
What Business Needs to Know about the EU Corporate Sustainability Reporting Directive

8 July 2021 | Sustainability Matters



Speakers



Stephanie Raabe

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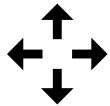


Charlotte Bancilhon

Director, Sustainability
Management

The Corporate Sustainability Reporting Directive ...

Scope



- Will cover **49,000 businesses** compared to 11,000 under the previous Non-Financial Reporting Directive.
- Underlines the concept of **double materiality**.
- The EU Commission has commissioned the European Financial Reporting Advisory Group (EFRAG) to develop an **EU corporate sustainability reporting standard**.
- Will be consistent with other EU legislation and initiatives such as the **Sustainable Finance Disclosure Regulation** and the **EU Green Taxonomy**.

Process



- Requires **third party assurance** of the sustainability information (limited assurance).
- Requires the information is published part of the **management report** and is **tagged in a digital** format.
- Outlines **responsibilities for members of administrative, management and supervisory bodies** related to sustainability reporting.

Timeline



- Companies will likely need to **start reporting in 2024 based on 2023 data**. The plan is to adopt the first set of standards by October 2022, and a second set of standards by October 2023 with complementary and sector specific information.



Sustainability Reporting at SAP

How we prepare for the Corporate Sustainability Reporting Directive

Stephanie Raabe
July 2021

PUBLIC

SAP's Path to Integrated Reporting



Integration of some content in Annual and Sustainability Reports



Launch of the 'Sustainability Dashboard'



9th Integrated Report



1st Sustainability Report



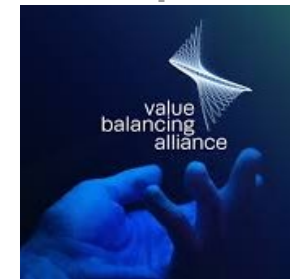
1st Integrated Report



SAP starts the "Connectivity of Financial and Non-Financial Indicators"



SAP co-founded the Value Balancing Alliance (VBA)



Continue Journey to Holistic Steering and Integrated Reporting

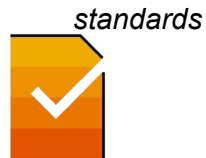


Standards currently used

Reporting standards followed by SAP



- DSR20: German Accounting Standards
- Non-Financial Reporting Directive (NFRD)



- GRI Standards („Core Option“)
- International <Integrated Reporting> Framework
- Recommendations of Task Force on Climate-Related Financial Disclosures (TCFD)



information demand
by stakeholders

- United Nations (UN) Global Compact Communication on Progress (COP)
- Contribution to the UN Sustainable Development Goals

Upcoming/new reporting standards

- EU Taxonomy Regulation
- Revision of the NFRD (now CSRD)
- U.S. Securities and Exchange Commission (SEC)

- Sustainability Standards Board (SSB) under the International Financial Reporting Standards (IFRS) Foundation
- Measuring Stakeholder Capitalism: WEF Metrics

- Revision of COP requirements
- Sustainable Finance Disclosure Regulation (SFDR)









Meeting the NFRD requirements today: SAP's Non-Financial Report*

Locating Non-Financial Disclosures in SAP's Combined Management Report 2020

Our business model is described in the [Strategy and Business Model](#) section of our combined management report. The individual non-financial aspects to be covered by the non-financial report are addressed in the following sections of our combined management report if material:

	Employee Matters	Social Matters	Environmental Matters	Respect for Human Rights	Anti-Corruption and Bribery Matters
Policies, Due-Diligence	<i>Employees and Social Investments; Expected Developments and Opportunities</i>	<i>Employees and Social Investments</i>	<i>Energy and Emissions</i>	<i>Human Rights and Labor Standards; Security, Data Protection, and Privacy</i>	<i>Business Conduct</i>
Principal Risks (including risks related to business relationships if applicable)	<i>Risk Management and Risks</i>		<i>Energy and Emissions</i>	<i>Risk Management and Risks</i>	<i>Risk Management and Risks</i>
Non-Financial Key Performance Indicators (if relevant for the Company's business activities)	<i>Employees and Social Investments; Strategy and Business Model; Expected Developments and Opportunities</i>	<i>Employees and Social Investments</i>	<i>Energy and Emissions; Strategy and Business Model</i>	<i>Human Rights and Labor Standards; Security, Data Protection, and Privacy</i>	<i>Business Conduct</i>

