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SESSIONE TEMATICA DI APPROFONDIMENTO

7 novembre 2023

THE NEW EUROPEAN DIRECTIVES CRSD AND GREEN CLAIMS: OPPORTUNITIES FOR COMPANIES vs GREEN WASHING

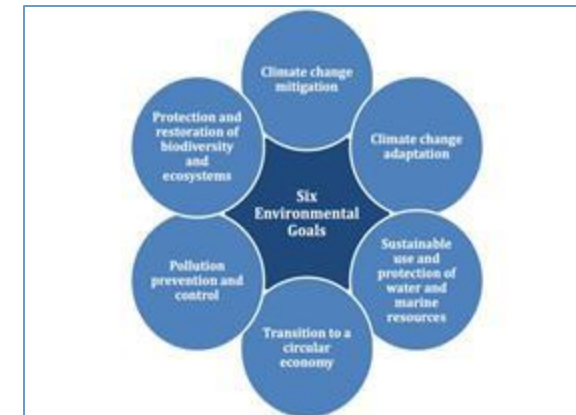
in collaborazione con l'Ambasciata e il Consolato generale dei Paesi Bassi in Italia

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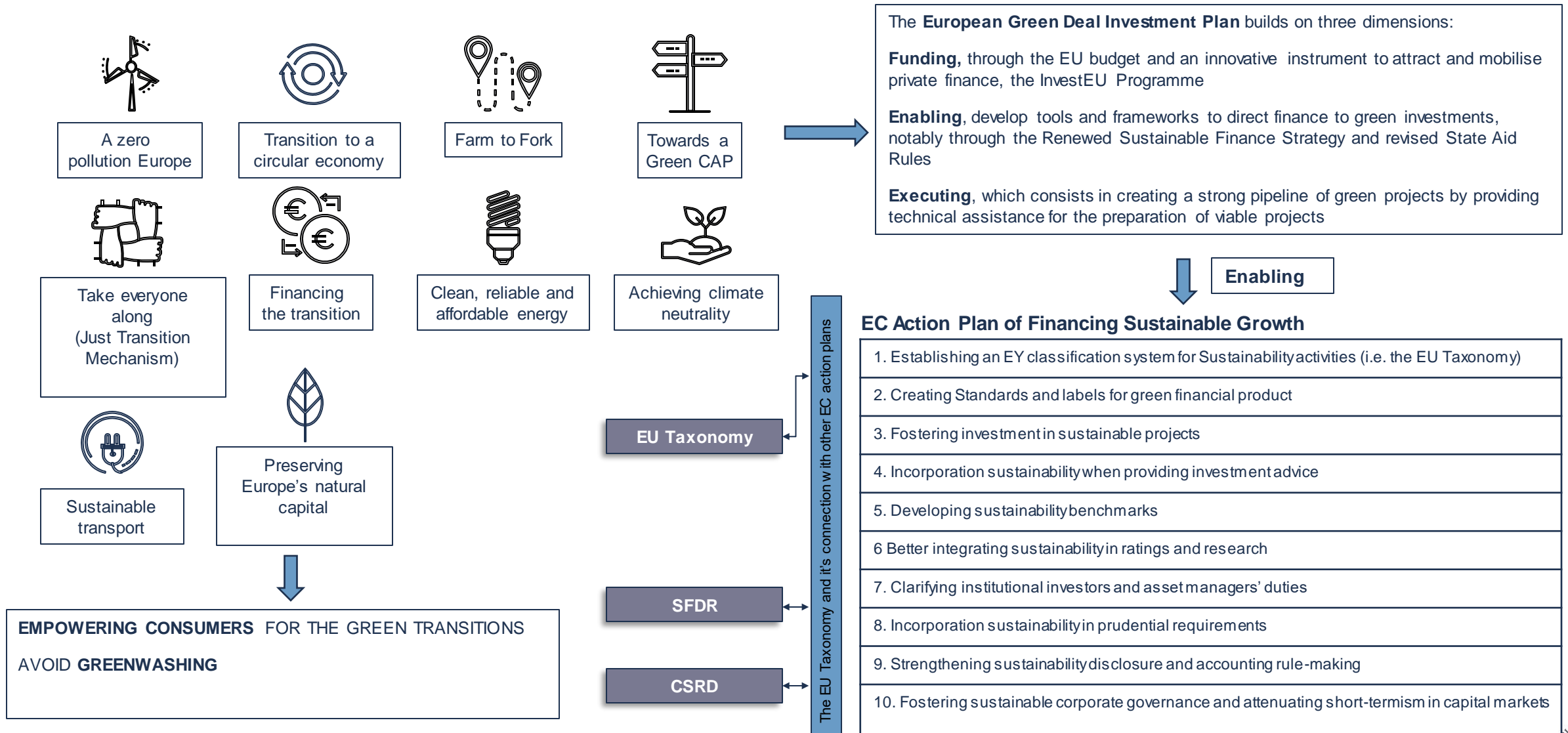


