

EBOOK

The Big eBook of Sustainability Reporting Frameworks 2023



ecoact

Introduction

This eBook is here to guide you through the acronym-laden world of sustainability reporting frameworks by bringing all the key information together into one place.

This guide will help you navigate through the complex landscape of sustainability frameworks with a climate and energy focus.

Despite the myriad of challenges of the last year including energy and cost of living crises, and geopolitical conflicts, momentum on climate-related sustainability continued in [2022. EcoAct's annual research](#) revealed that 70% of the largest listed companies are now committed to net-zero.

The last year also saw many reminders of the urgency of the climate crisis, with scientists predicting that 2022 was the 8th consecutive year that global temperatures reached at least 1°C above pre-industrial levels. The impacts of this warming in the form of extreme weather events are all too clear.

Since the release of the Intergovernmental Panel on Climate Change (IPCC) "Global Warming of 1.5°C" report in 2018 which positioned the efforts of the private sector as integral to ensure that global warming stays within the 1.5°C limit, reporting frameworks, voluntary and mandatory, have grown to facilitate the integration of sustainability into organisations' strategies and to guide them towards greater transparency for their stakeholders.

The pressing need to ensure that the wealth of climate commitments are matched by sufficient action has

continued to push forward the evolution of these frameworks over the past 12 months.

Perhaps more than ever before, we find ourselves with a confusing and fast-moving landscape for businesses to traverse when attempting to comply or deciding how to voluntarily disclose their sustainability actions.

There are more than 30 voluntary environmental reporting frameworks that companies can use. It is therefore difficult to determine which ones are the most appropriate. If you are lost, you are not alone. Our guide is designed to help you and to provide clarity on the frameworks relevant for your organisation.

This non-exhaustive guide lists the main voluntary and mandatory reporting frameworks. Initially published in 2019, this 2023 edition has been updated to keep you on top of the latest changes. For each one, we have integrated detailed analysis of the requirements, and a summary of its distinctive criteria and benefits.

While each is individual, there are also many overlaps and many similarities. To provide some clarity and to organise a sea of bamboozling acronyms, we have divided these frameworks into two broad categories: Energy & Emissions frameworks and Sustainability frameworks.

Definitions & terminology

Here we have defined some repeated terminology, important to understanding the scope and inclusions of some of the reporting frameworks.

Quoted Company

As defined by Section 385 of the Companies Act, a company whose shares are quoted on a European stock exchange (including the London Stock Exchange), NYSE or NASDAQ

Unquoted Company

A company that does not meet the criteria of a quoted company (see left) and is, therefore, not a quoted company

Scope 1 Emissions

Direct company emissions from owned or controlled sources

Scope 2 Emissions











Indirect emissions from purchased energy

Scope 3 Emissions

Indirect emissions that occur in the value chain of a company, both upstream and downstream


















Cheat Sheet/Table of Contents

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Energy & Emissions	Legislation	SECR	Mandatory UK-specific carbon and energy reporting regulations which include more companies and require more information than the previous legislation (CRC)	7	
		ESOS	Mandatory UK energy assessment legislation. It requires qualifying companies to report energy consumption and identify energy efficiency measures for the purpose of reducing energy usage	8	
	Standard	GHG Protocol	An internationally credible methodology for the calculation of Scopes 1, 2 & 3 emissions which can be used in mandatory and voluntary reporting frameworks	10	
		ISO 14064	An internationally credible standard for the calculation of Scopes 1, 2 & 3 emissions which can be used in mandatory and voluntary reporting frameworks	11	
		PAS 2060	An internationally recognised voluntary standard for operational carbon neutrality through which companies can gain certification	12	
		ISO 50001	An international energy management standard which assists in implementing a continual improvement approach to energy efficiency	13	
		Net-Zero Standard	New Net-Zero Standard from the Science-Based Targets initiative (SBTi), considered global best practice for companies setting net-zero strategies	14	
		Net-Zero Guidelines	The Net-Zero Guidelines, published by the ISO, establish a standardisation framework based on 12 guidelines to help companies achieve net-zero emissions	15	
		ACT Initiative	The ACT (Assessing low Carbon Transition) initiative offers several sector-specific methodologies to assess the extent to which an organisation has a strategy aligned with the decarbonisation trajectories of its sector.	16	
	Permits	CCA	A voluntary UK scheme whereby companies can commit to challenging energy reductions with the incentive of receiving reductions in Climate Change Levy (CCL) charges	17	
		EPR	UK permit scheme managed by the Environment Agency in which a mandatory permit must be obtained by installations for certain activities that pose risks to the environment or health	18	
		MCPD	New regulation which seeks to fill the legislative gap previously existing between large and small combustion plants by mandating permits and Emissions Limit Values (ELVs)	19	
		EU ETS	Mandatory EU cap and trade system of greenhouse gas emissions allowances. Covering high emitting or energy intensive sectors, companies are provided emissions allowances and can sell surplus allowances or purchase additional	20	
		UK ETS	Replaced the UK's participation in the EU ETS. Aims to increase the climate ambition of the UK's carbon pricing policy, whilst also protecting the competitiveness of UK businesses	20	

Cheat Sheet/Table of Contents

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Sustainability	Environmental, Social & Governance (ESG)	UN Global Compact	10 UN sustainability principles addressing broad sustainability issues which companies can voluntarily demonstrate alignment with	22	
		SDGs	17 UN environmental, social and economic goals with 169 associated targets that companies can voluntarily demonstrate that they are contributing to	23	
		Ecovadis	An online sustainability framework that provides performance ratings for companies within global supply chains	24	
		GRI	An internationally recognised and extremely broad framework of standards for reporting on sustainability with requirements, recommendations and guidance on 900 sustainability topics	25	
	Investor-led	TCFD	A set of recommendations to assist companies in better accounting for climate-related risks in their financial and mainstream disclosures. Many reporting frameworks are aligning to them	26	
		IFRS I and II	In 2023, the ISSB published two standards to facilitate the risks & opportunities reporting of any company's value chain	28	
		FTSE4Good	A published index of the top 100 companies who are scored highly on Environmental, Social and Governance issues	29	
		DJSI	Published indices of the top 10% of companies who respond to a questionnaire covering Economic, Environmental and Social issues	30	
		CDP	One of the largest international, investor-led sustainability reporting frameworks. It is voluntary, but companies can be asked to respond by their stakeholders	31	
		CDSB	This includes two frameworks which are focused on preparing and presenting environmental information in mainstream reports for the benefits of investors	33	
		PRI	A framework specific to signatories of the Principles for Responsible Investment (PRI). It provides a framework of indicators on various ESG areas	34	
		EU Green Taxonomy	A regulatory classification system under which companies may define which of their economic activities are environmentally sustainable	35	
CSRD		From 2024, 50,000 companies will gradually be covered by extended and harmonised ESG reporting. reporting on ESG criteria.	36		
RE100	The Renewable Energy 100 initiative brings together major companies that want to source 100% of their energy from renewable energy sources by 2050.	37			
Real Estate & Infrastructure	BREAAM	A voluntary sustainability assessment method and certification for buildings and infrastructure, which is increasingly a requirement for UK and EU local and government buildings	38		
	GRESB	A sustainability performance benchmark for real estate portfolios or assets which could be asked for by investors	39		
	LEED	A framework developed by the US Green Building Council that provides a globally recognised certification for best practice in sustainable buildings	40		

Energy & Emissions Frameworks

This category contains the bulk of the mandatory frameworks in this eBook, which are focused on ensuring large companies adequately disclose their emissions and energy usage. Whilst legislation and permits predominate this category, also included are the internationally accepted methodologies for emissions calculation as well as additional voluntary certifications for companies wishing to be proactive on climate and emissions.