What will change with the Corporate Sustainability Reporting Directive (CSRD)

	Principal novelties of the CSRD proposal	Initial assessment of the CSRD impact on SAP sustainability reporting	Estimated Effort
 <p>Scope</p>	<ul style="list-style-type: none"> Reporting requirements extended to additional companies, incl. all large companies (>250 employees) and listed companies 	<ul style="list-style-type: none"> Depending on national implementations, more SAP subsidiaries might have to report; as well as more SAP peers (comparability) 	
 <p>Assurance</p>	<ul style="list-style-type: none"> Assurance of sustainability information required 	<ul style="list-style-type: none"> Limited assurance for all sustainability information; reasonable assurance for some sustainability indicators 	
 <p>Content</p>	<ul style="list-style-type: none"> More detailed information specified that companies should report; companies are required to report in line with mandatory EU sustainability reporting standards 	<ul style="list-style-type: none"> Clear definition of double materiality might impact materiality process and risk analyses 	
 <p>Format</p>	<ul style="list-style-type: none"> All information is published as part of companies' management reports, and disclosed in a digital, machine-readable format. 	<ul style="list-style-type: none"> Most sustainability information already disclosed in management report; huge effort for machine-readability expected 	

Thank you.

Stephanie Raabe, Sustainability

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EU momentum supported by three key projects

Legislative level: Revision of the NFRD → CSRD

Standard-setting level: Preparatory work (PTF-NFRS)
→ elaboration (PTF-ESRS)

Governance level: Preparatory work (Jean-Paul
Gauzès report) → revision of the constitution

