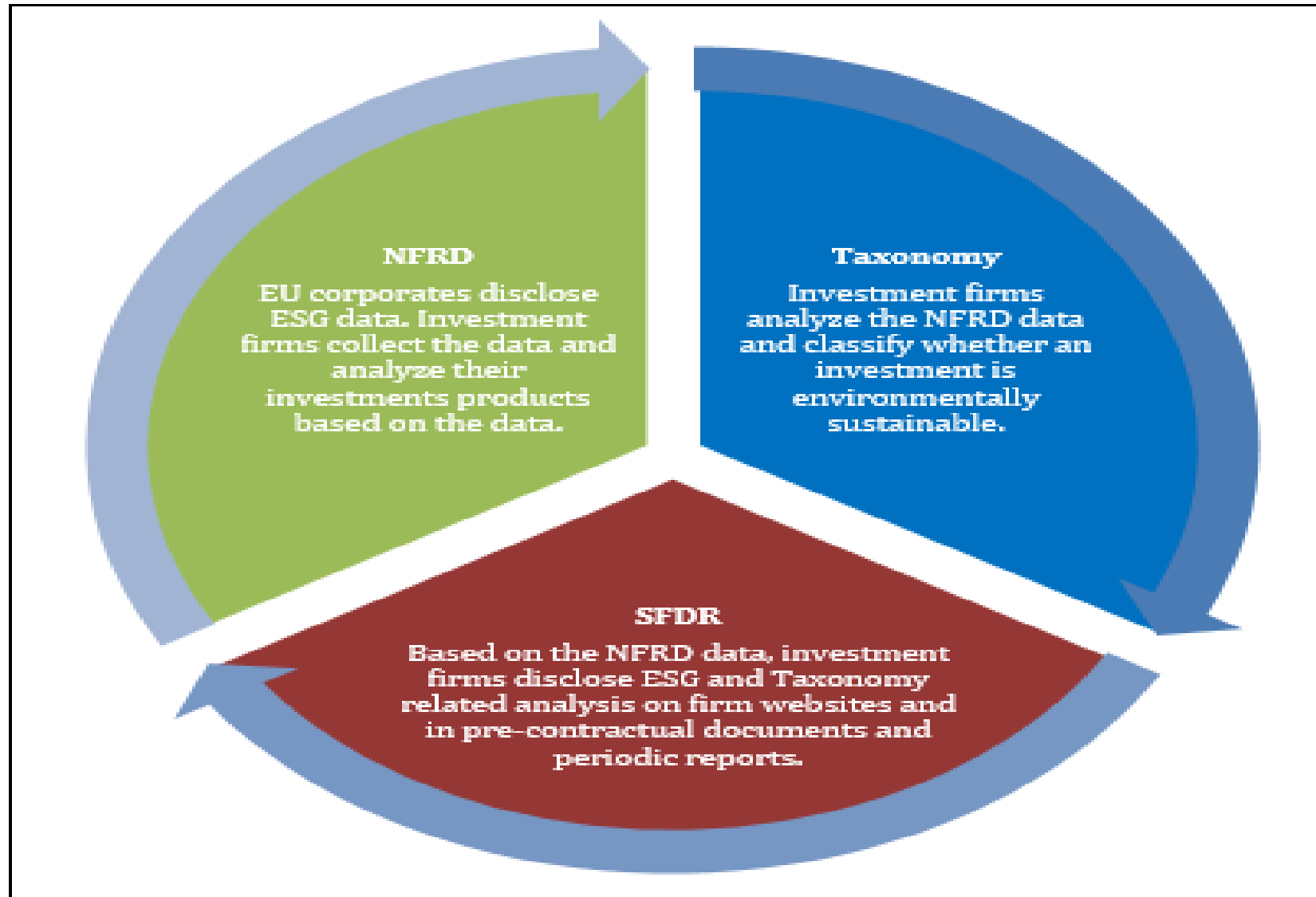
Non-financial Reporting Directive (NFRD)

Corporate Sustainability Reporting Directive (CSRD)

Corporate Sustainability Due Diligence Directive (CSDDD)

- EC wishes to boost the role of finance in achieving a greener and more sustainable economy.

EU Regulations with ESG requirements (Idea Sustainable Finance)



EU Regulations with ESG requirements: Sustainable Finance

1. Non-Financial Reporting Directive (NFRD) & ****CSRD** & ***CSDDD*****
2. Taxonomy Regulation (TR)
3. Sustainable Finance Disclosure Regulation (SFDR)

- A. NFRD : Requires large EU “public interest” corporates (including FMPS) to publish data on the impact their activities have on ESG factors. **ADDITION CSRD & CSDDD**
- B. TR: Introduces a sustainability classification system through which investment firms **must** classify investments based on NFRD **and** other datasets).
- C. SFDR: Requires Financial Market Participants (FMPs) to disclose:
 - Environmental sustainability of an investment and the provenance of any ESG claims made;
 - **Investments Risks** presented by ESG factors assessed;
 - **Risks** ESG factors present to the investments.

Primary Legal Framework :

Non- Financial Reporting Directive (NFRD)
i.e. Corporate Social Responsibility (CSR)

KEY TAKEAWAYS

- Corporate social responsibility is a business model by which companies make a concerted effort to operate in ways that enhance rather than degrade society and the environment.
- CSR can help improve society and promote a positive brand image for companies.
- CSR includes four categories: environmental impacts, ethical responsibility, philanthropic endeavours, and financial responsibilities.



Europe: Corporate Social Responsibility (CSR) :
Responsible Sustainable Business, i.e. Responsible business conduct)
Business, Economy, Euro: EU sustainability i.e. Sustainable development

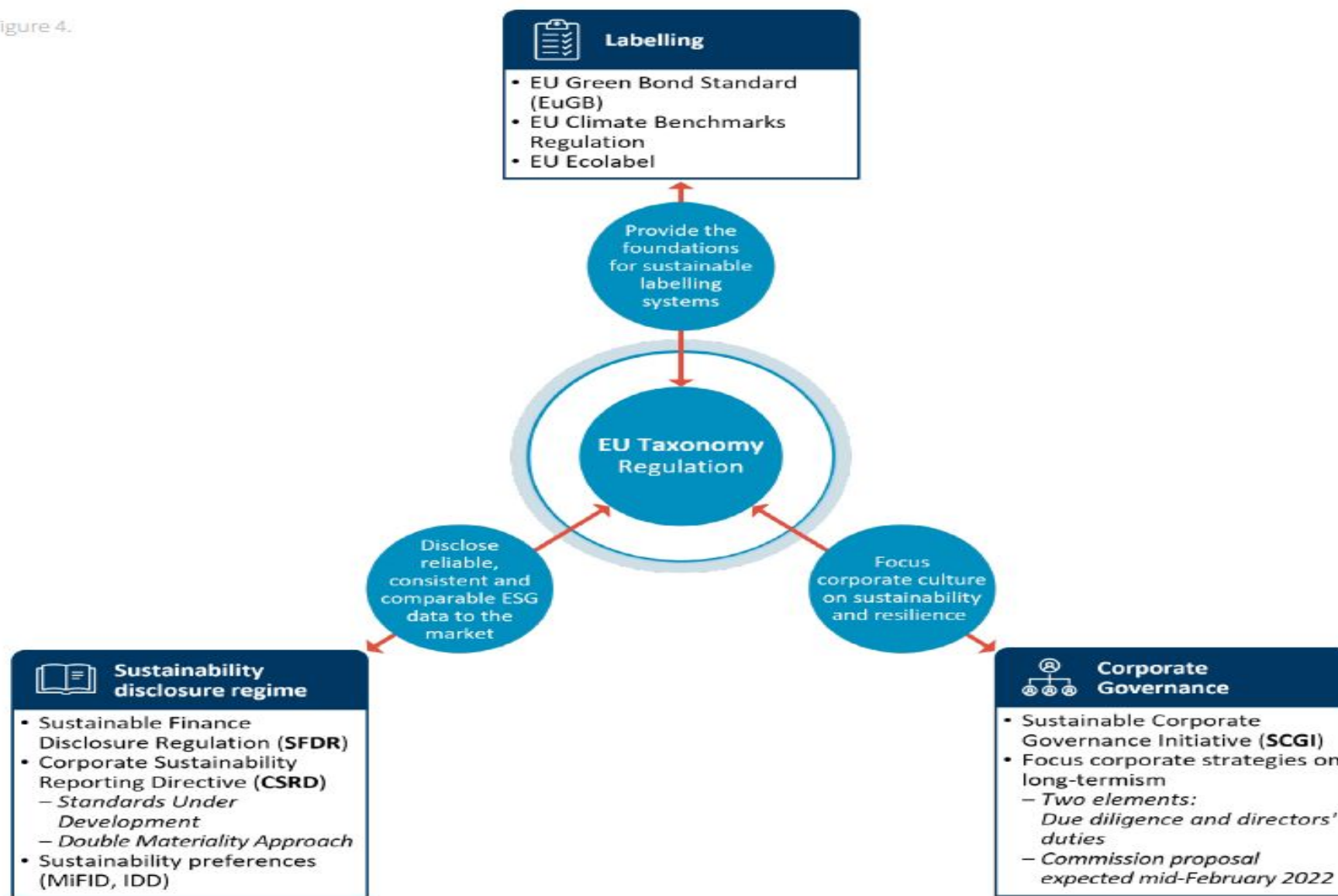
(1)



Relationships between NFRD, TR & SFDR :

