

Integrating reporting on the financial and sustainability performance of entities : Leveraging digitalization

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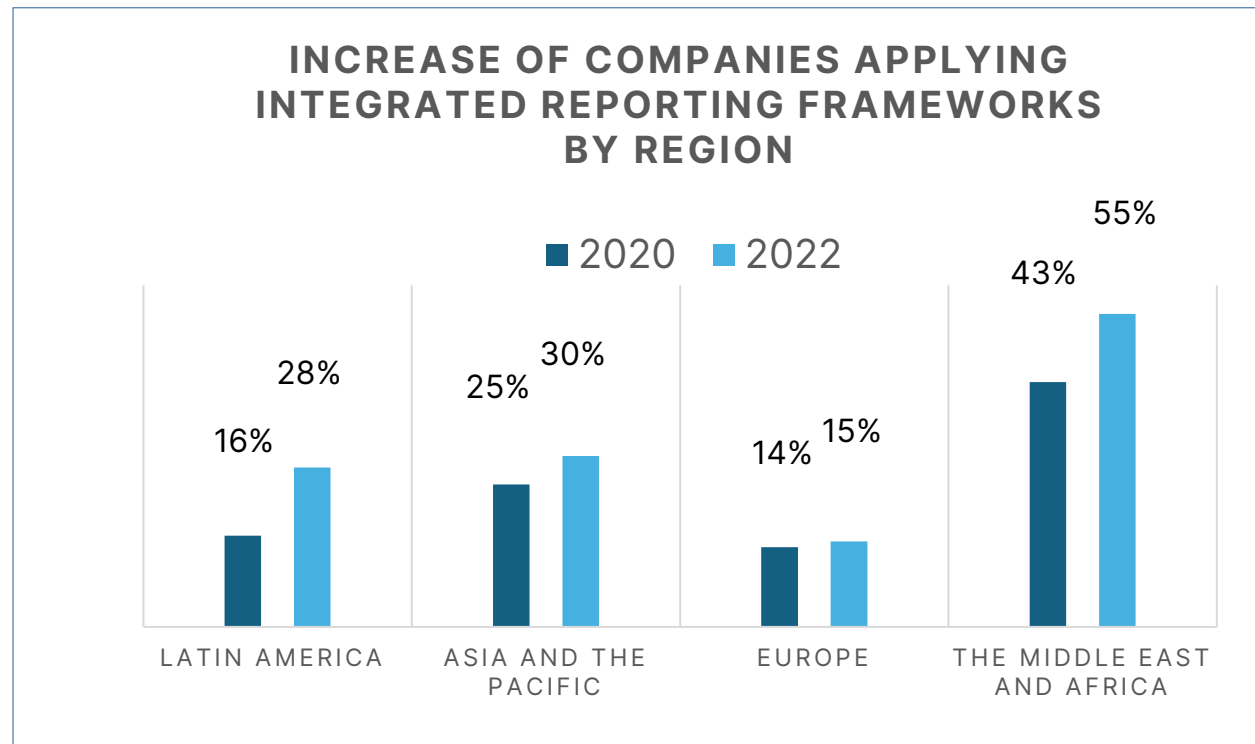


➤ Background

- **Sustainability disclosures:** Disclosures on enterprise sustainability performance are becoming increasingly important to investors, financial institutions, and supply chains.
- **Global standards:** Many jurisdictions are adopting or planning to adopt **global sustainability reporting requirements**, and encouraging more rigorous **climate-related disclosures**
- **International alignment:** Global efforts are focused on creating **global sustainability reporting standards** and **taxonomies** to **enhance** the consistency and comparability of sustainability related financial disclosures, enabling **better assessment** of climate-related economic implications
- **Digitalization:** Digital tools empower entities and regulators to better identify, assess and manage risks and opportunities, enhancing regulatory **compliance** and operational **resilience**

➤ Overview – Integrated Reporting

- The presentation of financial and sustainability reports in an integrated manner becomes prevalent in different regions
- **2,500 business** in over **70 countries** adopted an integrated report
- **Significant increase** of companies applying integrated reporting



➤ Practical Implementation Challenges and good practices -Integrated Reporting



Complexity

Challenges:

- Complex concepts
- Full Transparency
- Technical and conceptual challenge
- Choice of appropriate framework

Good practices:

- Powerful digital consolidation tool
- Promoting consistency



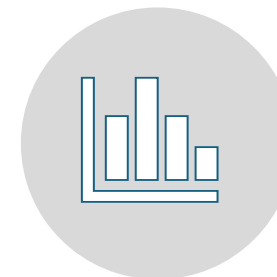
Human capacities and organizational change

Challenges:

- Cultural and organizational changes
- Resistance

Good practices:

- Training & education efforts
- Strong support by leadership and cross-organizational engagement



Data availability and quality

Challenges:

- Accurate and reliable data
- Consistency and comparability

Good practices:

- Facilitating regulation
- Quality assurance

➤ Overview - Digital Reporting

- **Digital reporting** is emerging as a key area for consideration
- Around **5,000 companies in Europe** have been preparing annual reports according to The European Single Electronic Format
- ISSB has finalized its **first digital reporting taxonomy**, accompanied by an explanatory document
- The digital Taxonomy is **not mandatory** under the ISSB, but all stakeholders would benefit from its adoption
- The SEC of United States **mandates the use of XBRL** for financial reporting by public companies listed in the country

➤ Benefits of Digital Reporting



Reporting entities

- **Easier** to report on environmental impact
- **Facilitate SME** sustainable reporting
- **Cost savings & efficiency**



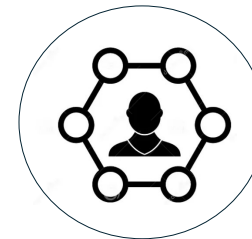
Governments & Regulators

- **Enhance** transparency, accountability and compliance
- More **accurate** and up-to-date information
- More **sophisticated** monitoring



Investors

- **Help to analyze large volumes** of sustainable data
- Enable to identify **investment** opportunities and risks more effectively



Other Stakeholders

- **Improved** access to information
- More **inclusive** and **participatory** format



Challenges and goof practices of digitalization for integrated reporting



Reporting entities



Challenges:

- **Software cost**
- Employee **training**

Good practices:

- **Enhance** digital literacy and proficiency
- Engaging employee in **initial phase** of transformation program

Regulators



Challenges:

- **Complexity** of the set up (administration and establishment of a digital reporting platform)
- Data **confidentiality and security**

Good practices:

- **Collaboration** with technology and data partners
- **Training** program & ongoing support

Information aggregators, distributors and other actors



Challenges:

- **High quality** financial and sustainability data for investment decisions

Good practices:

- **Enhance** data standardization
- **Improve** data quality

Data quality and integration



Challenges:

- **Integration** of financial sustainable data from various sources
- **Consistency** and **comparability** in reporting

Good practices:

- **Facilitating regulation**
- Employing cloud-based reporting solutions
- Set up **robust** data governance & security protocol
- Cultural and organizational **shifts & Talent realignment**
- **Collaboration** with industry partners and technology providers

Thank you