SECR

Streamlined Energy & Carbon Reporting

Streamlined Energy & Carbon Reporting (SECR) is the UK-specific mandatory reporting regulation which replaced the Carbon Reduction Commitment (CRC) Energy Efficiency Scheme.

SECR came into force on 1st April 2019 increasing the number of companies obliged to report energy usage and carbon emissions from 1,600 to over 10,000.

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CARBON



Who must comply?

1. Quoted companies – as defined in Section 385 of The Companies Act 2006, or
2. Large UK incorporated, unquoted companies
3. Large Limited Liability Partnerships (LLPs)
4. Large Unregistered Companies that (1) operate for gain, and (2) currently produce director's reports under the Unregistered Companies Regulations 2009. "Large companies" are those that meet at least two of the following criteria:
 - At least 250 employees
 - An annual turnover exceeding £36m
 - An annual balance sheet total greater than £18m.

What is reported?

This will depend on whether you are a quoted or unquoted company. Quoted companies will report global Scope 1 and 2 emissions under the mandatory Greenhouse Gas Regulations, and must also report what proportion of their energy consumption and their emissions relate to the UK and its offshore area, as well as information relating to energy efficiency measures undertaken in the financial reporting year.

Unquoted companies need to make the following publicly available, with suitable intensity metrics:

- Emissions related to UK energy use including fuel and energy use for the purposes of transport
- Energy efficiency actions taken by the company over the previous year

Other Scope 3 emissions are voluntary. Disclosure is required in the Director's Report.

Benefits

- Good quality data management and reporting will identify opportunities for efficiency measures and can improve disclosures against other frameworks.
- The identification of energy efficiency measures provides the opportunity for cost savings and aligns with ESOS regulations.

ESOS

Energy Savings Opportunity Scheme

ESOS is a mandatory energy assessment scheme for UK organisations that meet the qualification criteria. Organisations must comply with their ESOS obligations by undertaking comprehensive assessments of total energy consumption and carry out energy audits to identify cost effective energy savings opportunities. ESOS operates in four-yearly compliance cycles. ESOS is now in Phase 3 and the deadline for compliance is 5th December 2023.

It is the UK's implementation of Article 8 of the EU Energy Efficiency Directive (EED). Each country has implemented the directive slightly differently, therefore steps to compliance vary between participating countries.

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Who must comply?

An undertaking is mandated to comply with ESOS legislation if on the qualification date the company is:

1. A UK undertaking with 250+ employees, or;
2. A UK undertaking with fewer than 250 employees but has:
 - An annual turnover exceeding €50m, and
 - A balance sheet exceeding €43m, or;
3. Part of a corporate group which includes a UK undertaking that meets either criteria 1 or 2 above.

Route to compliance

1. Determine corporate groupings for qualification and participation.
2. Determine the 'Total Energy Consumption' for the organisation for 12-month reference period. This includes all input energy use in the UK, e.g. buildings, industrial processes and transport. It must be calculated in a common unit.
3. Identify the 'Significant Energy Consumption' by identifying assets and activities that amount to at least 90% of your total energy consumption.
4. Determine Compliance Route. You can comply with ESOS using one or more of the following:
 - a. ISO 50001 certification
 - b. ESOS compliant energy audits (most common route)
 - c. Display Energy certificates (DECs)
 - d. Green Deal Assessments (GDAs)

The key output from the different compliance routes, is the identification of potential energy efficiency opportunities within the business and gaining visibility at board level.

5. Appoint ESOS Lead Assessor & Sign-off. Once completed, a board level director and ESOS lead assessor will be required to sign-off the ESOS compliance.

6. Notify the Environment Agency, (EA) prior to compliance deadline

The scheme is designed that the workload can be spread across the four-year ESOS cycle thus, identifying energy efficiency measures on an ongoing basis and not just in the compliance deadline year.

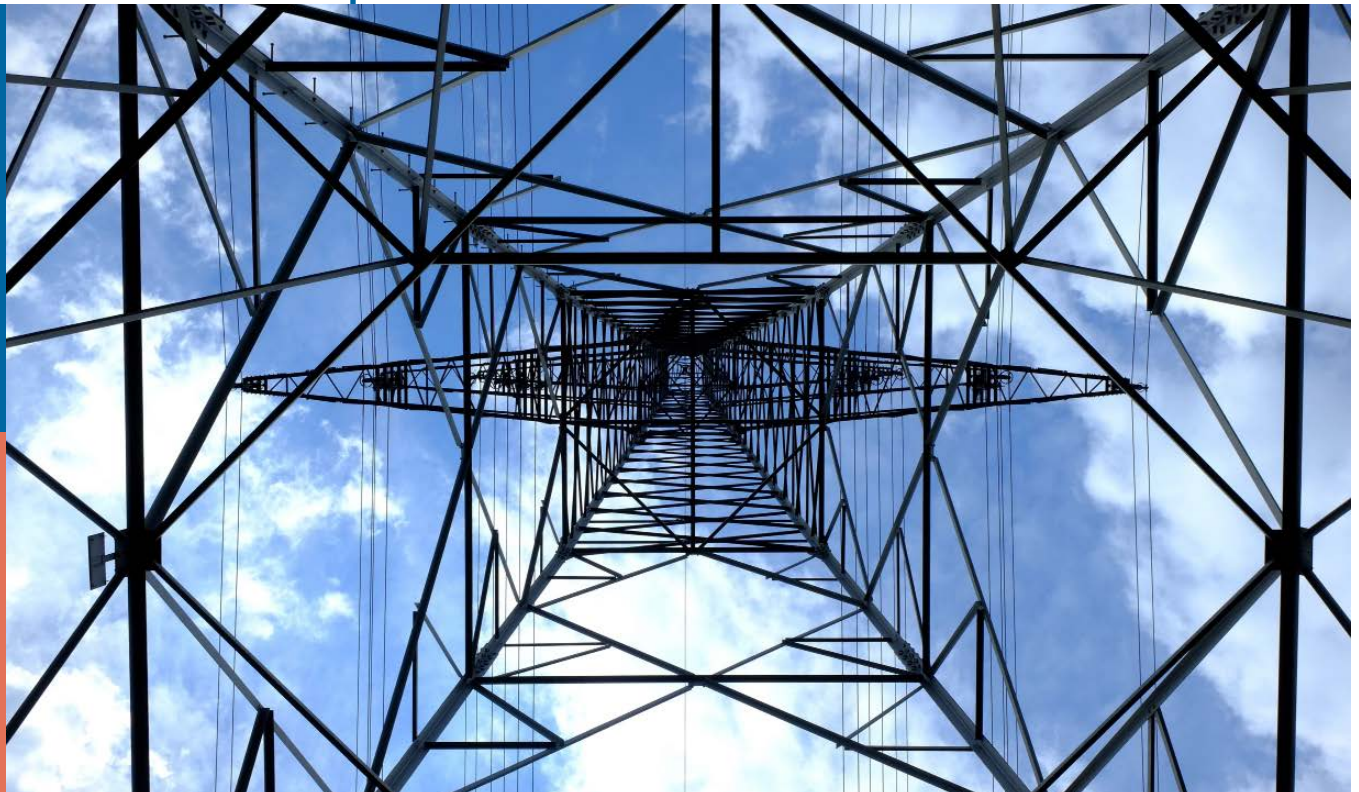
MANDATORY UK ENERGY 

Benefits

- Companies identify energy efficiency measures that can lead to cost savings.
- ESOS enables companies to make annual comparisons and to track their energy efficiency progress.
- It provides board-level visibility of energy consumption and costs, alongside opportunities of how it can be reduced.