PROJECT ON PREPARATORY WORK FOR THE ELABORATION OF POSSIBLE EU NON-FINANCIAL REPORTING STANDARDS

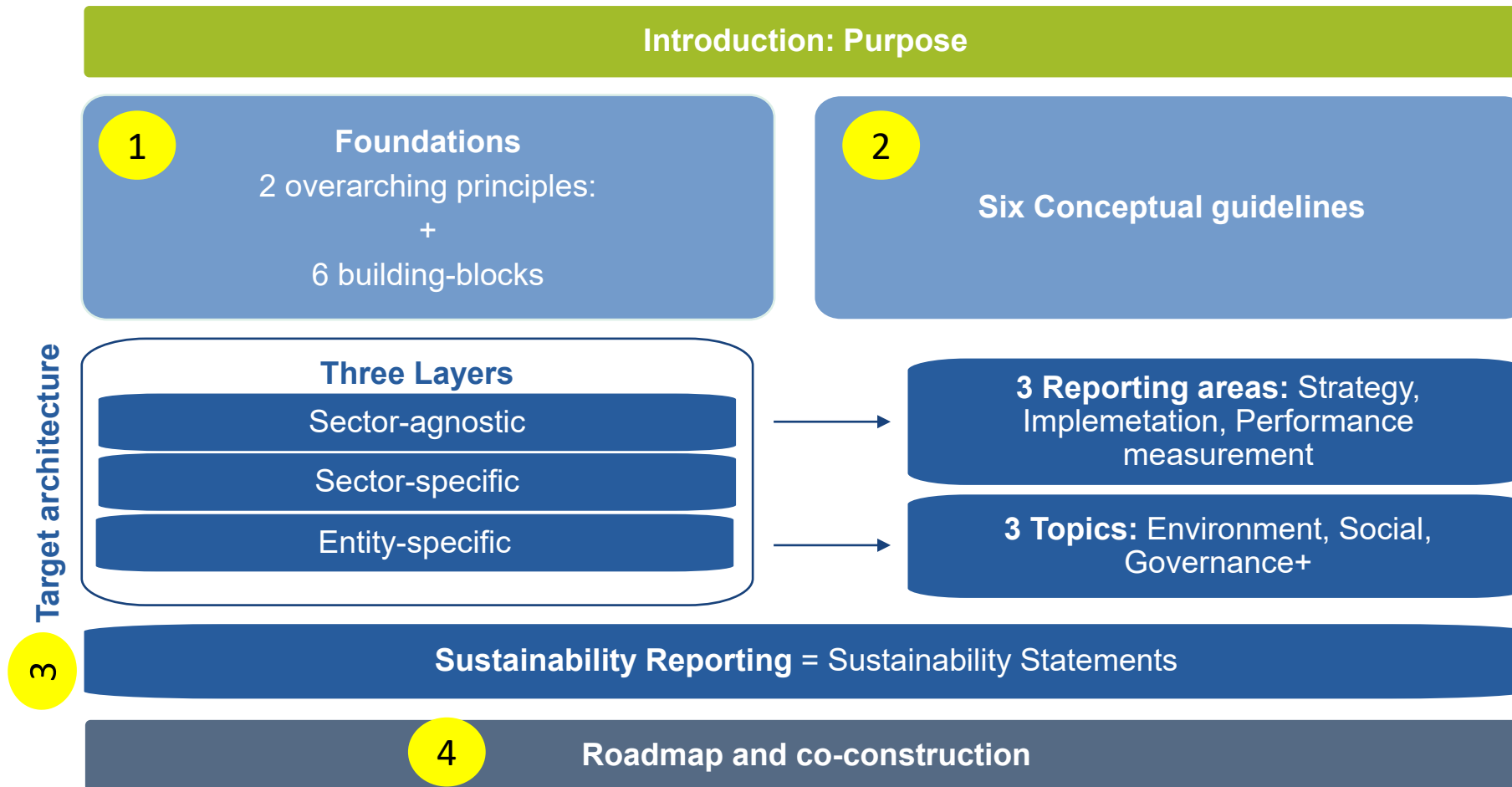
FINAL REPORT

54 PROPOSALS FOR A RELEVANT AND DYNAMIC EU SUSTAINABILITY REPORTING STANDARD-SETTING