EU regulatory initiatives – A multistakeholder approach

- Disclosure regimes: The Corporate Sustainability Reporting Directive (CSRD), Sustainable Finance Disclosures Regulation
- Efforts to ensure equal competition and legal certainty for all companies operating within the EU: the Taxonomy regulation. It is foreseen a Social Taxonomy regulation, but its realisation is postponed to the next legislative term.
- Ecodesign Directive and Proposal for a Directive on Substantiation and Communication of Explicit Environmental Claims (Green Claims Directive)
- Due diligence obligations: The Corporate Sustainability Due Diligence Directive (CS3D)



EU Green Deal, Sustainable finance, EU Taxonomy, CSRD, AND GREEN CLAIMS



Corporate Sustainability Reporting Directive (CSRD) and European sustainability reporting standards (ESRS)



CSRD require large companies and listed companies to publish regular reports on the social and environmental risks they face, and on how their activities impact people and the environment.

- **December 2022** - EU Member States adopt the EU Directive into law and publication in the EU Official Journal. It will enter into force 20 days after publication and its provisions will have to be integrated into member states' national laws after 18 months
- **2023** - The Corporate Sustainability Reporting Directive (CSRD) takes effect for eligible entities in corporate fiscal year 2024 and organizations will need to start implementing ESG reporting capabilities and infrastructure in 2023 to prepare their CSRD reporting for the following year. The CSRD enters into force on the twentieth day following its publication in the Official Journal of the European Union
- **2024** - Qualifying large businesses will need to disclose a CSRD report according to a first set of sustainability reporting standards for their 2024 financial year. All EU Member States need to comply with the CSRD by July 6, 2024. CSRD Article 4 of the Directive shall apply from 1 January 2024 for financial years starting on or after 1 January 2024

CSRD Outlines the obligation for companies to use common standards to fulfill their legal sustainability reporting obligations

- The ESRS set out detailed reporting requirements in scope of the CSRD. The ESRS cover:
 - General reporting principles
 - A list of mandatory disclosure requirements for EU companies related to the identification and governance of sustainability matters.
 - The 10 ESG topics where disclosure is required, subject to a materiality assessment.
- Perform materiality assessments on each sustainability topic applying the double materiality principle
- Report on the material impacts, risks and opportunities (IROs) identified in the company's own operations, those of its group and those of its upstream and downstream value chain.