Consequences of Brexit

Despite being related to an EU Directive, ESOS has already been transposed into UK law and it has been communicated by the Environment Agency that ESOS compliance will continue post Brexit.





GREENHOUSE
GAS PROTOCOL

GHG Protocol

Created by the World Resources Institute and the World Business Council for Sustainable Development with the support of NGOs and governments, the GHG Protocol works with many actors to build credible and effective greenhouse gas (GHG) accounting methods and reporting platforms that address the challenge of climate change. The first standard was published in 2001, since then the method has been used worldwide, especially for corporate climate reporting (for example to CDP). The GHG Protocol also provides other methodologies than the one known for corporate activities, including methodologies specific to cities and products/services.

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Who reports?

The GHG protocol is first of all an emissions calculation methodology. Organisations do not 'report against it', but instead can use these standards to calculate emissions outputs required when reporting against other frameworks.

All sizes of organisations, cities, and even countries can declare they have followed the GHG Protocol in the calculation of their emissions.

What are the requirements?

The GHG Protocol is based on 5 pillars:

- Definition of the boundaries: organisational perimeter (equity share or control approach), direct (Scope 1) and indirect emissions linked to energy (Scope 2) and other indirect emissions (Scope 3), definition of a reference year
- Recommended calculation according to IPCC guidelines
- Inventory quality management and uncertainties
- Calculation of emission reductions
- Advice on setting a reduction target

Benefits

- Ensures the standardisation of calculations and emission methodologies
- Facilitates greater transparency in reporting GHG emissions and enables comparisons with peers
- Allows external assurance or verification of the results
- Allows the quantification of GHG emission reductions resulting from the consumption/purchase of renewable energy
- Use of a consistent methodology also allows companies to monitor their progress against targets
- Helps companies to support their calculations with an internationally recognised methodology, enabling them to meet or exceed current regulations
- Also used in many other reporting frameworks (CDP, SBTi)

ISO 14064

The ISO 14064 is a methodology for calculating GHG emissions that includes the concept of significance.

ISO 14064-1: 2018 specifies principles and requirements, at the level of organisations, for the quantification and reporting of GHG emissions and their reduction. It includes requirements for the design, development, management, reporting and verification of an organisation's GHG inventory.

ISO 14064-3:2019 specifies principles and requirements and provides guidance for verifying and validating GHG statements. It is applicable to organisation, project and product GHG statements.

The ISO 14060 family of standards is GHG programme neutral. If a GHG programme is applicable, requirements of that GHG programme are additional to the requirements of the ISO 14060 family of standards.

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Who is ISO14064 for?

Any company can choose to apply the standard for quantification, reporting, monitoring and reporting of GHG emissions and reductions.

Procedure for determining the significant emission items:

Companies can take the following steps to analyse their GHG emissions:

- Define the criteria to be used to determine significant sources of emissions: contribution of the source, level of influence, existence of a risk or opportunity, etc
- Identify and assess indirect emissions based on expert estimates or sectoral databases
- Apply criteria to select significant indirect emissions
- Represent in a table the significant sources of emissions
- Quantify the emissions of significant items
- Define the periodicity of the quantification of significant items

Benefits

- Enables a company to identify and quantify its significant sources of emissions
- Is a calculation methodology that serves as a guideline for following the GHG Protocol
- Allows a company to determine reduction objectives and identify areas for improvement more easily

PAS 2060

PAS 2060 is a specification standard detailing how to achieve carbon neutrality of a defined subject, whether it is an organisation, a product/service, a city, a building. It sets out the requirements for quantifying, reducing, and offsetting GHG emissions. Certification occurs on an ongoing 12-month basis and enables you to gain an internationally recognised, fully independent measurement of your company's emissions. Not based on the latest scientific knowledge on climate, its application does not ensure a climate strategy compatible with limiting global warming to 1.5°C.

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Who is PAS 2060 for?

Any company that wishes to voluntarily commit to climate action and carbon neutrality of all or part of its activities.

What is reported?

- 100% of Scope 1 emissions – fuel combustion, company vehicles, fugitive emissions
- 100% of Scope 2 emissions – purchased electricity, heat and steam
- All Scope 3 emissions which contribute more than 1% to the total footprint of the subject must be included

How to adhere to the standard?

- Determine the perimeter of carbon neutrality
- Measure GHG emissions based on accurate and complete raw data
- Set targets to reduce emissions through the creation of a carbon management plan and a declaration of commitment to carbon neutrality through carbon reduction and offsetting
- Offset GHG emissions with high quality, certified carbon credits
- Document and validate your achievement of neutrality, through a statement known as the Qualifying Explanatory Statement (QES). The documentation supporting carbon neutrality claims must be publicly disclosed

Benefits

- The only internationally recognised certification for organisational carbon neutrality
- Guides companies to quantify their carbon footprint and supports subsequent reduction of GHG emissions
- Inclusion of offsetting (via certified credits) encourages the support of projects that add social and environmental value
- Demonstrates a voluntary commitment to climate action
- However, the standard is not based on the latest scientific knowledge on climate and its use does not ensure a climate strategy compatible with global warming limited to 1.5°C

ISO 50001

ISO 50001 is an international energy management standard that specifies a framework for implementing, maintaining and improving an energy management system. The standard explains the creation of an internal managerial system, structured to aid energy efficiency and reduce energy consumption. The latest version of the standard (ISO 50001:2018) was released in August 2018.

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Who reports?

Any company can choose to gain the standard. It is one of the routes to compliance with ESOS regulations.



Compliance criteria

Companies are expected to demonstrate the Four Key Principles which enable organisations to integrate energy management into their business structure at every level.

1. Plan
Energy Policy, Management Representative, Energy Review, Objectives and Action Plans
2. Do
Implementation, Communication, Training & Awareness and Operational Control
3. Check
Monitoring & Analysis, Corrective/ Preventive Action and Internal Audit
4. Act
Management Review, New Strategic Goals and Optimisation

Benefits

- Provides a standard for organisations to reduce their energy use, and therefore energy costs.
- ISO 50001 certification is a route to compliance with ESOS (UK) and Article 8 of the Energy Efficiency Directive (EU).
- Unlike ESOS compliance, this is an internationally recognised standard for energy management.
- Presents a systematic approach for continual improvement of energy performance.

Net-Zero Standard

The Science Based Targets initiative (SBTi)'s Corporate Net-Zero Standard is a new framework for corporate net-zero target setting aligned to climate science. It sets out the guidance, criteria, and recommendations for companies to set science-based net-zero targets consistent with limiting global temperature rise to 1.5°C.

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Who reports?

Launched in October 2021, the Net-Zero Standard is intended for corporates that wish to commit to setting net-zero targets through the SBTi. The SBTi is also proposing a simplified pathway for SMEs to define a net-zero emissions target.