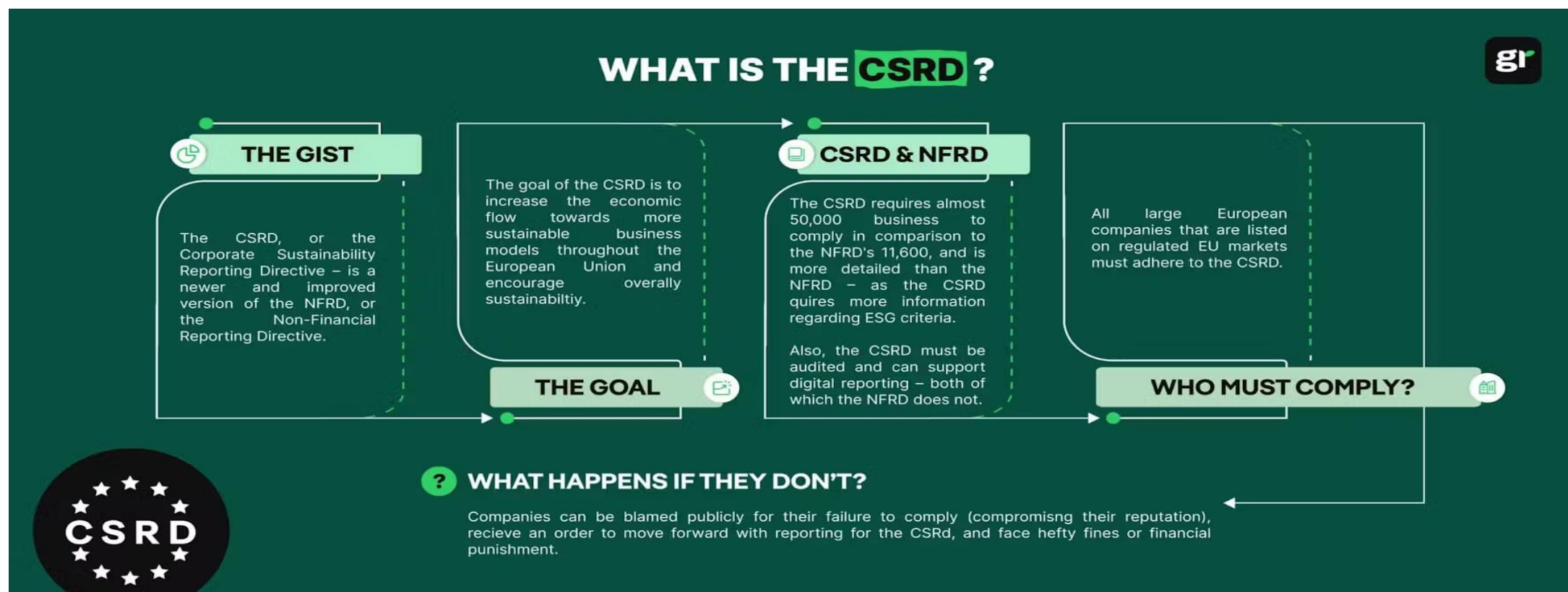
SUMMARY (2)

Figure 4.



Business Sustainability :

Corporate Social Reporting (NFRD) to Corporate Sustainability Reporting Directive (CSRD)



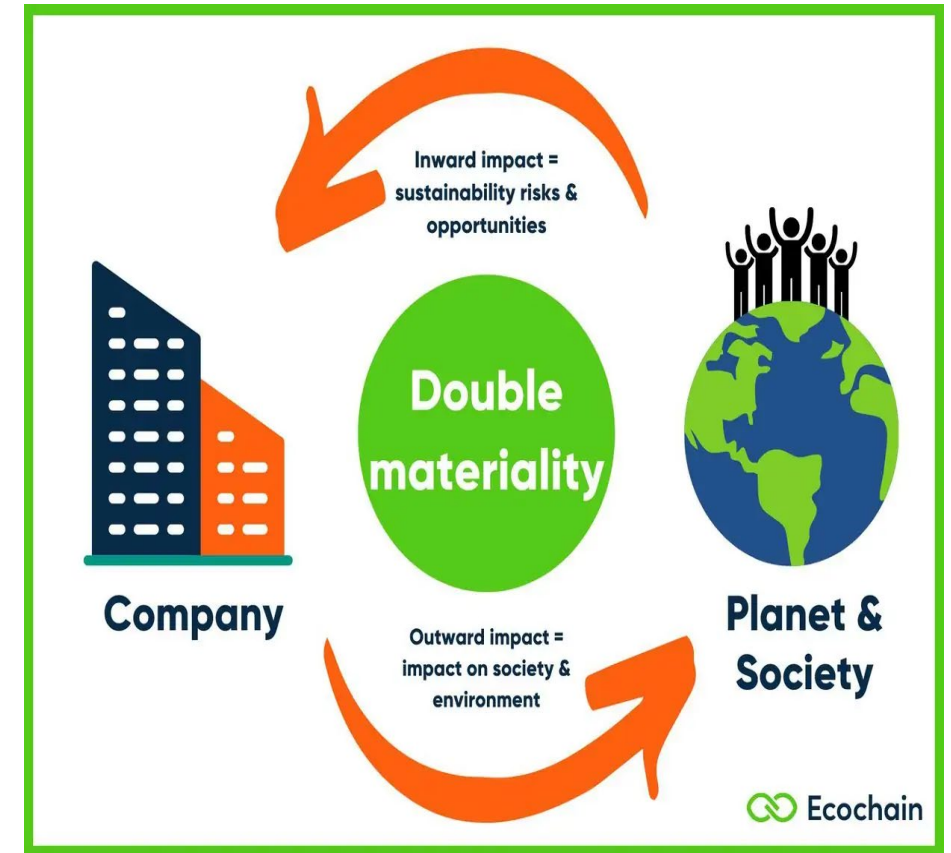
D. CORPORATE SUSTAINABILITY REPORTING DIRECTIVE (CSRD)

- What is the CSRD ? **Regulatory Obligation: Legislation** changes the way companies **MUST** disclose and report information on corporate **SUSTAINABILITY**.
- CSRD aim: Ensure alignment specifically with :
 - Sustainable Finance Disclosure Regulation (SFDR) and Taxonomy Regulation (TR)
 - Reduce complexity and potential duplicative reporting requirements.
- Why the CSRD was considered? **[Reporting -FINANCIAL]**
 - **Comparability** → Uniform standards for Sustainability Reporting i.e. **comparable and verifiable**.
 - Investors and stakeholders increased request for sustainability standards.
 - European Commission raising **transparency** level throughout Europe.
 - New reporting under development by the European Financial Reporting Advisory Group (EFRAG). [open consultation]

D. CSRD : What does the CSRD mean for BUSINESS-ORGANISTIONS?

Outline

1. What's new?
2. When do the changes apply?
3. Who is affected? Which companies does the CSRD apply
4. What topics should companies report on?
 - Management governance involving
(forward looking disclosures)
 - Double Materiality Principle Core

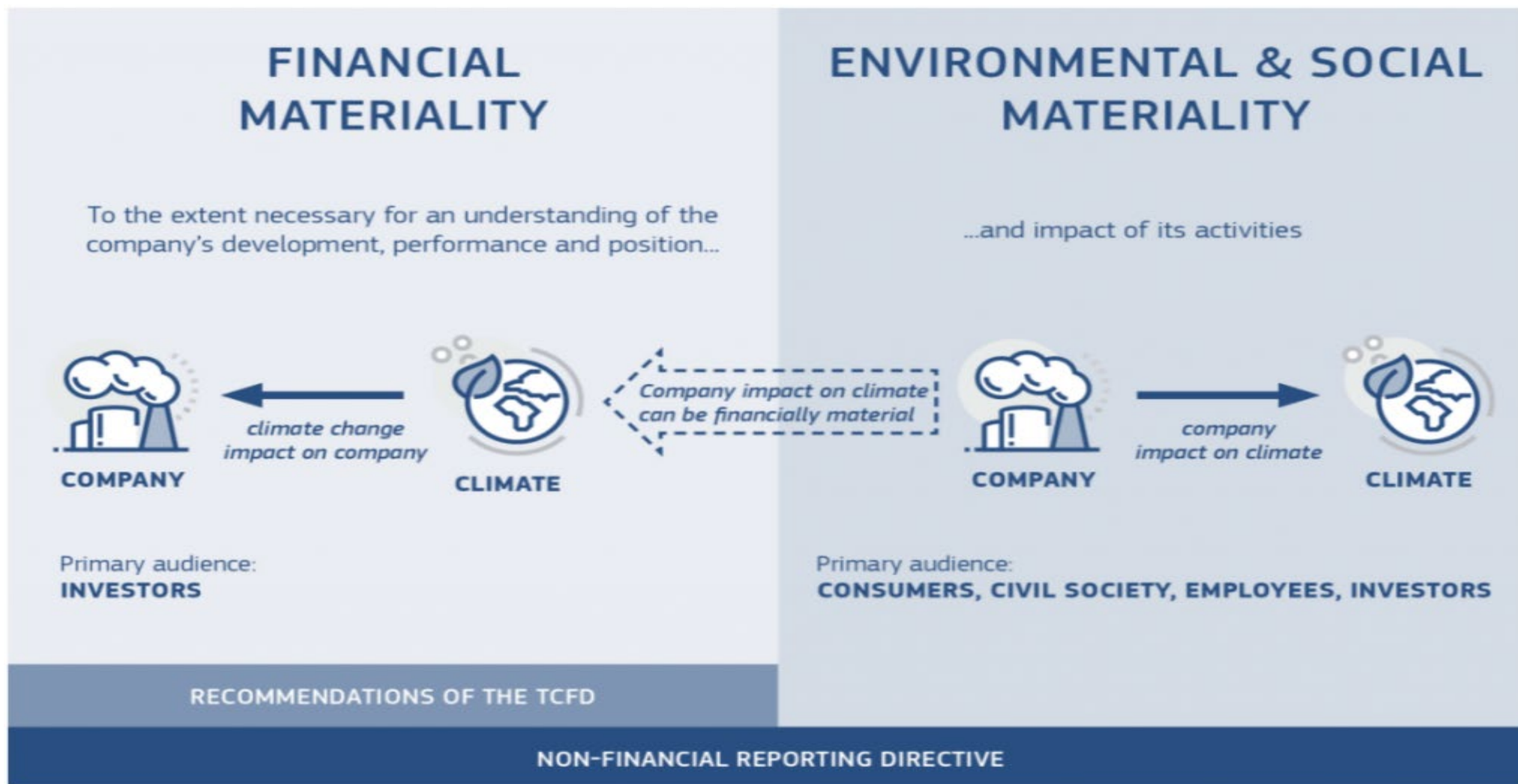


5. How and Where do companies need to report the new CSRD ?

6. Sanctions

D. CSRD : Double materiality concept

Consideration of internal and external impacts relevant to sustainability [DOUBLE MATERIALITY PRINCIPLE]



D. CSRD : What does it mean for business ?

Can companies get sanctioned if they are not complying?