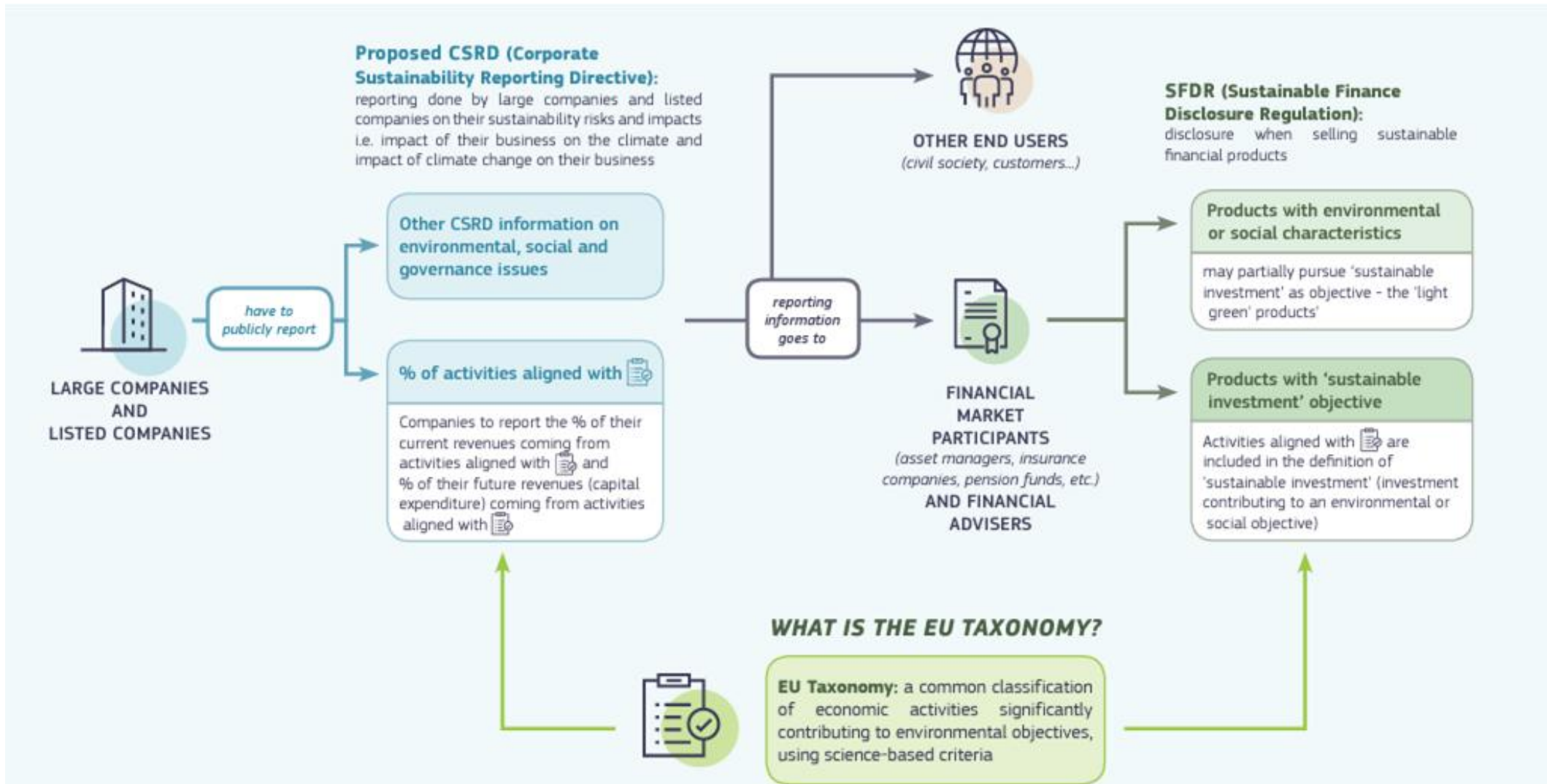
- CSRD

REGULATORY TIMELINE		
	CSRD timelines	
Year	2023	2024
Release	July 2023: Finalized ESRS technical standards with detailed CSRD requirements	July 2024: Reporting standards for SMEs and non-EU firms; sector-specific disclosures

IMPLEMENTATION TIMELINE				
	EU Firms (and large non-EU subsidiaries)			Global firms
Report due	2025 Based on FY 2024 data	2026 Based on FY 2025 data	2027 Based on FY 2026 data	2029 Based on FY 2028 data
Scope	Companies already subject to NFRD, including (i) large listed firms (500+ employees) and public interest entities; and (ii) banks/insurance firms	Non-SME/micro listed companies, and large private companies with 2 or more of: <ul style="list-style-type: none"> • 250+ workers • €40m+ net turnover • €20m+ assets 	Listed SMEs that have: <ul style="list-style-type: none"> • 250 workers • €40m net turnover • €20m assets 	Non-EU companies with €150m net turnover in EU (in each of last 2 years), and either (i) a large or listed subsidiary* or (ii) a significant EU branch**
Required standards	ESRS		Simplified ESRS reporting standards	Simplified ESRS reporting standards