Benefits

- Align your net-zero journey to climate science
- Enhance your credibility and brand reputation
- Drive innovation and create competitive advantage
- Increased investor confidence
- Prepare for future regulation, especially the CSRD for EU companies

Key requirements

- Focus on rapid, deep emission cuts of 90-95% across a company's entire value chain (Scopes 1-3).
- Set near- and long-term targets that involve making rapid emissions cuts now and with the aim to roughly halve emissions by 2030.
- A company is only considered to have reached net-zero when it has achieved its long-term science-based target reduction and neutralised any residual emissions that are not possible to eliminate.
- Companies must reach net-zero by 2050 at the latest.
- In the transition to net-zero, going beyond the value chain is recommended. This involves making investments outside a company's science-based target to help mitigate climate change elsewhere.

Net-Zero Guidelines

ISO IWA 42:2022

The International Organisation for Standardisation (ISO) has published the new Net-Zero Guidelines standard to establish a common standardisation framework to help organisations achieve the goal of net zero emissions. This standard, presented at COP27 in Egypt, was developed with the participation of more than 1,200 international organisations.

Published at the end of 2022, these guidelines can be widely used by various organisations (companies, states, territories) to give greater credibility to their commitments to net-zero emissions and avoid the risk of greenwashing.

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Who reports?

Any company that intends to commit to the goal of net-zero emissions can use this standard by aligning themselves with the 1.5°C target set by the Paris Agreement.

Companies that commit must report at least once a year, specifying the territorial, sectoral, organisational, operational organisational, operational, portfolio or assets scope.

What are the advantages?

- This standard provides a common framework for achieving net-zero.
- It provides a definition of net-zero and defines how it can be integrated into the policies and strategies of any company, and provides guidelines and recommendations to achieve the goal.
- It promotes innovation and competitive advantage.
- It increases the confidence of investors and other stakeholders.

What are the guidelines?

According to the ISO standard, to achieve the objective of net-zero, it will be necessary to:

1. Quantify direct and indirect GHG emissions (scopes 1, 2 and 3)
2. Quantify the emissions reduced or eliminated, specifying the types of storage used and the level of permanence of the storage
3. Explain the emissions accounting method
4. Provide evidence that the maximum emission reduction potential has been achieved within the value chain
5. Provide evidence that carbon removals fully offset residual emissions,
6. Explain how residual emissions are calculated,
7. Develop a plan to maintain net-zero over the long term.
8. Explain the limits of the information reported,
9. Include confidence levels (potential for error in published values),
10. Ensure independent verification of data
11. Justify if third party verification is not possible,
12. Communicate how double counting of carbon credits has been avoided.

ACT Initiative

Developed by ADEME and CDP since 2015, the ACT (Assessing low Carbon Transition) initiative offers several sector-specific methodologies to assess the extent to which an organisation has a strategy aligned with the decarbonisation trajectories of its sector.

To complement the “Act Evaluation” methodology, the initiative has developed a new approach called “ACT Step by Step”, which offers a method and tools for defining their decarbonisation strategy.

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Who can report?

Any company that has calculated its carbon footprint (scopes 1, 2 and 3) using the Bilan Carbone® approach, ISO 14064-1 or the GHG Protocol can use ACT. The ACT Step by Step method is aimed at companies that want to define (or redefine) an ambitious decarbonisation strategy, integrated into the company's vision and governance.

ACT Evaluation is aimed at companies with a decarbonisation strategy that they wish to decarbonisation strategy, and want to measure its robustness and ambition. To ensure that the evaluation to be informative, they need to have reduction targets (value, timeframe, scope), as well as a low-carbon transition plan. The methodology also covers broader issues than a simple carbon accounting framework, such as the R&D budget, investment earmarking, internal governance on climate issues, commitments to the value chain and public decision-makers, etc. Responding to the methodology therefore involves extensive data collection within the organisation.

More than 400 organisations currently use ACT methodologies. Several sectoral methodologies are available: Food & Agriculture, Aluminium, Automotive, Construction, Consumer Goods (retail), Chemicals, Cement, Automotive Manufacturers, Iron & Steel, Finance (banks and investors), Real Estate (construction and development), Paper, Oil & Gas, Power Generation, Transport, Steel and Glass. A generic methodology is also available for companies with a wide range of activities.

In 2023, the ACT initiative published a test version of a methodology on climate change adaptation by businesses.

What are the advantages?

- Identification of sector-specific climate issues and areas for improvement to better prepare your organisation for its low-carbon transition
- A 360° view of the issues relating to climate strategy (governance, investment, etc.)
- Mobilise your teams to improve your company's climate performance
- Increase your skills thanks to the ACT training courses offered by the Bilan Carbone Association and the accompanying tools
- Engage with your partners and investors on your decarbonisation actions analysed by ACT
- Visibility for your organisation in a Solutions Agenda initiative supported by France
- Empowerment through the use of ACT assessment tools after a one- or two-day training course for companies
- Recognition of your commitment with third-party verification of your assessment
- Financial support offered by ADEME to carry out this work

CCA

The Climate Change Agreement

CCA is a voluntary scheme which enables eligible holders of an agreement to receive a reduction on the Climate Change Levy (CCL) for committing to challenging energy reduction targets.

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Who reports?

Eligibility to hold a CCA depends on the operator carrying out an 'eligible process' through two pieces of legislation:

1. The Climate Change Agreements Regulations 2012: A facility will be eligible if it carries out an energy-intensive process or activity detailed in the schedule

AND

2. Environmental Permitting Regulations 2010: A site will be eligible if it carries out a Part A(1) or A(2) activity listed.

The CCA scheme is operated under 53 sector specific umbrella agreements typically operated by the trade association for the sector

CCAs are currently closed to new entrants.

What is reported?

Your agreement will involve determining your eligible and ineligible energy and setting a baseline. Data and progress against targets are reported every two years to the sector body and the Environment Agency.

Energy accounted for in CCA includes:

- Combustible fuels
- Grid electricity
- Green electricity, renewable energy
- Oxygen, liquid nitrogen, solid carbon dioxide

Penalties: applied if participants fail to meet their agreement target. The amount of penalty is calculated by £18 x tonnes exceeded. The penalty must be paid for the facility to remain in the CCA and obtain the CCL discount.

Benefits

Financial incentive: operators holding a CCA, can receive a maximum CCL discounts of:

- 92% of electricity bills
- 77% on other fuels

Agreement types

1. Umbrella - a sector specific agreement between the sector body and BEIS.
2. Underlying - a specific agreement between a site or group of sites and the sector body.

EPR

The Environmental Permitting Regulations

EPR requires installations which operate certain activities that pose risk to the environment or human health to hold an environmental permit. The detailed application must demonstrate that the installation uses the best available techniques (BAT) to manage environmental impacts and that there is no current or future risk to sensitive receptors. The operator must then follow the conditions outlined within the permit.

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ENVIRONMENT



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Compliance criteria

The nine classes of regulated facility are those carrying out the following:

1. A combustion Installation > 50MWth
2. Mobile Plant
3. A mining waste operation
4. A radioactive substances activity
5. A water discharge activity
6. A small waste incineration plant
7. A waste operation
8. A groundwater activity
9. A solvent emission activity

Route to compliance

Compliance with EPR is met with the following conditions:

1. Those who meet inclusion criteria must legally hold a permit AND
2. Those in possession of a permit must comply with the conditions agreed upon in their permit.

Action from regulators

The Environmental Agency (EA) is under authority to carry out the following:

Assessments and inspections: where officers conduct either a desk-based or site visit assessment of your compliance with your permit. A Compliance Assessment Report (CAR) will be completed by the officer and a copy will be made available.

Enforcement: The EA may act if they suspect non compliance with actions including:

- Advice
- Changing permit conditions
- Serving you with an enforcement notice - stating the problems to fix and by when
- Serving you with a suspension notice (if there is a risk you might pollute)

Prosecution

Intervention: The EA can undertake work to address an environmental problem and recover costs from you.