CSRD provides for three (3) levels of sanctions:

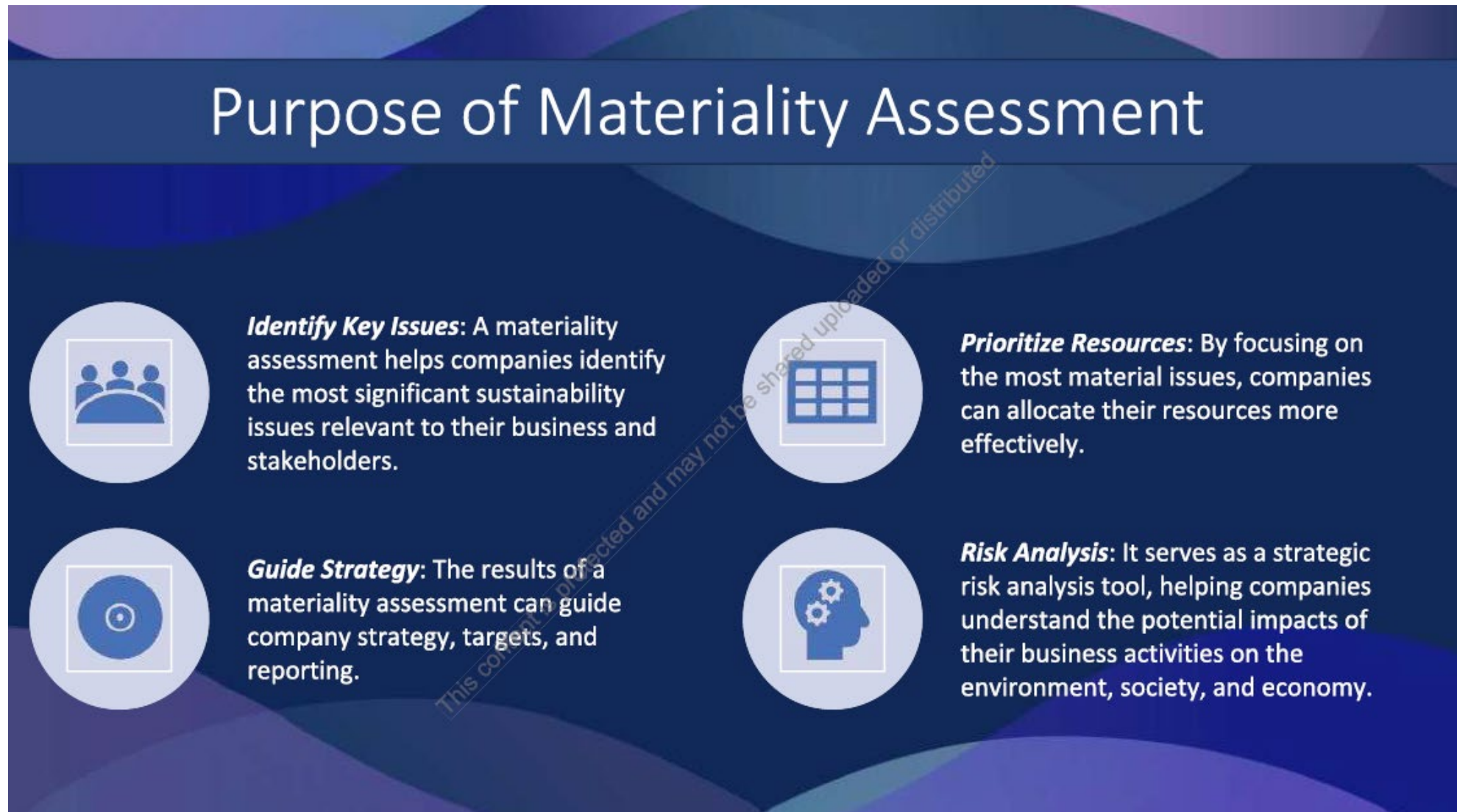
1. A public statement naming the individuals responsible and the nature of the breach.
 2. An order requiring the responsible person to cease the conduct.
 3. Regulatory fines (the amount of which has not yet been set).
- Companies as far as ESG issues are concerned should ensure that these governance issues are appropriately dealt with in internal policies and processes as soon as possible.
 - Not just to avoid financial penalties, but also serious reputational damage.

D. CSRD : Reporting

CSRD and ESRS

CSRD	ESRS
<p>The CSRD is a <u>regulatory initiative</u> that defines corporate sustainability reporting requirements for large and listed corporations in the European Union (and for some Non-EU companies) – it is about the “why” and defines the “who” and “when”.</p>	<p>The ESRS is the <u>reporting framework</u> corporations must use to disclose their sustainability performance under the CSRD.</p> <p>As a reporting framework, the ESRS guides the “how” and “what”.</p>

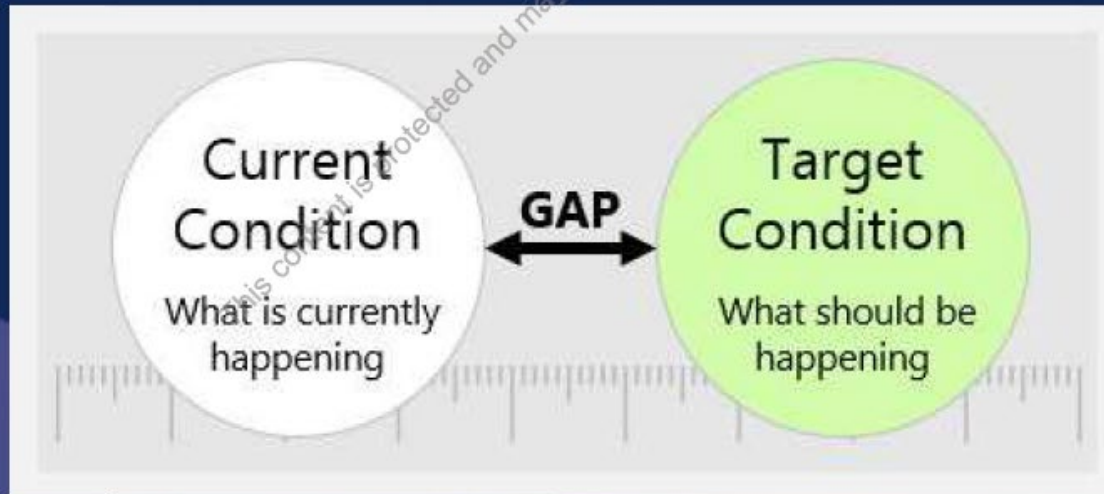
D. CSRD – Main Purpose



European Sustainability Reporting Standards (ESRS) (continued)

What is Gap Analysis?

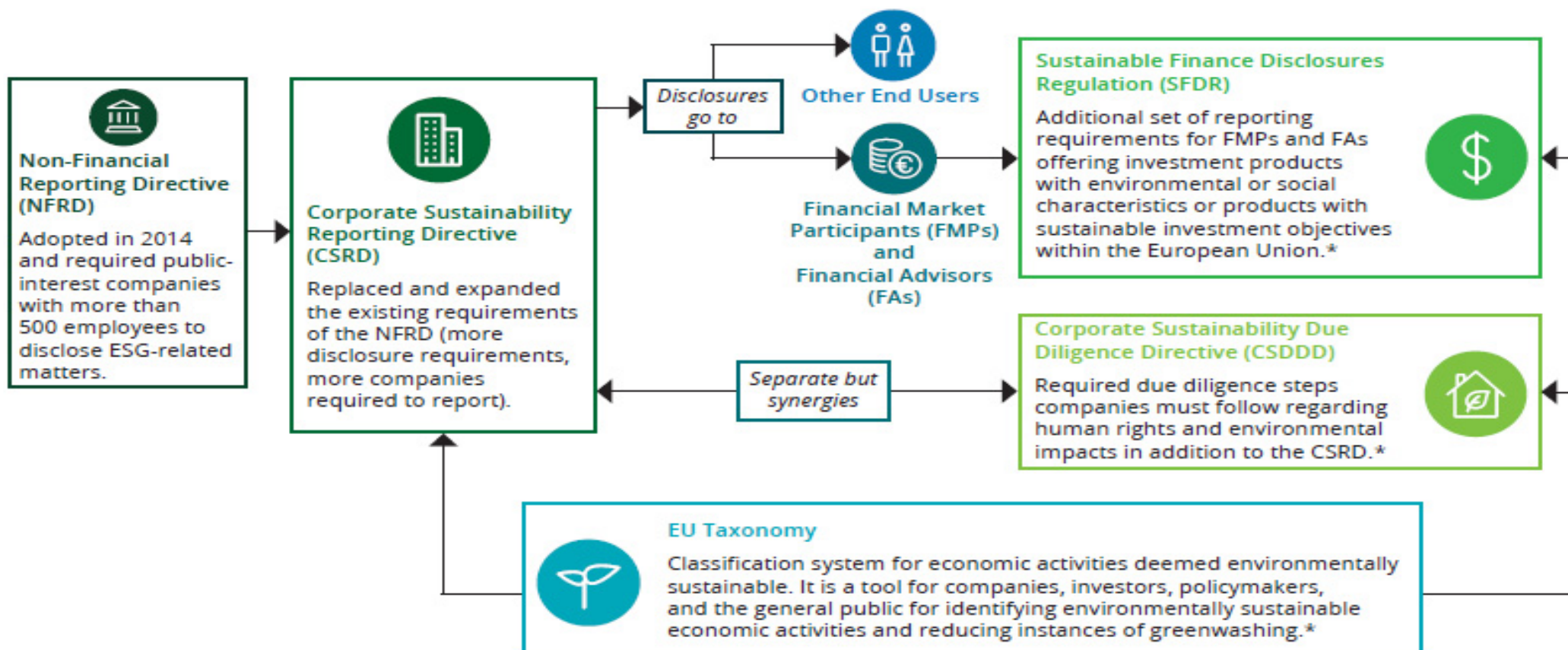
- An ESG gap analysis is a tool that helps a company look at its current ESG efforts and compare them to ESG goals.
- Conducting an analysis like this on a regular basis can help identify what efforts are working well and where you should invest more time and resources.