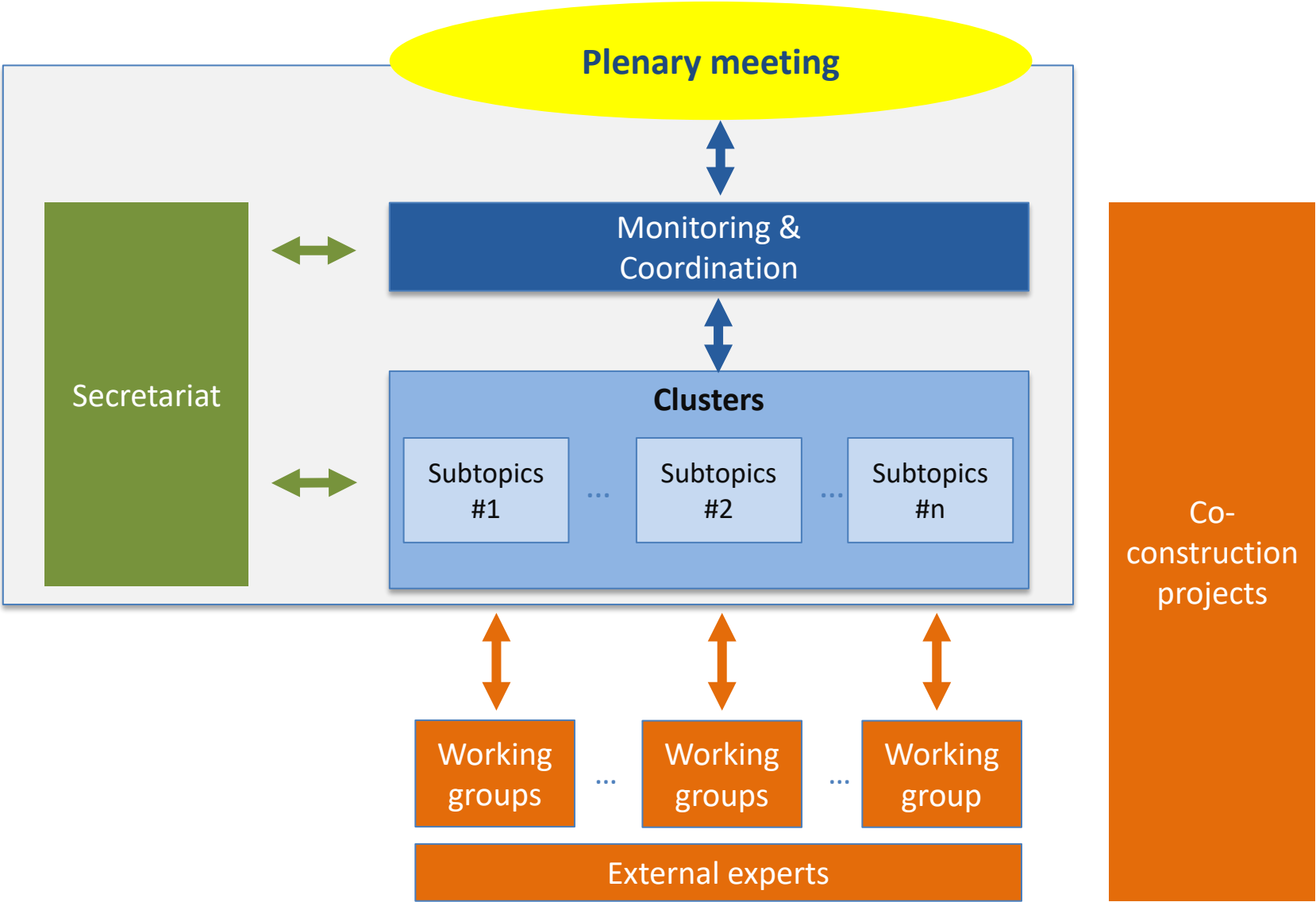
Link to the report: <https://www.efrag.org/Lab2>



THE REPORT ORGANISATION AND STANDARDS STRUCTURE



Project structure & organisation



From **streams** (PTF-NFRS) to **clusters** (PTF-ESRS) – (2/2)