Permit reviews: EA regularly update permits to reflect the latest regulations and environmental standards.

MCPD

The Medium Combustion Plant Directive

MCPD is legislation to improve air quality by limiting the emissions of certain pollutants into the air from medium combustion plants (MCP). It follows EU Directive regulations, with the aim of reducing background levels of harmful substances.

Its purpose is to fill the legislative gap existing between large combustion plants and small appliances in order to tackle a significant source of pollutants.

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Who must comply?

The Directive applies to all owners and operators of combustion plants between 1MWth and 50MWth. Rules will apply to both new and existing equipment.

There are estimated to be 143,000 MCPs in the EU.

Route to compliance

From 20th December 2018, new plants had to have a permit and comply with Emissions Limit Values (ELVs) on the concentration levels of:

- Sulphur dioxide (SO₂)
- Oxides of nitrogen (NO_x)
- Dust
- Particulates in exhaust gases from affected plant.

Those who qualify for compliance are required to be registered or permitted and complying with the following ELVs:

Monitoring to demonstrate compliance must begin within 4 months of the permit issue date.

SIZE	REGISTER/PERMIT	COMPLY w. ELVs
1-5 MW	1st Jan 2029	1st Jan 2030
5-10 MW	1st Jan 2024	1st Jan 2025

Regularity of Compliance Monitoring

Sites > 20MWth - every 3 years; Sites < 20MWth - every year

Penalties

MCPD regulators are licenced to issue civil penalty notices for non-compliance.

Specified generator regulations (sites in England & Wales only)

Generators between 1MWth and 50MWth are required to control NO_x emissions to air through setting emission limits and habitat protection requirements.

Requirements:

Specified generators require a permit. The three types are: (1) standard, (2) low risk bespoke and (3) complex.

Compliance Dates:

- Tranche B specified generators - from 1 January 2019 or when the new specified generator is commissioned
- Tranche A specified generators - either 1 January 2025 or 1 January 2030 depending on the site's total capacity

EU ETS

EU Emissions Trading Scheme

The EU ETS, established by Directive 2003/87/EC and subsequently amended by Directives 2008/101/EC, 2009/29/EC and 2018/410, is a cap-and-trade system. This means that the total amount of GHG emissions released by regulated facilities is capped, and the EU auctions allowances (one per tonne of CO₂ equivalent) corresponding to the cap each year. Market participants can purchase allowances at auctions or on the secondary market, where they may also sell them. Regulated entities must report their annual emissions annually and then surrender enough allowances to cover them. The system recently entered Phase 4 (2021 - 2030).

The EU is currently finalising reforms to the ETS as part of the 'Fit for 55' climate package. The updated system will aim to reduce emissions in the regulated sectors by 62% (compared to 2005) by 2030. To achieve this, the annual cap will reduce at an increased rate.

From 2024, the maritime sector will be integrated into the ETS for the first time. In addition, a separate system (known as ETS II) will begin for building and road transport fuels in 2027. Both the ETS and ETS II have mechanisms through which allowances can be released into or withdrawn from the market to control prices.

MANDATORY



EU



EMISSIONS



Compliance criteria

Compliance concerns the industrial installations and the combustion capacity on site. It concerns the sectors listed in Annex I of the ETS Directive (2009/29/EC):

- Electricity and heat production
- Energy-intensive industrial sectors, including oil refineries, steel mills and the production of iron, aluminium, metals, cement, lime, glass, ceramics, pulp, paper, board, acids and bulk organic chemicals
- Commercial aviation

Per finalisation of "Fit for 55" negotiations, compliance will also concern maritime entities from 2024.

NB. The UK ETS started on 1st January 2021, and is similar in process to the EU ETS, covering the same industries. It has its own market covering auction, secondary market, free allocation and market stability mechanisms.

What is reported?

An operator of the EU ETS must propose a monitoring plan when applying for a GHG emission permit. The plan will specify how the installation's GHG emissions will be measured and reported. Furthermore, it must be drawn up in accordance with the European Commission's monitoring and reporting regulation (Regulation (EU) 2018/2066) and be approved by an inspection body.

Participants are required to report their emissions data on an annual basis.

All annual emissions and monitoring reports are verified by an accredited external verifier.

Benefits

- Covers approximately 40% of EU GHG emissions
- Is a key mechanism to help the EU meet its emissions targets
- Provides decarbonisation incentive by imposing carbon costs, while enabling flexibility and economic efficiency through allowance trading
- Contributed to 35% emissions reduction in covered sectors between 2005 and 2019, mainly in the power generation sector
- From October 2023, the transitional phase of the border carbon adjustment mechanism (CBAM) will begin, with implementation scheduled for 2026. The aim is to address the risk of carbon leakage and to encourage non-European suppliers to commit to climate action.

Sustainability Frameworks

Most of the frameworks within this section are voluntary, although the expectation for businesses to report against at least one of them is increasing. Many of these also include emissions and energy indicators but they are set apart as they also include a range of important environmental, social and governance (ESG) issues that are important factors in sustainability.





The UN Global Compact

The UN Global Compact is a voluntary framework for companies to publicly commit to ten universal principles related to human rights, international labour standards, environmental protection and anti-corruption.

Organisations from all sectors are invited to demonstrate their commitment to these principles each year through the publication of a report outlining the progress made in developing ideas and deepening their commitment through corporate social responsibility initiatives.

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INTERNATIONAL



ESG



Who reports?

Around 15,000 companies from all industries currently report against the principles. All organisations can participate.

How to report?

- Draw up a letter of commitment signed by your CEO
- Register your organisation online by specifying contacts, level of commitment and submitting the letter of commitment
- Each year, the company publishes its COP (Communication on Progress) report presenting the renewal of the commitment with a qualitative and quantitative description of the corporate social responsibility initiatives implemented to respond to the 4 areas of action

Benefits

- Self-assessed
- Flexibility in how you can respond and what to include
- Widely acknowledged and shows participation with a universal body
- Reputational benefits of showing initiative on issues important to the public eye



SDGs

The Sustainable Development Goals

The SDGs, created by the UN, are 17 sustainability-based global goals with 169 associated targets, to which companies can align their corporate strategy. The overall aim is for us as a global community to contribute to achieving these goals by 2030.

VOLUNTARY



INTERNATIONAL



ESG



Who reports?

Any company can decide to contribute to the goals and to disclose what actions they are taking.

What is reported?

Companies include qualitative or quantitative data in their public disclosures which demonstrate how they are contributing and to which goals. Companies can choose any of the goals.

Benefits of reporting

- It is self-assessed.
- Companies can choose the goals they wish to contribute to, which can be those that fit most with their business values and priorities
- Offers a useful framework for companies to structure their sustainability initiatives and the purposes they serve.
- Alignment to SDGs can be mentioned in a company's annual report
- Indicates that your business is actively engaging with a wide range of key environmental and social issues
- In March 2020, the Global Reporting Initiative (GRI) published a report to align easily the SDGs with the GRI.

EcoVadis

ecovadis

EcoVadis is an online data collection portal used by companies to collect information from their suppliers. The portal ensures information is collected in a standardised format and is collated efficiently.

The portal's sustainability framework provides ratings and performance improvement recommendations for companies within global supply chains. Companies or investors can request their suppliers respond or require their suppliers to have a certain rating.