CSRD: TIPS to Keep in mind

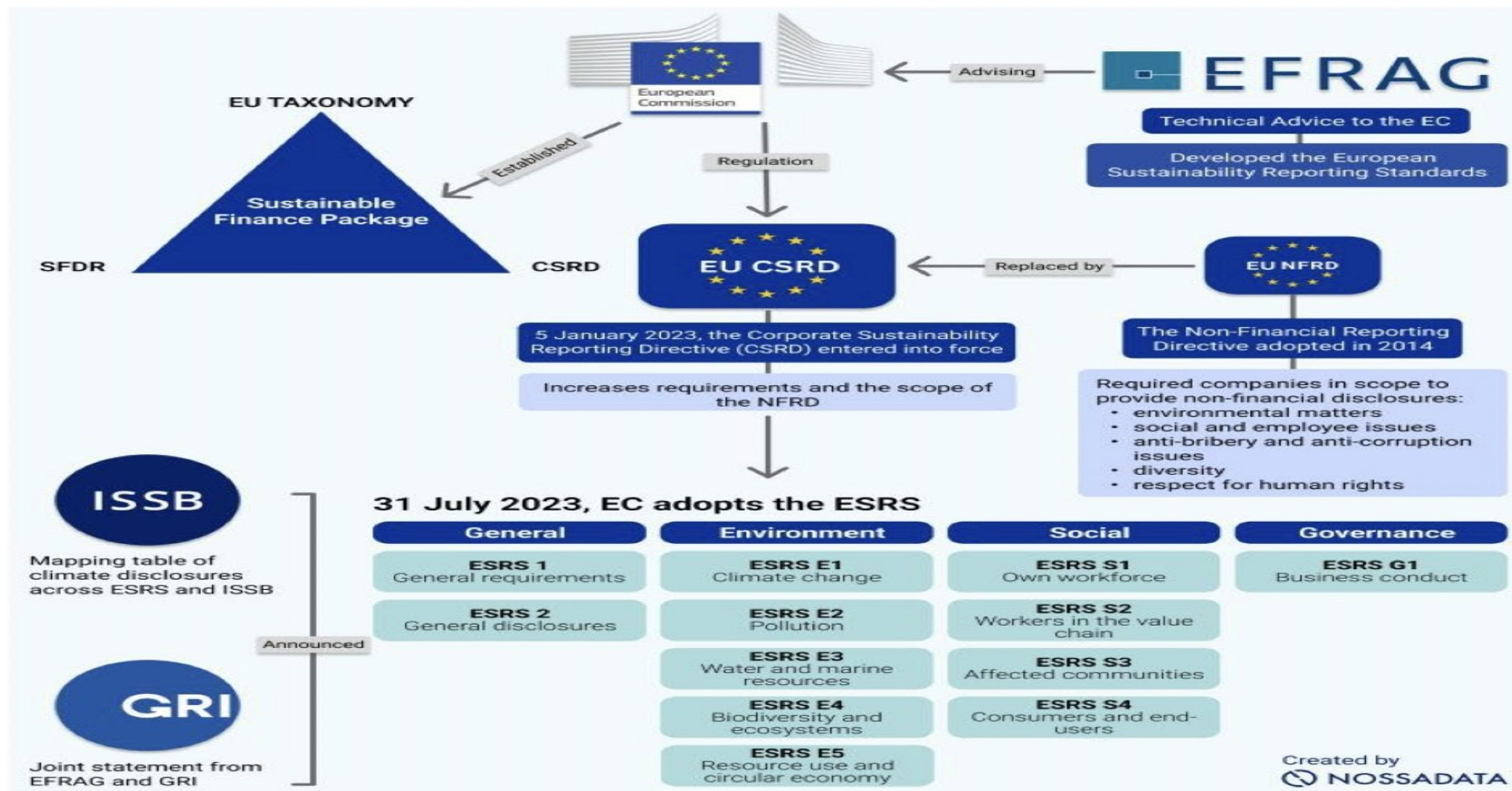
- CSRD makes external assurance mandatory
- Process & Relation with Assurer : Agree with the assurer on the number and type of KPIs to be assured.
- Ensure that there is a balanced selection of KPIS.
- Consider Assurance conduct using International Standard (e.g. AA100, ISAE3000, ISO , GRI).
- Discuss with the Assurer the content of the Assurance Statement.
- Option: may choose currently not to publish External Assurance Statement.
- External Assurance is an opportunity for improvement.

D. CSRD : Reporting: Annual Report (Corporate) & Sustainability Report



* Specific considerations related to organizational structure and E.U. footprint will dictate further applicability requirements across the additional E.U. standards and regulations.

D.CSRD : Reporting



E. CSDDD: EU Directive On Corporate Sustainability Due Diligence – Scope

**** March 15 :** European Council approved the Corporate Sustainability Due Diligence Directive. (CSDDD)

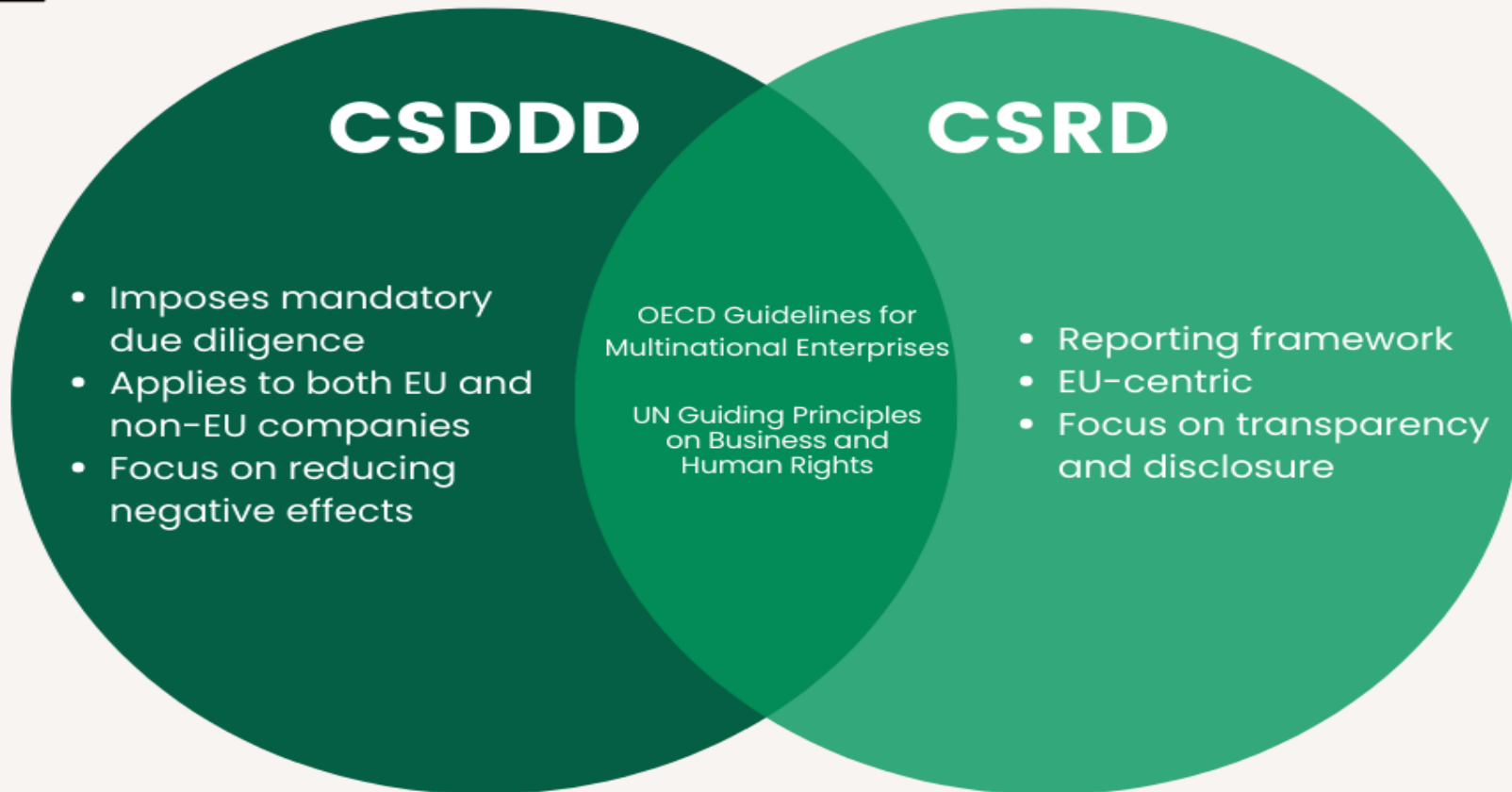
****25 July 2024, CSDDD - Directive 2024/1760) entered into force.****

**** CSDDD :** Creates a legal liability for companies relating to environmental and human rights violations within their **supply chain**.

Is the CSDDD mandatory?

CSDDD introduced by the European Union mandates companies to identify, mitigate, and report on the impact of their operations and supply chains on human rights and the environment.

E. EU Corporate Sustainability Due Diligence vs CSRD



EU GREEN DEAL

E. EU Corporate Sustainability Due Diligence

What are the obligations for companies and their directors?

- **CSDDD** establishes a corporate due diligence duty. [i.e. **Companies Law**]
- Core elements identifying, preventing, mitigating and accounting for negative human rights and environmental impacts in the company's own operations, **their subsidiaries and their value chains.**
- Certain large companies need to have a plan to ensure that their business strategy is compatible with limiting global warming to 1.5 °C in line with the **Paris Agreement** [2015].
- Directors are incentivised to contribute to sustainability and climate change mitigation goals.

E. EU Corporate Sustainability Due Diligence

What are the obligations for companies and their directors?

- Duties include setting up and overseeing the implementation of the due diligence processes and integrating due diligence into the corporate strategy.
- Additionally, when fulfilling their duty to act in the best interest of the company, directors must take into account the human rights, climate change and environmental consequences of their decisions.
- **CSDDD** sets out an obligation for large companies to adopt and put into effect, through best efforts, a transition plan for climate change mitigation **aligned with the 2050 climate neutrality objective of the Paris Agreement** as well as intermediate targets under **the European Climate Law**.

EU Corporate Sustainability Due Diligence (CSDDDD)



5 Ways Businesses can Prepare for the EU's Corporate Sustainability Due Diligence Directive



Map your supply chain to identify & mitigate human rights and environmental impacts



Integrate due diligence into your corporate strategy & policies



Develop plans to prevent & mitigate potential adverse impacts





Create a clear climate change policy consistent with the Paris Agreement goals



Provide an easily accessible grievance mechanism for those affected by impacts

E. EU Sustainability Corporate Governance Frameworks

CSDDD vs. CSRD		 CSRD	 CSDDD	
	Focus	Reporting	Due Diligence	
	Aim	To improve and broaden sustainability reporting among companies.	To ensure businesses take responsibility for the negative impacts of their activities on human rights and the environment.	
	Scope	Affects large companies in the EU, listed small and medium-sized companies in the EU, and non-EU companies with significant operations in Europe.	Affects ~6000 of the largest companies in the EU and non-EU companies with significant revenue from operations in Europe.	
	Requirements	Companies must disclose their material sustainability impacts, risks and opportunities, following the EU's sustainability reporting standards, with assurance to support reliability.	Companies must identify and address potential and actual adverse impacts within their operations, subsidiaries, and supply chains.	
	Implementation	In effect now, with the first reports required in 2025.	Companies must disclose their material sustainability impacts, risks and opportunities, following the EU's sustainability reporting standards, with assurance to support reliability.	

Reporting: Annual Report (Corporate) & Sustainability Report (1)

Risk and compliance

- Understand CSRD reporting obligations as a result of entity size and type (e.g. financial vs non-financial)
- Updates to risk management systems to capture ESG obligations
- Implementation and monitoring of supporting control environment

Investor relations

- Prepare for and manage investor enquiries and data demands relating to ESG credentials of reporting entity and investments made;
- Understand investor sentiment, potentially by jurisdiction, to potential impacts to capital from CSRD disclosures

Audit (external)

- Limited assurance initial followed by reasonable assurance meaning evidence trails and verification will be required for ESG data
- Selecting an external auditor is required with flexibility around auditor selection and European attempts to increase competition
- Statutory auditor of the financial statements is allowed to provide assurance of sustainability reporting

Human resources

- Collection of data for intangible disclosures around intellectual, human, and social and relationship capital
- Consideration of incorporation of ESG factors in remuneration of staff at all levels.