CSRD- The functioning

A lot of companies will need to report on sustainability KPIs by 2026



Accountability and Strategic Planning IN NFS

The Consob analysis shows that 68 listed companies:

- published the abstracts of the strategic plans on their website
- among these 34 mentioned some long-term business considerations,
- 21 linked the strategy to the United Nations Sustainable Development Goals (SDGs)
- 13 have fully integrated factors that generate value in the short and long term into the communication of their strategy, describing the connections between financial and non-financial issues.
- Of these thirteen, eight included all the ESG dimensions most relevant to the sustainable success of the organization
- and five instead dealt mostly with environmental issues and paid less or no attention to the social and governance dimensions



148 listed companies

122 with materiality
matrix

103 with sustainability
Committee

74 Board of directors
involved in the
materiality analysis

58 Boards induction on
ESG

Firms are living a cultural transformation



Consapevolezza Awareness

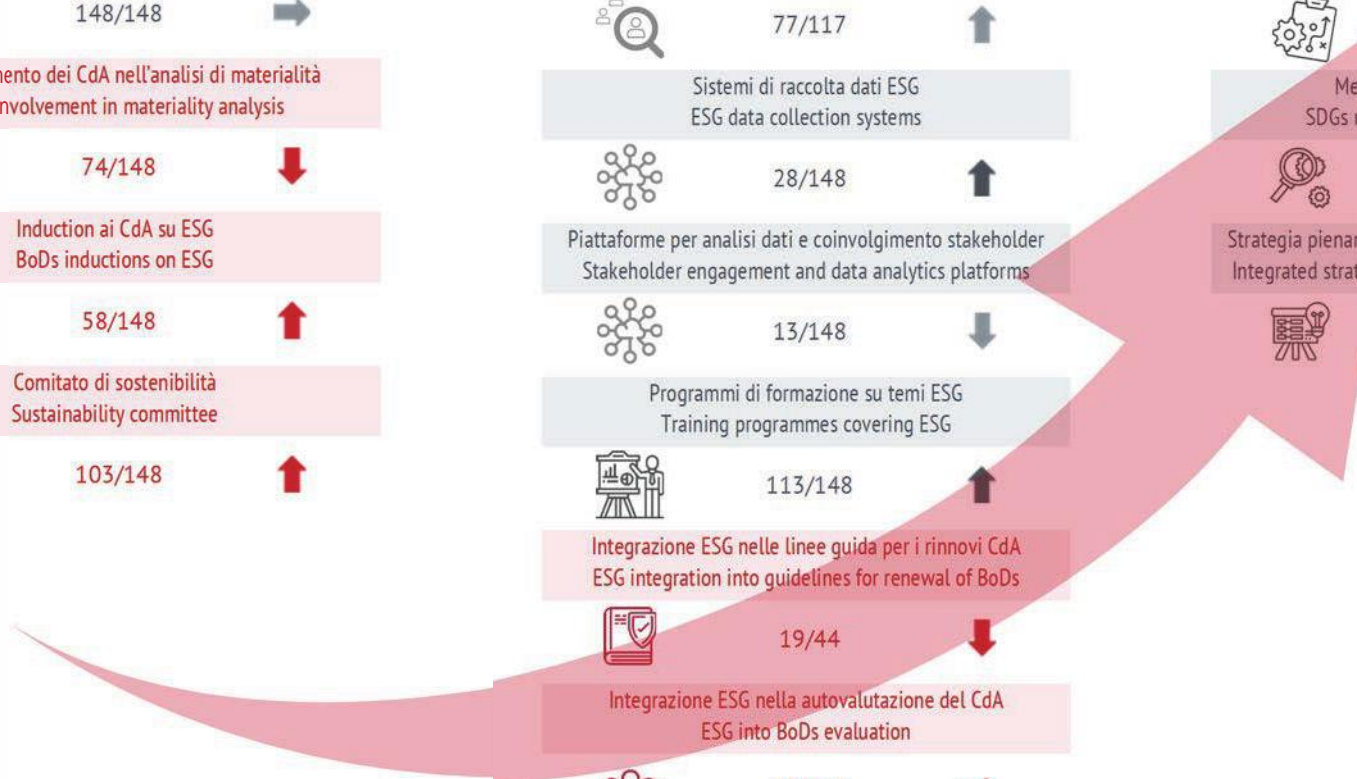
DNF pubblicate NFSs published	148/213	➔
Analisi di materialità Materiality analysis	148/148	➔
Coinvolgimento dei CdA nell'analisi di materialità BoDs involvement in materiality analysis	74/148	⬇️
Induction ai CdA su ESG BoDs inductions on ESG	58/148	⬆️
Comitato di sostenibilità Sustainability committee	103/148	⬆️