VOLUNTARY

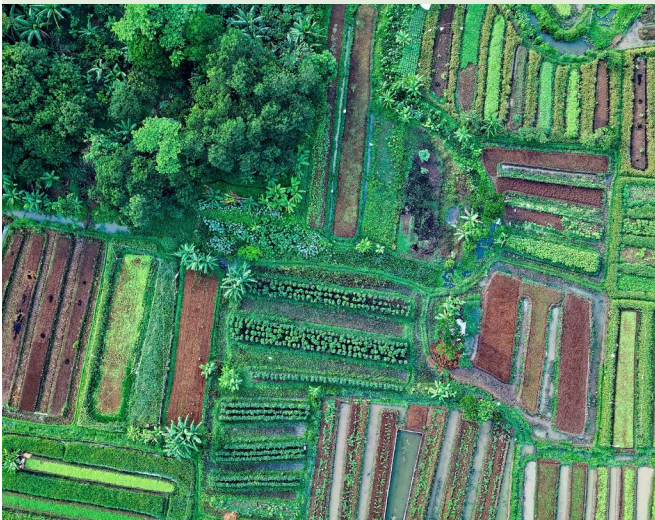


INTERNATIONAL



Who reports?

Those requested to by companies connected to them in supply chains.



What is reported?

- Sector based questions which are tailored to the company.
- Environmental, Governance and Social scores are given.
- Companies are rated gold, silver or bronze overall.

Where is it reported?

- Requesting customers are given the results directly through EcoVadis.
- Responding companies receive scores and recommendations for improvements.
- Companies often publish results in annual reports.

Benefits

- Designed specifically for supply chains.
- Enables companies to gain greater transparency of supplier sustainability and practice.
- Shows customers that your company has met standardised sustainability criteria.



GRI

The Global Reporting Initiative

The GRI offers both public and private companies public sustainable development reporting guidelines and identifies best practices in this area. The guidelines of these consider different degrees of economic, social and environmental performance. The GRI standards represent one of the most widely used frameworks for environmental reporting by organisations.

VOLUNTARY



INTERNATIONAL



ESG



HIGH REPUTATION



Who reports?

A variety of organisations use GRI, but larger industry groups make up most users. More than 23,000 reports are now using the GRI worldwide, as well as most large companies. EcoAct's 2018 sustainability reporting performance report identified that 38% of the FTSE 100, 100% of the IBEX 35 and 90% of the CAC 40 use GRI.

What is reported?

Three universal standards relating to general disclosures and management approaches.

Topic-specific disclosures on material issues specific to the organisations covering social, governance and economic sustainability factors.

Benefits

- Regarded as a very high standard of reporting.
- Methodology, category information and assessing are extremely clear.
- First agreed-upon global standards for sustainability reporting.
- The GRI Standard can be used to prepare a sustainability report.
- Selected GRI standards can be used to report specific information in accordance with a globally accepted standard.
- Reporting can be externally verified to demonstrate accuracy and veracity.

TCFD

Task Force on Climate-related Financial Disclosures



Launched by the G20 Financial Stability Board to provide climate reporting guidelines for companies, the TCFD is a set of reporting recommendations that enable companies to monitor and reduce the risks associated with climate change. It provides companies with a method for incorporating climate change into their business plans by integrating strategy and climate scenario analysis into the financial risks identified by the company.

The United Kingdom became the first country in the world to make TCFD aligned disclosure mandatory for large UK-registered companies from April 2022.

MANDATORY (UK)



INTERNATIONAL



CLIMATE RISK



FINANCIAL RISK



Who reports?

- Organisations from both the financial and non-financial sectors.
- Increasingly other frameworks are including the recommendations and encouraging their responders to align their disclosures with them.
- Especially relevant for those with annual revenue above US\$ 1 billion.
- Asset managers and owners looking to better understand risk and how this affects their investments.

What is reported?

Governance

Is climate change governance defined and sufficient at all hierarchical levels, especially at the highest level?

Strategy

What are the impacts (actual and potential) of climate-related risks and opportunities on business strategy and financial planning? How resilient is the business strategy under various climate scenarios, including the 2°C scenario?

Risk management

How to identify and manage climate-related risks and opportunities within the company? How does this approach fit with the general risk management of the company?

Measures and objectives

What indicators and targets should an organisation use to measure and manage climate-related risks and opportunities? What are the company's emissions on Scopes 1, 2 and 3?

Benefits

- It is now regarded as best practice in climate-related financial disclosures. Mandatory in the UK for large companies since April 2022.
- It enables personalised analysis and strategy for climate change exposure, aiding economic robustness.
- Effective disclosure encourages transparency and risk analysis, leading to informed investment choices and reduced capital loss.
- It also encourages the identification of opportunities so an organisation can benefit from forward thinking on climate change.
- TCFD recommendations are incorporated into the credit rating of Standard and Poor's Global Rating.
- When utilised, it can provide businesses with certainty that they are meeting expectations of investors and properly integrating climate-risk into their wider business strategy.



IFRS I and IFRS II

The sustainability standards of the ISSB (International Sustainability Standards Board)

In June 2023, the ISSB published its first S1 (general) and S2 (climate) reporting standards to help companies communicate their sustainability efforts. Applicable from 2024 for reporting in 2025, these standards will make it easier to measure the risks and opportunities across an organisation's entire value chain in the short, medium and long term. IFRS I and II are based on the principle of simple materiality with a focus on climate risk analysis, while integrating the measurement of emissions in the 3 scopes, emission reduction commitments, carbon offsetting and the internal price of carbon, among others.

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Who reports?

Any company can voluntarily use these standards as the basis for its annual reporting. It should be noted that governments may make it compulsory for companies to adopt these standards. The United Kingdom, Japan and Nigeria have already expressed an interest in introducing IFRS-based reporting requirements.

What is reported?

- Interoperability of these standards with numerous climate indicators of the CSRD.
- Recommendation to publish specific indicators on resilience, financial positions, metrics and trajectories.
- New basis for supporting investors in redirecting their capital according to companies' commitments.

Benefits

The ISSB's extra-financial standards incorporate the TCFD's recommendations and are based on IFRS (International Financial Reporting Standards) accounting standards.

IFRS I:

This standard sets out general financial reporting requirements relating to sustainable development, specifically on the risks and opportunities. The following information will be disclosed:

- The processes used by the organisation to identify, assess, prioritise and monitor risks and opportunities;
- The organisation's strategy for managing these risks and opportunities;
- The governance processes, controls and procedures for monitoring, managing and overseeing risks and opportunities;
- The organisation's performance in relation to risks and opportunities, including progress towards achieving objectives it has set or is required to meet by law or regulation.

IFRS II:

This standard will oblige companies to analyse the physical and transitional risks associated with climate change, as well as the resulting opportunities, throughout the value chain (with an additional year to apply this requirement to scope 3).

The information communicated will concern:

- Analysis of physical and transitional risks and climate-related opportunities;
- Adaptation of the business model and strategic decisions to climate change;
- Consideration of the financial impact of climate change on the company's activities;
- Climate resilience, taking into account short-, medium- and long-term adaptation measures;
- The publication of greenhouse gas emissions for the three scopes, as well as the associated reduction trajectories and the inclusion of an internal carbon price



FTSE4Good

FTSE4Good

FTSE4Good is a sustainability reporting framework, designed to measure the performance of companies with strong ESG practices. Companies are required to provide evidence about their ESG practices.

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INTERNATIONAL



ESG



HIGH REPUTATION



Who reports?