Value chain

Supply chain

- Assessment of an entity's exposure to ESG from both suppliers and customers/investments to identify the entity's own exposure through:
 - suppliers/investments with low ESG credentials
 - suppliers/investments with no ESG data
- Understand end-to-end emission exposure to report under scope 3

End customer exposure

- Understand customer preferences based on ESG credentials and how exposure to your operations may affect their own CSRD reporting.



Board and Governance

- Incorporating sustainability into board reporting with clear responsibility and capability;
- Understand:
 - relationship between sustainability and the entity's business model and strategy
 - resilience of the business to sustainability risks
 - plans to ensure compatibility of the business and strategy to an economy that has transitioned to limit global warming to 1.5 °C

Finance and Treasury

- Assess ability to prepare data that reflects the financial exposure resulting from sustainability risk.
- Consider the need for shadow carbon pricing to for Treasury
- If responsible for annual reports in entirety, understand capability for single electronic reporting format
- Understand how capital providers are considering CSRD in their lending and investment decisions

Technology

- Development and operationalising CSRD data collection, collation, monitoring and reporting
- Determine the extent to which a software solution is required for data capture, storage, and reporting



Key word is anticipation !

Reporting: Annual Report (Corporate) & Sustainability Report (2)

MAIN PRINCIPLES & INFORMATION THAT NEED TO BE DISCLOSED

- Double materiality
- Sustainability goals
- Business model and strategy including its resilience, opportunities, roadmap towards sustainable economy (1,5 °) and stakeholder involvement
- The role of the Management Board and Supervisory Board
- The company's main adverse effects
- Actions taken and the outcome of those actions to prevent, mitigate or remedy actual or potential adverse impacts
- Tangible- and intangible resources not yet recognized in the balance sheet
- The organization's policies related to sustainability
- Due diligence process conducted with respect to sustainability concerns
- Description of potential sustainability risks that might affect their performance
- The information disclosed should include forward-looking and retrospective information, as well as qualitative and quantitative information

CONTENT OF THE EU REPORTING STANDARDS

ENVIRONMENT

Climate protection (Mitigation)
Adaptation to climate change (Adaptation)
Water and marine resources
Circular economy
Environmental pollution
Biodiversity and ecosystems

SOCIAL

Diversity & Equality
Working conditions
Human Rights

GOVERNANCE

Role of the company's governance
Corporate ethics and culture
Anti-corruption and anti-bribery practices
Political engagement
Relationships with business partners
Internal control and risk management

European Sustainability Reporting Standards - Summary table- Comparison

Non-Financial Measurement & Reporting Standards & Frameworks*

Framework or Standard	Primary Constituencies of Interest		Performance Construct(s) of Interest			Triple Bottom Line in Scope	Pre-Determined Indicators	Primary Form of Measurement	
	Shareholders	Stakeholders	Risk	Value Creation/ Impact Valuation	Sustainability			Incrementalist	Context-Based
1. B Corp BIA		•		•	•	•	•	•	1
2. Capitals Coalition		•		•	•			•	
3. CDP		•	•		•		•	•	
4. CDSB	•		•		•			•	
5. EFRAG		•	•	•	•			•	
6. Future Fit Benchmark		•			•		•		•
7. GRI		•			•	•	•	•	2
8. IFRS	•		•					•	
9. IIRC	•			•				•	
10. MCS		•			•	•			•
11. NFRD		•			•			•	
12. SAI TBL		•			•	•			•
13. SASB	•		•				3	•	
14. SBTi		•			•		•		•
15. SBTN		•			•				•
16. SDGD		•		•				•	
17. TCFD	•		•					•	
18. UN Global Compact		•		•	•		•	•	
19. UNRISD		•			•	•	•		•
20. VBA	•		•	•				•	
21. VCF (SASB and IIRC)	•		•	•			3	•	
22. WEF		•		•	•		•	•	1

¹Includes very few context-based metrics, mostly not.

²Nominally committed to context-based reporting, but provides no guidance and does not require it.

³Includes suggested material areas of impact/indicators for specific sectors, but otherwise defers to reporters' own materiality determinations.

*Updated as of 3.13.21

European Sustainability Reporting Standards (CSRD and ESRS) (Infographics)



Summary on EU Financing Growth Plan (1)

- **Sustainable Development effectively supporting sustainability:**
 - Implementing a global strategy for sustainable finance in the European Union.
 - Sustainable investment should no longer be the exception, but the norm.
- **Sustainable Finance:**
 - New way of financing is not only in banking but mostly on issuing or structuring other type of financing which attract Capital& Private Equity and Government Investments.
 - Promoting synergies between public and private networks in green finance.
 - Enlarging the impact of sustainable finance to support climate change efforts.
- **ESG Compliance (including CSR,CSRD) is critical compliance assessment tool.**
 - *“Non-Financial information must become part of corporate governance.”*
 - Companies must look closely at their health and safety, environmental and wider human rights practices to ensure compliance not only with legislation, but ethical principles.
 - **It is necessity of common sustainable standards for all stakeholders.**

Summary on EU Financing Growth Plan (2)

- Everything changes.

Companies should be performing real time monitoring in their key stakeholders.

- “New Green Taxation: an opportunity for a better world.”

- Compliance everywhere.

- Compliance and ethics are **not only** about the compliance department but the whole business.

- 2020 (re-focused)**, emphasis in a compliance & ethics culture is key so employees can also help report misconduct.

- Systems integration is key.

- Companies are integrating their programmes across the whole organisation into one.

Set driving synergies between teams and processes targeting to avoid repetitions.



EU Omnibus Directive

EU Omnibus package

- EU Omnibus, officially known as the Omnibus Simplification Package, is a legislative proposal introduced by the European Commission on February 26, 2025.
- Primary goal is to streamline and harmonize sustainability reporting requirements across the European Union, reducing the regulatory burden on businesses while enhancing corporate sustainability efforts.
- EU package aims to simplify various directives related to the EU Green Deal, including the Corporate Sustainability Reporting Directive (CSRD) and the EU Taxonomy, creating a more coherent legal framework for sustainability reporting

EU Omnibus package

- 1st April is the next important date when debates / votes on the proposal are scheduled

Main proposed changes for CSRD are:

1. Reduction of the scope of reporting companies: Only apply to large undertakings with more than 1000 employees (i.e. undertakings that have more than 1000 employees and either a turnover above EUR 50 million or a balance sheet total above EUR 25 million)
2. 'Value chain cap': For companies which will not be in the scope of the CSRD anymore i.e. up to 1,000 employees, EC to adopt a voluntary reporting standard, based on the standard for SMEs (VSME) developed by EFRAG. standard aim to act as a shield, by limiting the information that companies or banks falling into the scope of the CSRD can request from companies in their value chains with fewer than 1,000 employees.
3. Revision of the ESRS: Aim to substantially reduce the number of data points, clarifying provisions deemed unclear and improving consistency with other pieces of legislation.
4. Deletion of sector-specific standards requirement
5. Removing the reasonable assurance standard (limited assurance stays)
6. **Postponement of reporting requirements: 2 years extra preparation time for those in wave 2 & 3**

All needs to be agreed by the European Commission as well as transposed into Cyprus law.

Until it is transposed into Cyprus law, the current regulations stand. **24/3/2025**

Navigating the EU's New Sustainability Regulations




Reminder :

**** Sustainability is no longer just a corporate responsibility—A legal necessity up 2024**.**

- Corporate Sustainability Reporting Directive (CSRD),
- Corporate Sustainability Due Diligence and amending Directive (CSDDD), and
- EU Taxonomy.




Businesses operating in the EU must integrate sustainability at the core of their strategies.

 What does this mean for companies?

-  **CSRD:** Expands ESG reporting requirements, affecting ~50,000 companies. Mandates disclosures on sustainability risks, climate impact, and governance.
-  **CSDDD:** Introduces mandatory due diligence obligations for environmental and human rights impacts across global value chains.
-  **EU Taxonomy:** Establishes a framework to define what qualifies as a sustainable economic activity, guiding investments and financial reporting.

Navigating the EU's New Sustainability Regulations:

Key Challenges & Opportunities

- | | |
|--|--|
|  Data & Compliance: | Companies must enhance ESG data collection and integrate sustainability into financial reporting. |
|  Corporate Strategy: | Aligning business models with EU sustainability objectives will be crucial for market positioning. |
|  Investment & Growth: | Sustainable finance opportunities will increase, favoring companies that proactively adapt. |

What does the EU Omnibus Package mean for reporting? 🌍

Sustainability Reporting' breaks down what's changing and how companies can adapt:

Focus on what truly matters—material ESG topics.

🤖 Use GenAI to make reporting efficient & impactful.

🎯 Stay ahead of 2027 compliance with a strategic approach.

Scenario	Super simplified	Simplified	Simplified - flexibility
JV with no EEA turnover & assets	✓		
JV with less than EUR 100m EEA turnover & assets		✓	
JV with EUR 100m to 150m EEA turnover & assets			✓
From joint to sole control if acquirer already has joint control		✓	
No overlaps nor vertical relationships	✓		
<i>Horizontal overlap between the parties – combined market shares</i>			
Less than 20% AND/OR NEW less than 50 % with below 150 HHI delta		✓	
20% to 25%			✓
<i>Vertical relationship between the parties – combined and individual market shares</i>			
Less than 30 % upstream and downstream		✓	
NEW Less than 30 % upstream AND purchasing share of less than 30 % downstream, regarding upstream inputs		✓	
NEW Less than 50 % upstream and downstream AND below 150 HHI delta upstream and downstream AND smaller undertaking in terms of market share is the same upstream and downstream		✓	
30% to 35% upstream and downstream			✓
Less than 50% in one market AND less than 10% in all the other vertically related markets			✓

Exhibit 3 - Strategic response | EU Omnibus will urge companies to revise their strategic approach to ESG disclosure