CLUSTER 0: COORDINATION & MONITORING

CLUSTER 1: CONCEPTUAL GUIDELINES & CROSS-CUTTING STANDARDS

**CLUSTER 2:
ENVIRONMENT
– CLIMATE**

**CLUSTER 3:
ENVIRONMENT
– OTHER**

**CLUSTER 4:
SOCIAL –
WORKFORCE**

**CLUSTER 5:
SOCIAL –
OTHER**

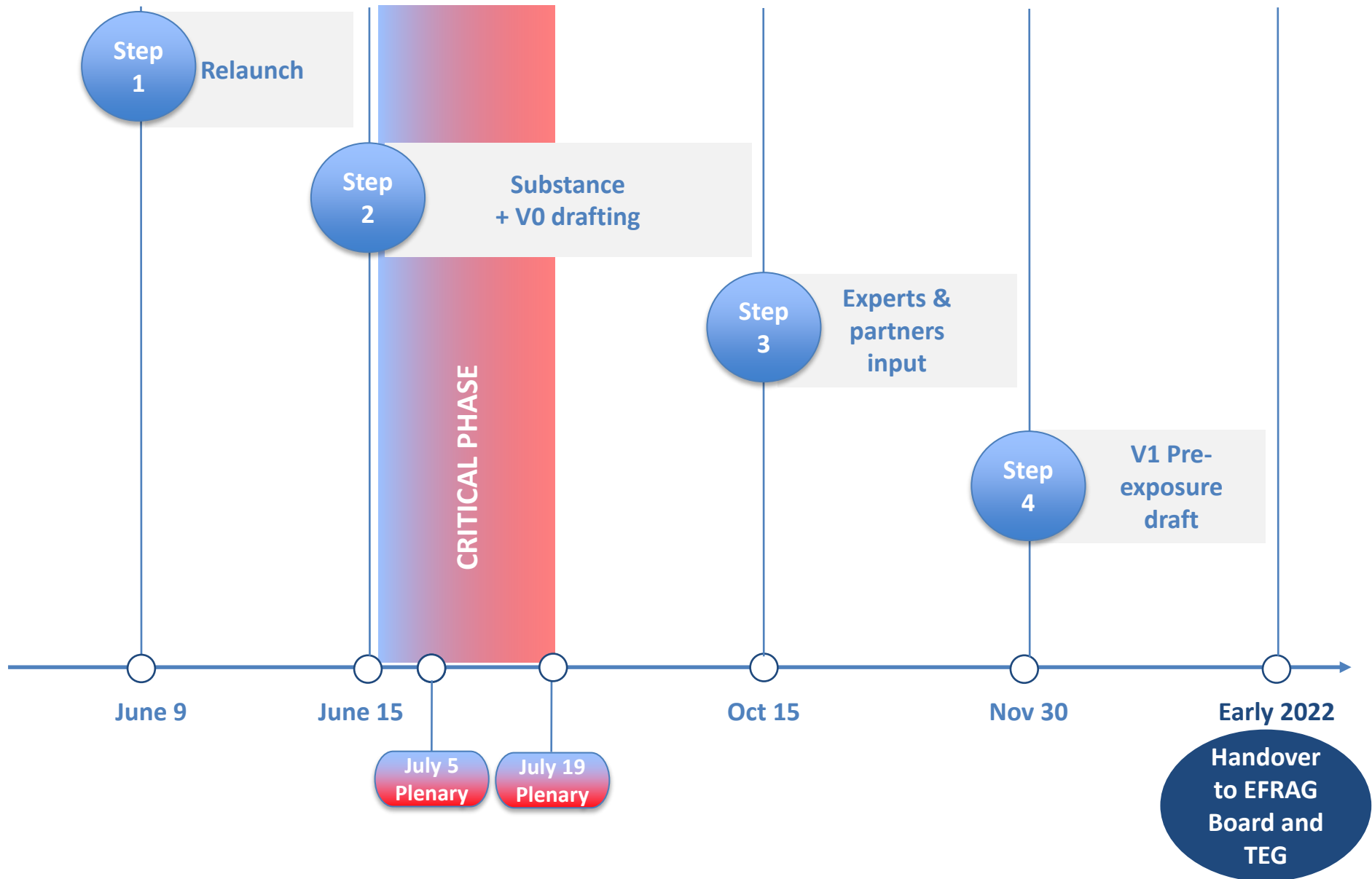
**CLUSTER 6:
GOVERNANCE+**

CLUSTER 7: SECTOR SPECIFIC STANDARDS

CLUSTER 8: SMEs

CLUSTER 9: FORMAT

A critical phase



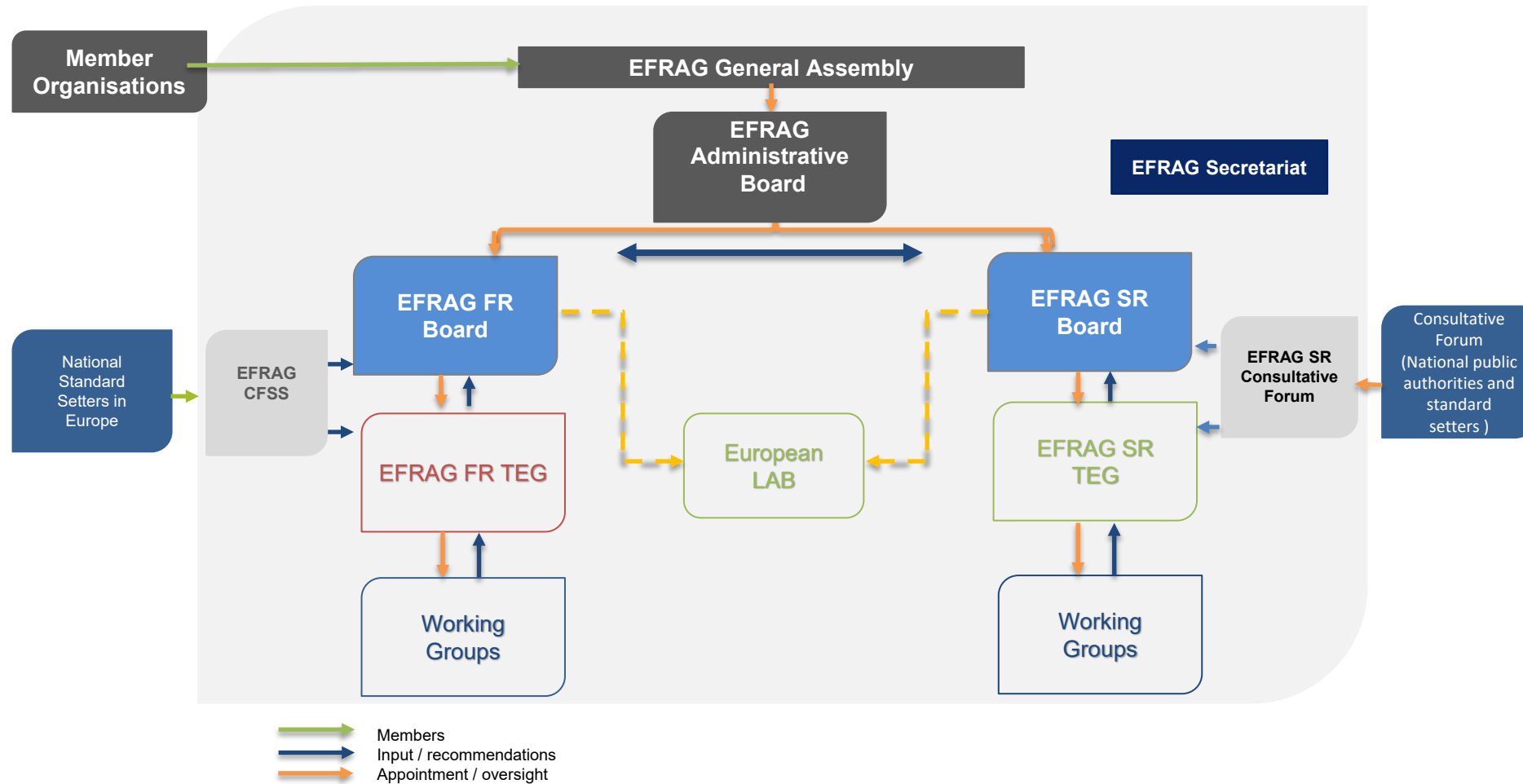
JEAN-PAUL GAUZÈS AD PERSONAM MANDATE FINAL REPORT

RECOMMENDATIONS ON THE POSSIBLE
NEED FOR CHANGES TO THE GOVERNANCE
AND FUNDING OF EFRAG IF IT WERE TO
BECOME THE EU SUSTAINABILITY
REPORTING STANDARD SETTER

[Link to the report](#)



EFRAG'S PROPOSED ORGANISATION CHART



Thank you to our SPARK members

ABInBev

The Coca-Cola Company

Google

 **Microsoft**

BSR Upcoming Events



WEBINAR | PARTNER EVENT

VERGE Net Zero

July 27-28



WEBINAR

2021 BB Forum on Corporate Responsibility

July 28, 2021



WEBINAR

Quarterly Member Insights: See Our Changing World More Clearly

September 8, 2021

For a full list of upcoming events, visit: bsr.org/events

Thank You

BSR™ is an organization of sustainable business experts that works with its global network of the world's leading companies to build a just and sustainable world. With offices in Asia, Europe, and North America, BSR™ provides insight, advice, and collaborative initiatives to help you see a changing world more clearly, create long-term business value, and scale impact.

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