Capacità Capabilities

Aggiornamento analisi materialità - coinvolgimento manager Update materiality analysis involving company's managers	73/117	➔
Aggiornamento analisi materialità - coinvolgimento stakeholder Update materiality analysis involving external stakeholders	77/117	⬆️
Sistemi di raccolta dati ESG ESG data collection systems	28/148	⬆️
Piattaforme per analisi dati e coinvolgimento stakeholder Stakeholder engagement and data analytics platforms	13/148	⬆️
Programmi di formazione su temi ESG Training programmes covering ESG	113/148	⬆️
Integrazione ESG nelle linee guida per i rinnovi CdA ESG integration into guidelines for renewal of BoDs	19/44	⬆️
Integrazione ESG nella autovalutazione del CdA ESG into BoDs evaluation	45/148	➔
Integrazione ESG nelle politiche di remunerazione del CEO Sustainability and remuneration policies of CEOs	127/217	⬆️

Coinvolgimento Engagement

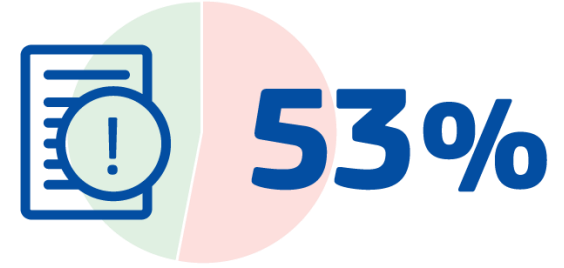
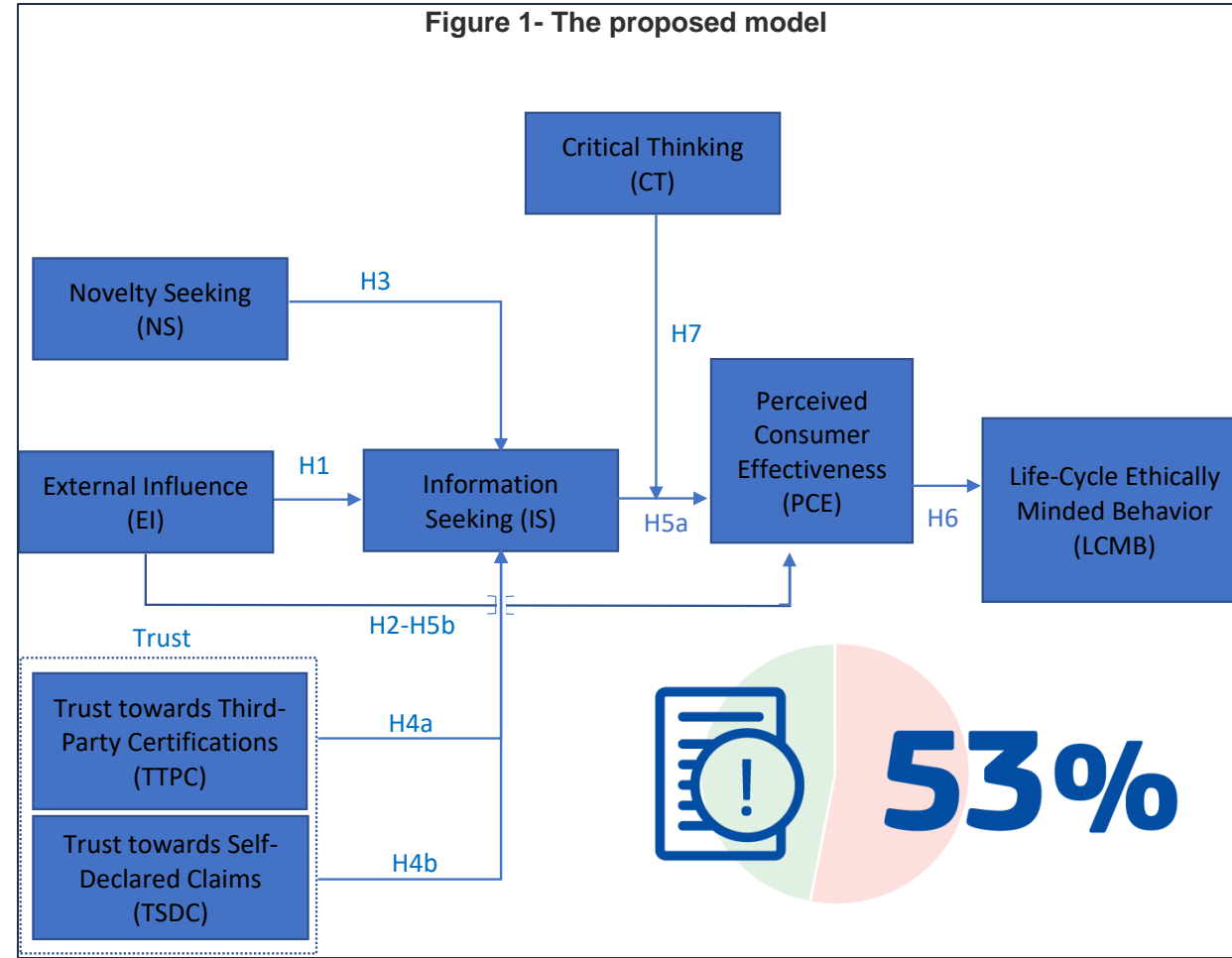
Pubblicazione di sintesi dei Piani strategici (PS) sul sito web Abstracts of SP published on corporate website	68/148	⬆️
Menzione temi rilevanti nel lungo periodo nelle sintesi dei PS Long-term business considerations in the abstract of the SP	34/148	⬆️
Menzione SDG nelle sintesi del PS SDGs mentioned in the abstract of the SP	21/148	⬆️
Strategia pienamente integrata descritta nelle sintesi dei PS Integrated strategy fully described in the abstract of the SP	13/148	⬆️



Consumers Engagement and Claims



Figure 1- The proposed model



In March 2023, the Commission adopted a proposal for a Directive on Green Claims.

To ensure consumers receive reliable, comparable and verifiable environmental information on products, the proposal includes:

clear criteria on how companies should prove their environmental claims and labels

requirements for these claims and labels to be checked by an independent and accredited verifier

new rules on governance of environmental labelling schemes to ensure they are solid, transparent and reliable



There are 230 sustainability labels and 100 green energy labels in the EU, with vastly different levels of transparency

53% of green claims give vague, misleading or unfounded information

40% of claims have no supporting evidence

Half of all green labels offer weak or non-existent verification

In 19-9-23 EU Parliament and Council have reached a provisional agreement on new rules to ban misleading advertisements and provide consumers with better product information.

The next Step – The actors along the value chain

Corporate Sustainability Due Diligence Directive (CS3D)



- *To foster sustainable and responsible corporate behaviour and to anchor human rights and environmental considerations in companies' operations and corporate governance. The new rules will ensure that businesses address adverse impacts of their actions, including in their value chains inside and outside Europe.*
- The ongoing trilogue discussions between the European Parliament (EP), the European Council, and the Commission, aim to finalise the text by the end of 2023. It is expected that the directive will be adopted by the EU in 2024.
- Micro companies and SMEs are not concerned by the proposed rules. However, the proposal provides supporting measures for SMEs, which could be indirectly affected.
- **2024** - expected adoption. **2027**- expected application to 1° group of companies. **2028** expected application 2° group of companies