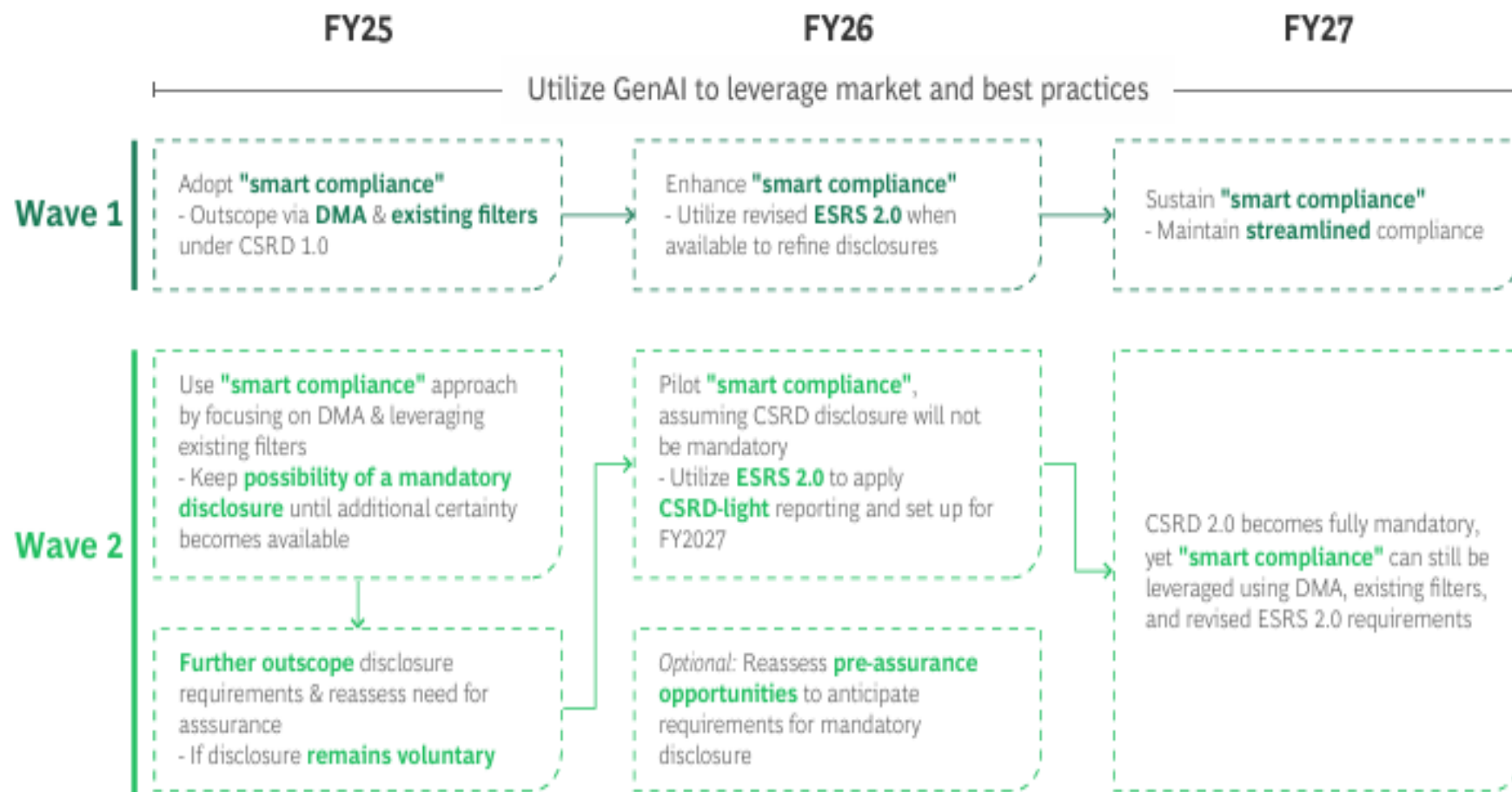
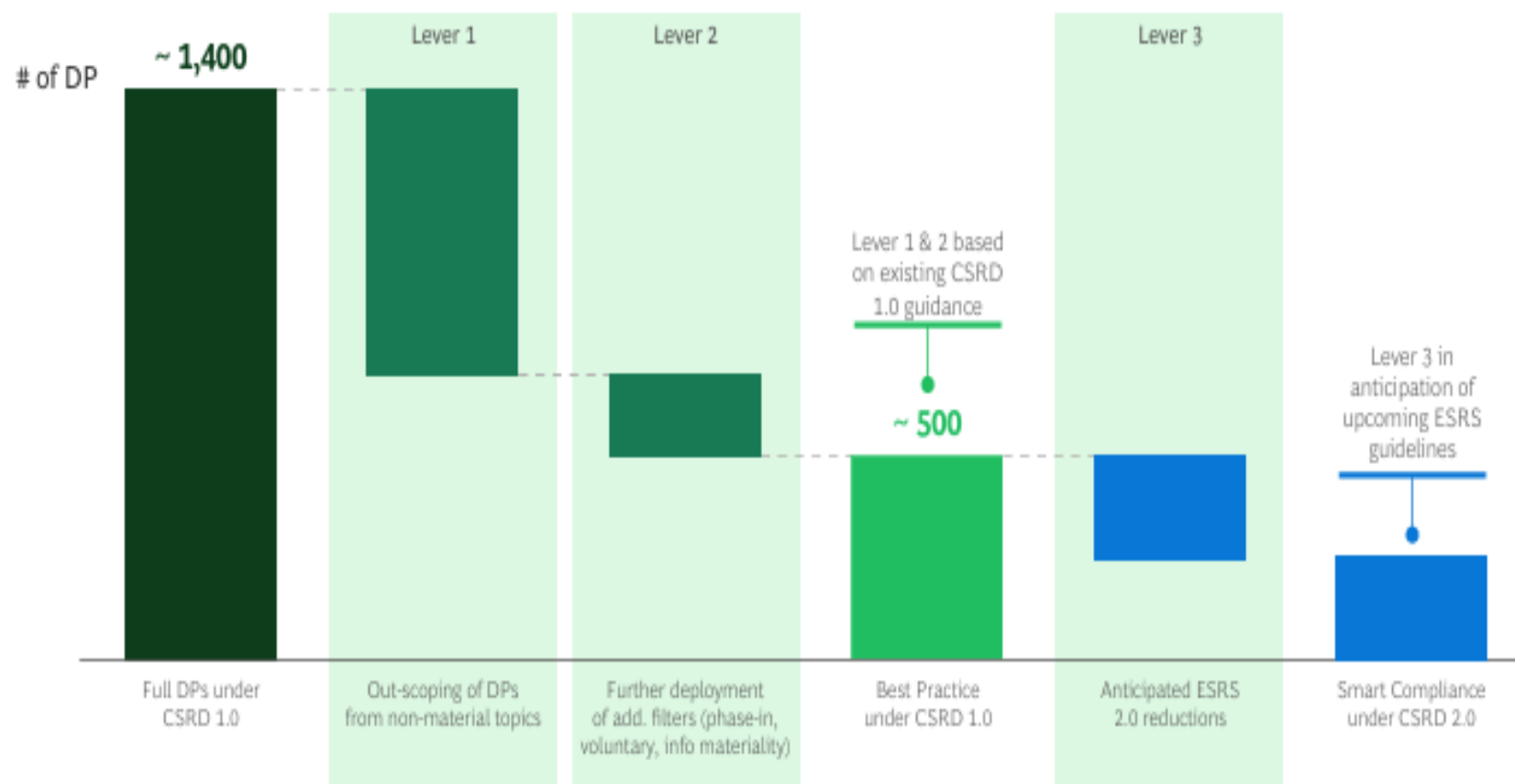


Exhibit 4 - Strategic response | With the “smart compliance” approach based on three key filters companies can focus their reporting efforts



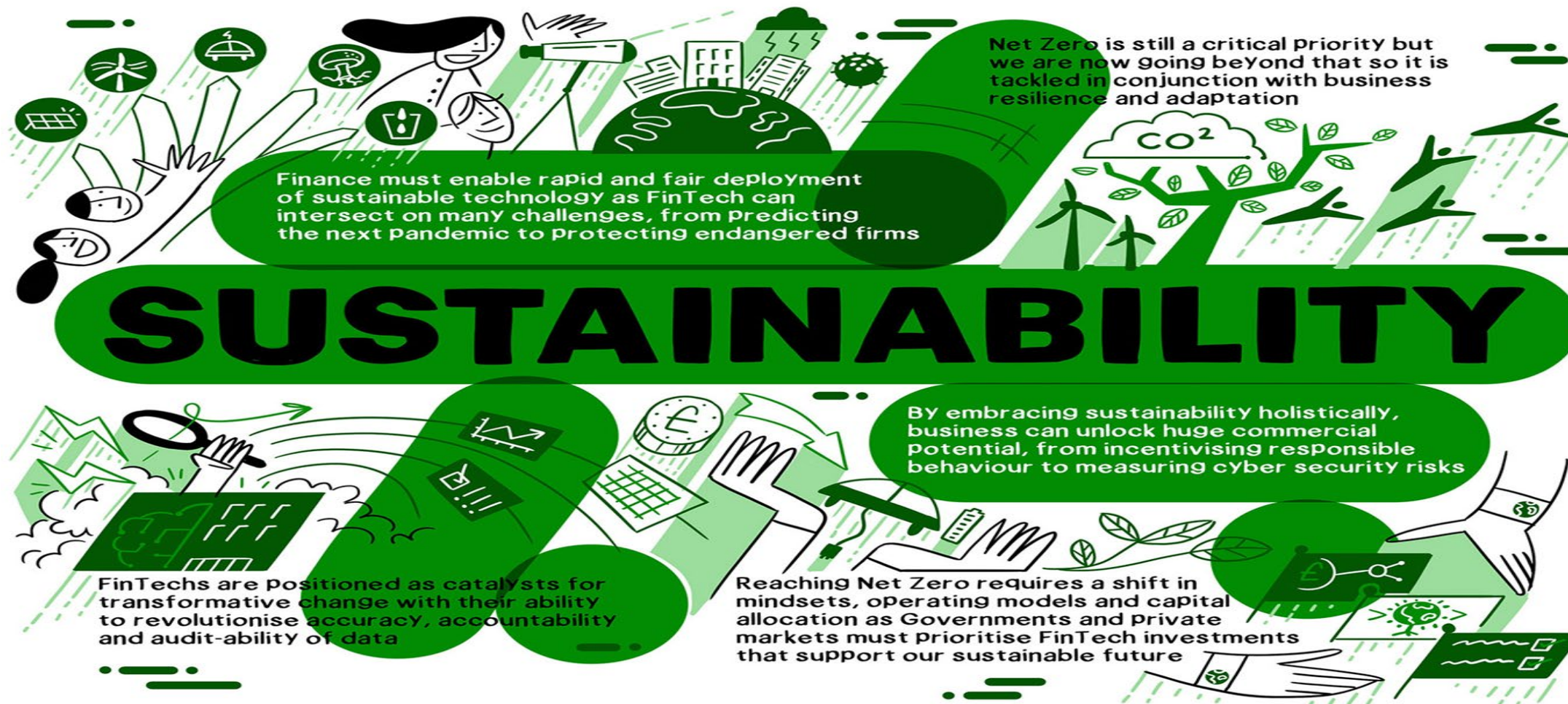
How companies should prepare

- With the Omnibus Package, regulators have reaffirmed the need for a materiality-based approach, emphasizing that sustainability reporting should focus on what truly matters - ensuring compliance while maintaining strategic relevance
- Three-year (3)roadmap to ESG compliance:
 - Companies urged to revise their strategic approach to ESG disclosure.
 - materiality-based approach in mind, companies must now consider what this means for their own ESG reporting strategy.
 - Initial filtering based on materiality assessment
 - Advanced filtering mechanisms for further optimization
 - Anticipate regulatory revisions

What companies should do next

- Companies prepare for the ESG reporting cycles of FY2025–FY2027 and await the final Omnibus law, they must seize this opportunity to act.
- Thinking strategically about their overall ESG disclosure entails three key steps. They should:
 - Status quo and benchmarking: Analyze their status quo ESG reporting to understand their current approach to sustainability reporting, including conducting a benchmark study with industry peers on the sustainability reporting best practices.
 - Strategic Options: Assess their potential strategic options for FY25-27 and the required strategic choices in light of the amendments introduced by the Omnibus Package
 - Roadmap: Detail their ESG strategy on the road ahead, “smart compliance” approach,.