FTSE4Good is a voluntary framework that any company can be included in, however, there are two stipulations:

1. To be included on the FTSE4Good Index series, companies must have a high ESG score. Based on the FTSE4Good scoring this means a rating of 3.1 out of 5 or higher.
2. It excludes FTSE All-Share companies from tobacco, nuclear power and arms industries.

What is reported?

The questions focus on three areas: Environmental, Social, and Governance.

The questionnaire is adapted depending on which questions are relevant to each company.

FTSE4Good completes the questionnaire for respondents based on publicly available information; respondents have the opportunity to provide further evidence.

Where is it reported?

The Top 100 companies are published in the FTSE4Good 100 Index.

All additions and deletions to the index are also named. Companies are required to enhance and refresh their sustainability initiatives in order to ensure they remain included. Companies can be removed from the index if they fail to do so.

Benefits

- It is a robust and well-respected method of demonstrating environmental commitment via standardised testing.
- A highly regarded and credible framework.
- Companies that make the list are recognised as those with the highest performance in sustainability practice.



DJSI

The Dow Jones Sustainability Indexes

The DJSI is a set of benchmark indices for responsible investment. These indices, whether regional or national, assess the performance of companies' economic, social and governance (ESG) criteria and enable investors to make informed decisions to encourage more responsible investment portfolios.

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INTERNATIONAL



ESG



HIGH REPUTATION



Who reports?

DJSI is voluntary with no exclusion criteria.

Approximately 4,500 companies are invited to respond annually, but only the top 2,500 global companies by market capitalisation are eligible for inclusion.

Unlike the FTSE4Good, the DJSI sends a questionnaire for companies to complete rather than undertaking an assessment on publicly available information.

What is reported?

The questionnaire covers three areas: Economic, Environmental and Social.

50% of the questionnaire is industry-specific allowing companies to be compared directly against their sector peers.

Where is it reported?

The top 10% of eligible companies benchmarked by DJSI are included in the annual DJSI World Index (i.e. the 250 highest benchmarked companies globally).

All additions and deletions to the index are also noted. Companies are required to enhance and refresh their sustainability initiatives in order to ensure they remain included. Companies can be deleted from the index if they fail to do so.

Benefits

- Provides investors with a best-in-class benchmark
- Helps investors to account for sustainability in their decision-making process
- Well resourced, robust and well-respected methods of demonstrating environmental commitment through standardised testing.
- Industry-specific questionnaires allows for peer comparisons



CDP

CDP is a non-profit organisation, member of the CDSB and is supported by a large number of investors globally. The CDP collects, assesses and reports information on the environmental performance of companies, cities, and regions. It does this by publishing specific questionnaires on climate change, water, forests, and supply chain. Respondents are required to disclose and provide evidence on an extensive array of questions on their current and future sustainability strategy. They will receive a score from A to D representing their sustainability maturity.

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ESG



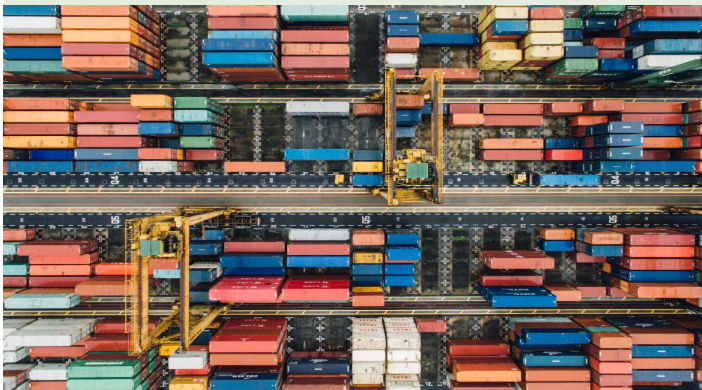
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Who reports?

Those who report are either: (1) responding to a request filed by investors, (2) responding to a request filed by customers, (3) self-selected companies.

Most large organisations report: currently over 18,700 companies respond.



What is reported?

There are four thematic questionnaires:

1. Climate Change Questionnaire

Companies are requested to disclose their net-zero transition plans in line with a 1.5°C pathway. They must disclose climate-related risks and opportunities, detail how the business governance and strategy has adapted and report emissions data. They are also requested to include Scope 1, 2 & 3 emissions and their verification. Several questions regarding biodiversity have also recently been added into the questionnaire.

2. Water Security Questionnaire

Respondents evaluate and disclose information on existing and future water risk, water strategy and water use. Involves sector-specific questions for organisations in Agriculture and Materials sectors.

3. Forests Questionnaire

This questionnaire enables investors to

understand company exposure and risk associated with deforestation. Questions address the verification and monitoring of commitments, policies and standards and strategy for using forest commodities.

4. Supply chain questionnaire

The supply chain questionnaire is aimed at companies that are part of the supply chain of other companies. It is based on the questions in the climate change questionnaire and includes an additional section on the allocation of emissions to customers.

Each also includes sector-specific questions with focus on sectors deemed to have a high impact on that particular theme.

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ESG



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Scoring

Companies fall within an A - D scoring band, progressing through grades as thresholds for four levels are met.

Failure to respond when requested results in an F grade:

- A/A- Leadership: meeting leadership requires management criteria are met and identifies whether companies are taking ambitious action and implementing best practice to address climate change. Leadership status indicates a high level of engagement, commitment and verification.

- B/B- Management: indicates a higher engagement with question criteria.
- C/C- Awareness: certain questions will award points for engaging with specific criteria that often require greater verification or engagement with emissions outputs.
- D/D- Disclosure: all questions are scored on the disclosure level, and points are awarded for responding.

Benefits

- Extremely high visibility for stakeholders, investors and peers.
- It has a high reputational value for those who score an A and make the A List.
- Companies are increasingly expected by investors and customers to report to CDP.
- The framework aligns to others such as TCFD & SDGs.
- It enables investors to see that companies are incorporating sustainability into their business strategy and practices, so they can assess climate change risk in their investment portfolios.

Where can we find the results?

The scores and responses are communicated and made public on the CDP website.

Organisations may opt for a “non-public” outcome, where only investors who request it can see their rating. However, transparency to the public is rewarded with extra points.

CDSB

Climate Disclosure Standards Board



The CDSB is an organisation that is part of the emerging dynamic of sustainable finance. It is composed of eight organisations: CERES, Carbon Disclosure Project (CDP), The Climate Registry (TCR), International Emissions Trading Association (IETA), World Council for Business and Sustainable Development (WBCSD), World Economic Forum (WEF) and World Resources Institute (WRI). The CDSB provides a collaborative forum for improving current practices and standards.

The CDSB has developed a global framework for reporting and monitoring climate change actions: The CDSB Framework for reporting environmental & climate change information. This framework enables organisations to better understand how to report on environmental information related to natural capital (water, land, air, forests, minerals, biodiversity and ecosystem health).

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ESG



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Who reports?

If investors request it, some organisations must use the CDSB framework. Other organisations may choose to use it to report their environmental and climate-related information in their annual report, for example.

What is reported?

The environmental, capital and business impacts Framework requires reporting of environmental information, natural capital and associated business impacts including governance, policies, risks and opportunities, outlook etc.

The Climate Change Framework (CCRF) requires the company to determine the disclosures to be made under the CCRF according to the categories of disclosure content that are relevant to them, valuable to investors or have the potential to affect the organisation's strategy.

Self-evaluation encourages management to apply judgement to: (1) reflect the reality of the business, and (2) identify the information that is relative to the needs of investors, management and regulators.

