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# **EXPANDING MY BUSINESS IN THE EMERGING SUSTAINABILITY LANDSCAPE**

OPPORTUNITIES AND CHALLENGES ARISING FROM THE NEW  
REGULATORY FRAMEWORK IN THE EU

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# SUSTAINABILITY LANDSCAPE EMERGING FROM THE EU REGULATORY FRAMEWORK

Consequence: Fundamentally changing the relationships between firms and between them and the financial intermediaries. How?

# European Green Deal

Delivering on **Sustainable Development Goals**.



A transformational blueprint to get to a new economic model for the Union to become resource-efficient and competitive economy, where

- there are no net emissions of greenhouse gases by 2050
- economic growth is decoupled from resource use
- no person and no place is left behind

To get there, they pledged to reduce emissions **by at least 55% by 2030, compared to 1990 levels.**

*“The European Green Deal is our plan to make the EU's economy sustainable. We can do this by turning climate and environmental challenges into opportunities, and making the transition just an inclusive for all.”*



# Taxonomy and financial intermediation



**EU taxonomy** is a classification system, establishing a list of **environmentally sustainable economic activities**.

Key principle of judgement: **Do no significant harm**

**Platform on Sustainable Finance:** an advisory body subject to the Commission's horizontal rules for expert groups, **enabling dialogue and close cooperation among a wide range of stakeholders from the public and private sector** - crucial to deliver on the aims of the **EU Taxonomy Regulation**.

# Corporate sustainability reporting



EU law requires all large companies and all listed companies (except listed micro-enterprises) to disclose information on what they see as the risks and opportunities arising from social and environmental issues, and on the impact of their activities on people and the environment.

**On 5 January 2023, the Corporate Sustainability Reporting Directive (CSRD) entered into force.**

This new directive modernises and strengthens the rules concerning the social and environmental information that companies have to report.

**A broader set of large companies, as well as listed SMEs, will now be required to report on sustainability – approximately 50 000 companies in total.**



# New requirements of CSRD



## The new rules will

- ensure that investors and other stakeholders have access to the information they need to assess investment risks arising from climate change and other sustainability issues.
- **create a culture of transparency about the impact of companies on people and the environment.**
- reduce reporting costs for companies over the medium to long term by harmonising the information to be provided.
- **make it mandatory for companies to have an audit of the sustainability information that they report.** In addition, it provides for the digitalisation of sustainability information.

## When?

The first companies will have to apply the new rules for the first time in the 2024 financial year, for reports published in 2025.

# The new standards: European Sustainability Reporting Standards (ESRS)

Companies subject to the CSRD will have to report according to European Sustainability Reporting Standards (ESRS).

**The draft standards are developed by the EFRAG** (European Financial Reporting Advisory Group)

The standards will be tailored to EU policies, while building on and contributing to international standardisation initiatives.

The Commission should adopt **the first set of standards by mid-2023**, based on the **draft** standards published by EFRAG in November 2022.

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# Conclusions

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