Sustainability : Sustainable Finance → FinTech



Sustainable Development Goals [SDGs]

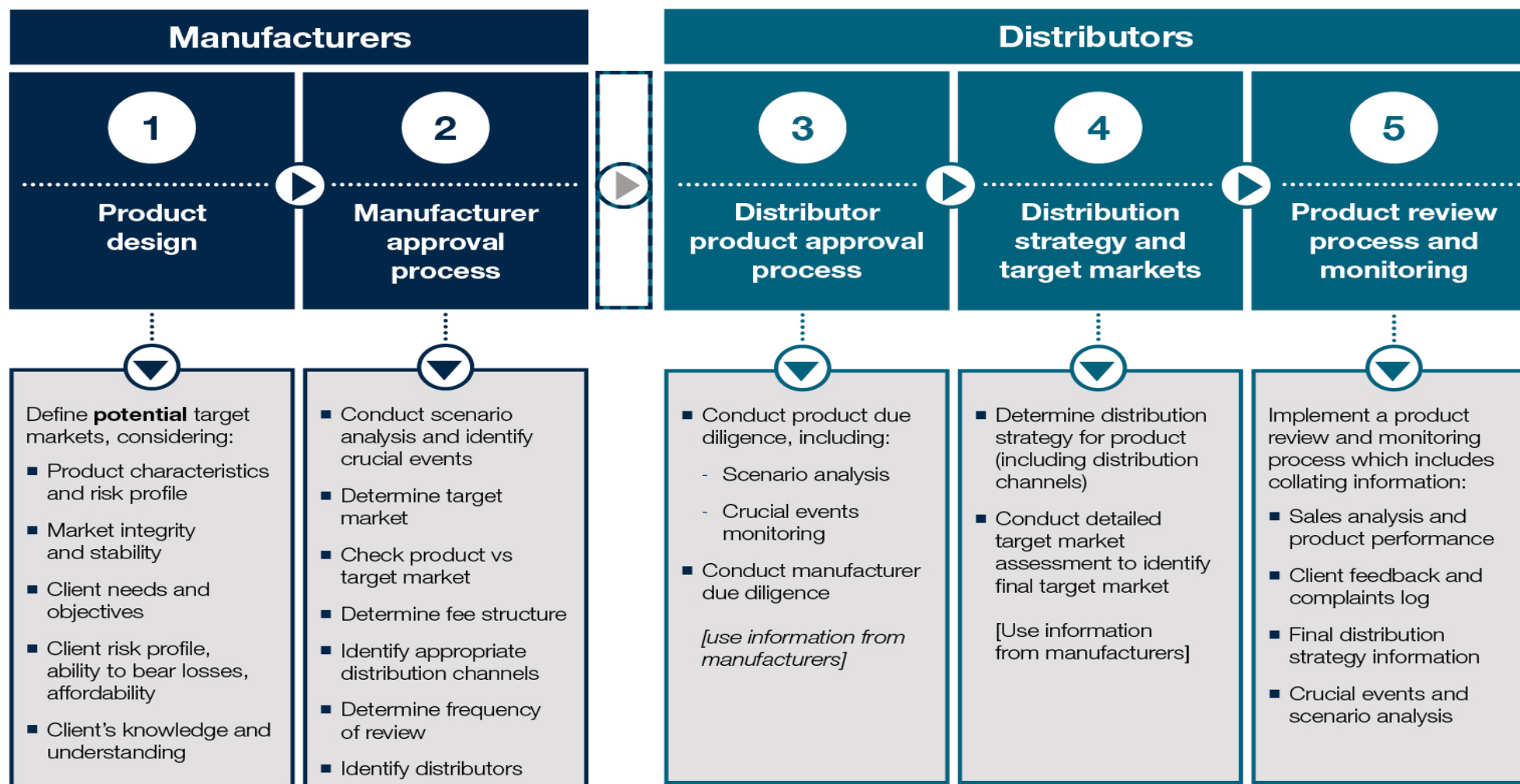


6. Evolution : Business Model Example



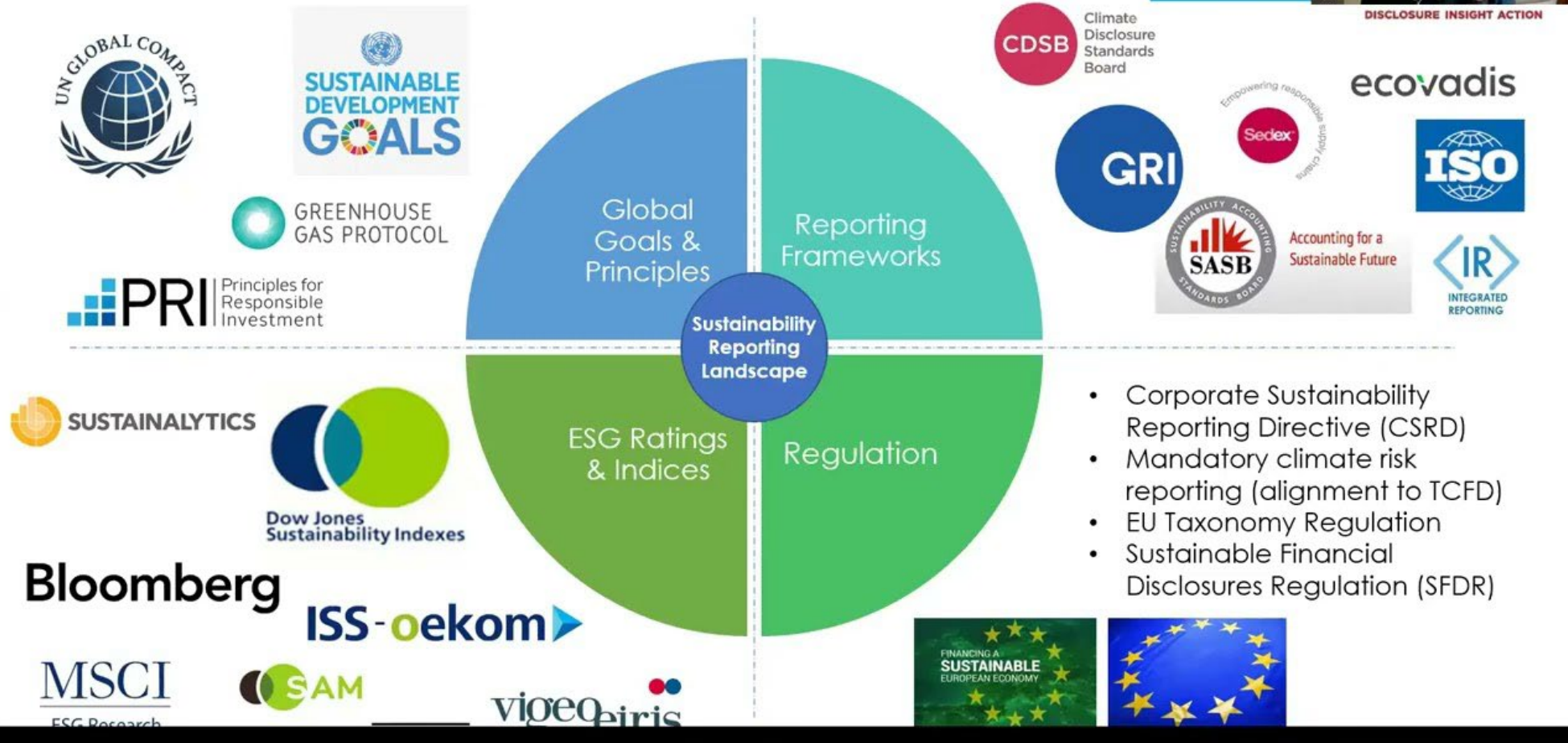
ESG Product Governance

High-level example of the product governance process:

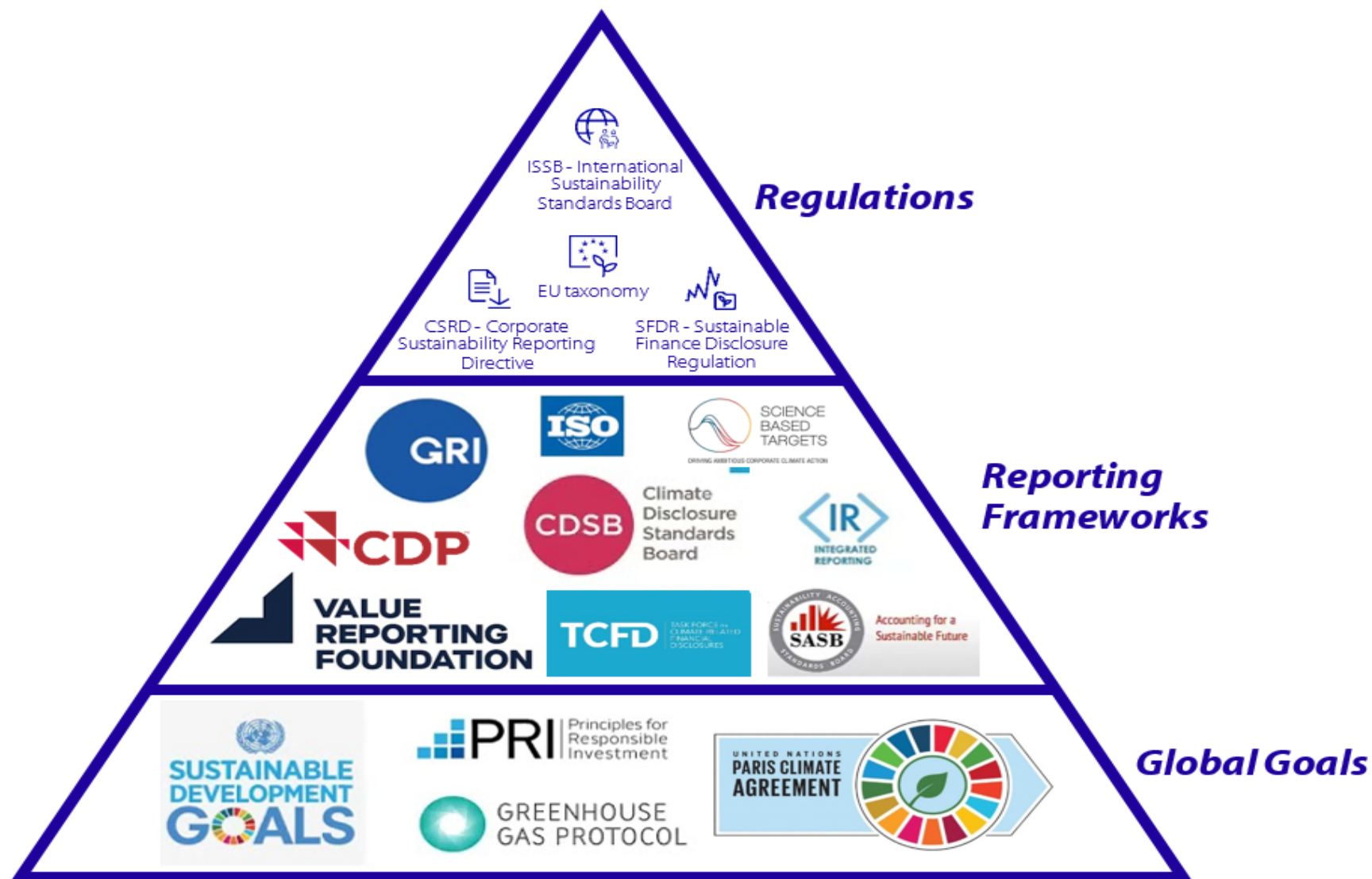




Sustainability Reporting Landscape



Legal Framework Structure



Nicole K. Phinopoulou

LL.B(Hons), LL.M (UCL), LPC, CISL, University of Cambridge

Qualified Lawyer Cyprus Bar Association

EU Professional Skills Trainer, HRDA (SEP/CYQF/EQF5-EU)

- **Specialised:** Corporate Commercial, Banking Finance, Capital Markets & Financial Services Laws [Project Development & Financing]
- Securities Markets Regulations, Regulatory Compliance & Corporate Governance, Accredited Professional
- ESG, Sustainable Finance & Sustainability Regime Policies Expert

Sustainability Memberships:

- Cambridge University Institute for Sustainability Leadership (CISL)
- Cambridge Judge Business School, University of Cambridge
- National Representative, International Standardisation Organisation Committees : Financial Services TC68 & Sustainable Finance TC322
- Founder-Legal Advisor, Cyprus Corporate Sustainability Reporting Business Association (CSR)

Former Supervisory Positions – Competent Authorities:

- Board Director, Cyprus Securities & Exchange Commission (CySEC)
- Council Member, Board of Directors, University of Cyprus (UCY)

Personal Vision: "Sustainability is a business strategy that drives long-term corporate growth and profitability by mandating the inclusion of environmental and social issues in the business model and the organisational culture". www.plp-partners.com

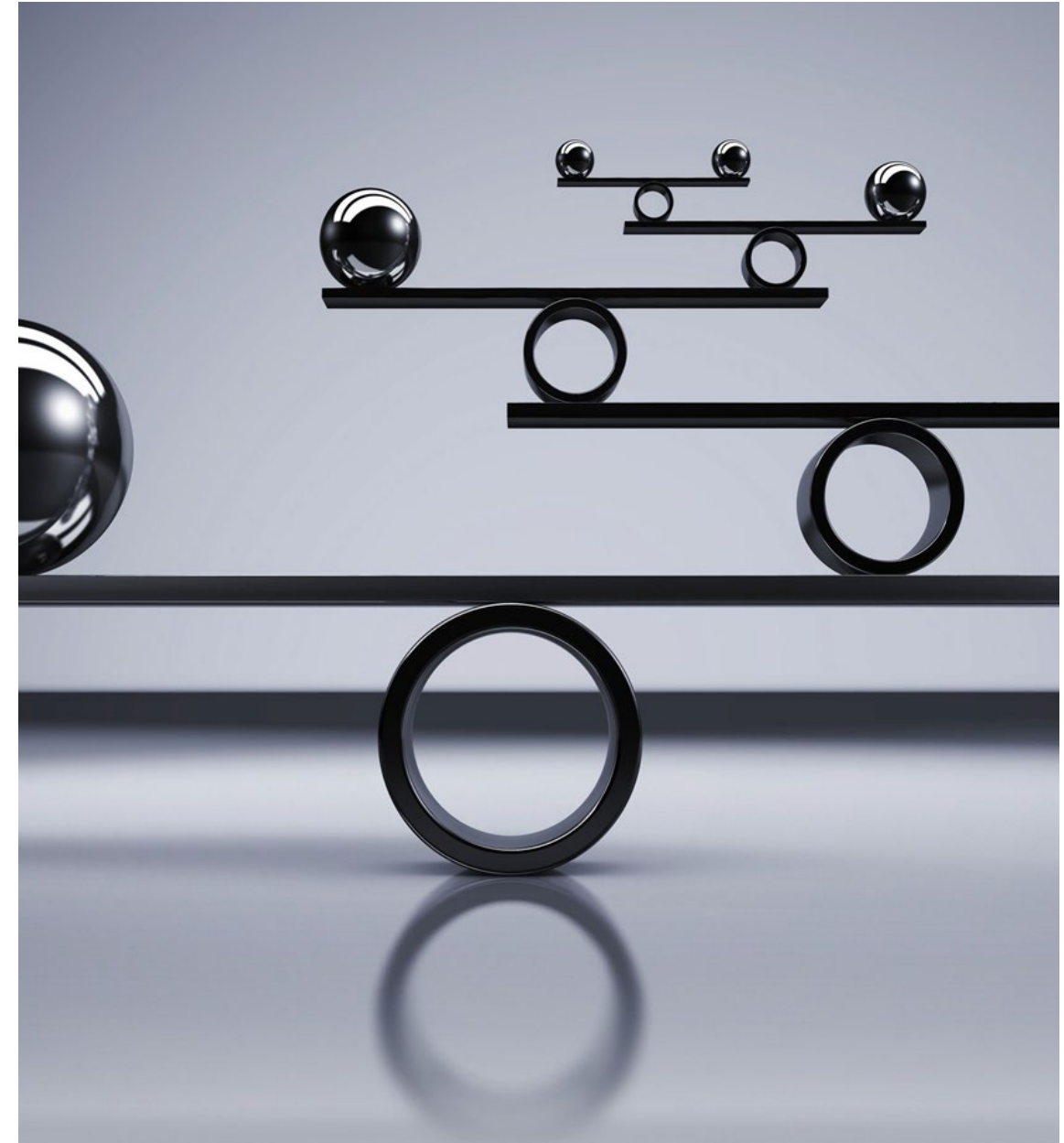
Contact: E. info@plp-partners.com | LinkedIn | Twitter



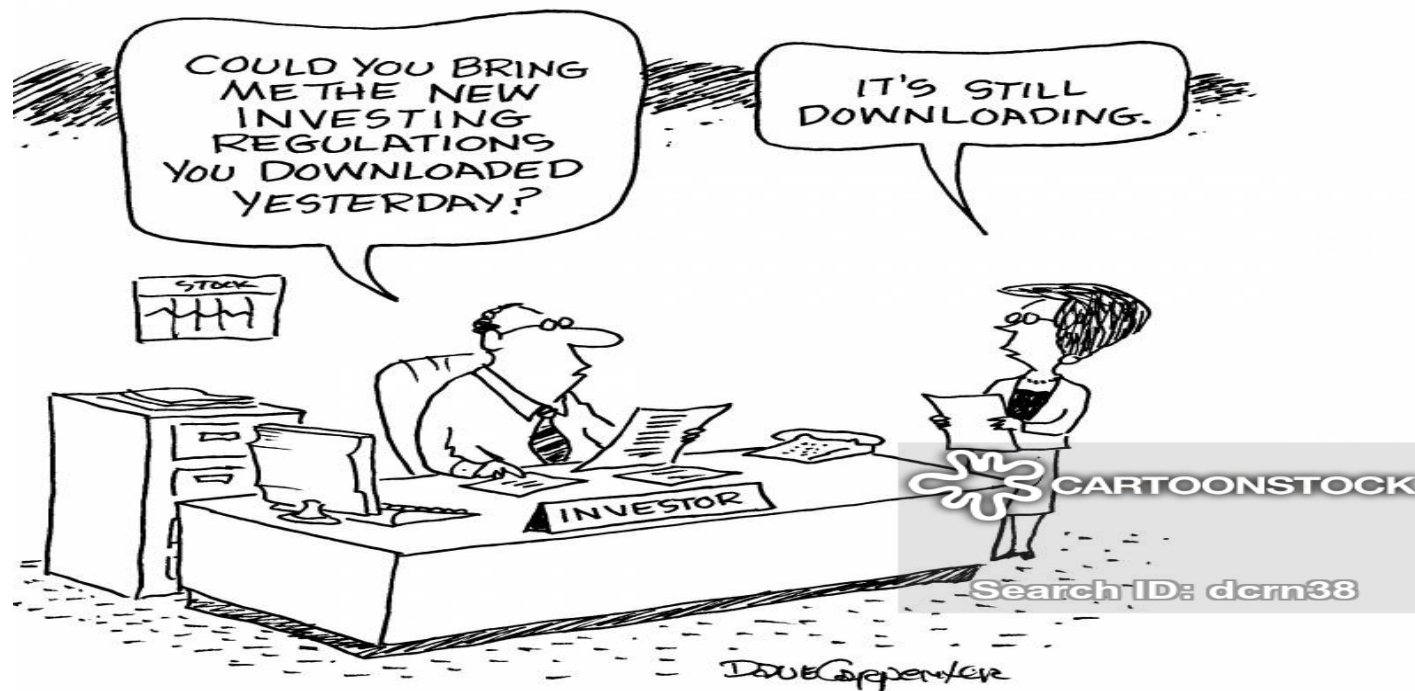
Competencies

- Solid experience and comprehensive knowledge of Regulatory Compliance legislative framework across interdisciplinary connected sectors of Corporate Commercial, Corporate Banking Finance and Financial Services industry.
- In-Depth, hands-on technical knowledge, expertise and understanding of capital markets and funds operations.
- Qualified on sustainability-related regulatory provisions and providing legal advice on technical and implementation questions (supervisory authorities' membership and project-based expertise).
- Extensive transactional experience advising large organisations, credit institutions, assets' fund managers and investors on the full spectrum of business market operations and compliance complexities in a project's life-cycle.
- Proven track record of supporting clients and communities to address the issues facing in the area of Sustainable Development.
- Comprehensive knowledge of litigation developments.
- Panellist, Team Organiser, providing customised workshops & training in the context of sustainability-related projects.

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ΕΥΧΑΡΙΣΤΩ



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