Benefits

- It provides an internationally accepted standard for disclosure on voluntary and mandatory reporting schemes.
- Gives investors high-quality information about the climate and environmental opportunities and risks disclosed by a company, therefore, enabling better informed capital allocation decisions.
- Companies can use the CDSB Framework to incorporate climate change and natural capital-related information in mainstream financial reports.
- It can help organisations understand how environmental issues affect their performance and the necessary actions they could take to address the related risks and opportunities.
- The framework is aligned with the TCFD recommendations.



PRI

Principles for Responsible Investment

The PRI was initially launched in 2006 by the UNEP Finance Initiative and the UN Global Compact in order to develop principles for responsible global investment. The PRI provides a voluntary reporting framework that all signatories can use to incorporate ESG issues and the six principles of responsible investment into their decision-making processes.

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ESG



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Who reports?

Signatories of the PRI.

Organisations are able to become signatories if they fall under one of the three signatory categories:

- Asset owners
- Investment managers
- Service providers or professional services partners

What is reported?

The Reporting Framework is comprised of 12 modules, some of which are general modules for all signatories and others specific to asset class. It is only mandatory to complete a module if you have 10% or more of your assets under management.

Since the beginning of the year, PRI's indicators are aligned with TCFD's recommendations.

Benefits

- A framework developed by PRI signatories, for PRI signatories and, therefore, purpose-built.
- Signatories gain an understanding of where their organisation and/or another organisation stands against peers both locally and globally.
- It provides signatories with a means to report systematically and consistently.

EU Taxonomy

The European Union (EU) Taxonomy is part of the European Green Deal, the EU's plan to reach climate neutrality by 2050, and is a crucial element of the European Sustainable Finance Strategy. It is a classification establishing which economic activities are sustainable according to climate, environmental and social criteria.

MANDATORY



EU



Who reports?

The EU Taxonomy currently applies to more than 11,000 organisations:

- Large companies and financial institutions with more than 500 employees (with a balance sheet of more than 20M€ or a turnover of more than 40M€) which are already required to provide a declaration of extra-financial performance under the Non-Financial Reporting Directive
- Organisations that use this information: financial market players, financial supervisory institutions (such as central banks) as well as all Member States when they establish public measures, standards or labels for green financial products or green bonds.
- From 2024 reporting, published in 2025, 50,000 players will be progressively covered by the Sustainability Reporting Directive (SRD):
- From the 2025 financial year (publication in 2026): large companies not subject to the NFRD
- From the 2026 financial year (publication in 2027, derogation possible until 2028): listed SMEs
- From 2028 (publication in 2029): large non-European groups with significant activity within the EU

What is reported?

Since January 2022, companies and financial institutions have been required to publish their analysis of eligibility for the European taxonomy. In 2023 for companies and in 2024 for financial institutions, alignment will have to be communicated publicly.

The eligibility analysis represents an analysis of the activities of the company or the activities financed that are considered by the European Union to be able to contribute significantly to the ecological transition. The shares of turnover, operating expenditure (OPEX) and capital expenditure (CAPEX) of these activities must be published.

The alignment study consists of verifying that the eligible activities meet the technical criteria ensuring that they are sustainable. The economic activities must contribute to one of the six environmental objectives below and not harm the other objectives, while respecting social rights:

1. Climate change mitigation
2. Climate change adaptation
3. Sustainable use and protection of water and marine resources
4. Transition to a circular economy
5. Pollution prevention and control
6. Protection and restoration of biodiversity and ecosystems

Benefits

- The EU Taxonomy is a step towards harmonising the classification of green activities
- Allows investors to compare their portfolios and financial products according to environmental characteristics
- Aligns every organisation in the financial markets in Europe with the efforts to achieve the commitments made in the Paris Agreement
- Supports three legislative initiatives with direct implications for organisations and investment firms in terms of reporting, turnover and capital or operating expenditure, as well as eco-labelling and standards

CSRD

Corporate Sustainability Reporting Directive

In January 2023, the new directive on the publication of non-financial information by companies came into force: the CSRD. Its aim is to harmonise ESG reporting across Europe in order to encourage transparency and comparability between companies in terms of sustainability. More precise and demanding than the current Non-Financial Reporting Directive (NFRD), it will apply to 50,000 companies instead of 11,000 today. From 2025 (for the year 2024), the first organisations concerned will have to include in their management reports material indicators that comply with the European Sustainability Reporting Standards (ESRS).

MANDATORY



EU



What's new?

Compared to the requirements of the NFRD, the CSRD obliges more companies to communicate their environmental, social and governance commitments, and more precisely. In fact, the directive is structured as follows:

- 3 pillars: Environment, Social and Governance
- 11 themes: Climate, Biodiversity, Water, Pollution, Circular Economy, etc.
- Several hundred indicators.

Companies will have to publish the relevant indicators based on a double materiality analysis:

- Impact materiality: the company's impact on ESG issues
- Financial materiality: impact of the ESG issue on the company

The CSRD will require :

- Detailed publication of the information required by the ESRS in management reports;
- The obligation to have the information disclosed verified and audited by a third party;
- publication of reports on a public platform accessible to all: the European Single Access Point.

Who reports?

The CSRD alignment obligations begin in 2024 and extend to until 2028:

- From the 2024 financial year (publication in 2025): large companies with more than 500 employees already subject to the NFRD (Nonfinancial Financial Reporting Directive)
- From the 2025 financial year (publication in 2026): large companies not subject to the NFRD
- From the 2026 financial year (publication in 2027, derogation possible until 2028): listed SMEs
- From financial year 2028 (publication in 2029): Non-European companies with substantial activity on the EU market (150 million turnover per year) and a subsidiary/branch active at the European level.

RE100

Renewable Energy 100

The RE100 initiative is a global programme promoted by the Climate Group, an international NGO, in partnership with the CDP. The aim of the RE100 is to bring together major companies that want to source 100% of their energy from renewable sources by 2050. Alongside the RE100, other initiatives have emerged to achieve this goal, including EP100, EV100, ConcreteZero, RouteZero and SteelZero.

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Who can apply?

To become a member of RE100, companies must demonstrate a significant energy demand of at least 0.1 TWh / 100 GWh / 100,000 MWh. Certain exceptions exist for companies that may be "influential":

- Key player in a priority sector or region for RE100.
- Willingness to promote RE100 in the region/sector.
- Multinational and/or world-renowned brand (Fortune 1000 or equivalent).

Companies involved in: fossil fuels, airlines, munitions, gambling and tobacco are excluded.

Electricity companies and technology providers/developers will also generally not be eligible to join.

What is reported?

Member companies publicly commit to sourcing 100% of their electricity from renewable sources throughout their value chain, with a minimum of 60% by 2030, 90% by 2040 and 100% by 2050.

Each year, their energy consumption must be reported in relation to these targets justifying the origin of the energy consumed.

Progress is reported via the CDP questionnaires. The energy will be justified as renewable using one of these 8 methods: own production, purchase of energy produced by third parties at the point of consumption, produced by third parties without connection to the grid, PPA, green energy products from suppliers, purchase of GO, renewable energy by network or energy supplied by a network with at least 95% renewable distribution.

When to report?

From the year in which a company has been accepted as a member of the initiative, it will have to communicate annually on its progress.

BREEAM

Building Research Establishment Environmental Assessment Method

BREEAM®

BREEAM is a sustainability assessment method for buildings, infrastructure and future projects. Developers can gain third party certification of the assessment of an infrastructure's economic, social and environmental sustainability performance using the BREEAM standard.

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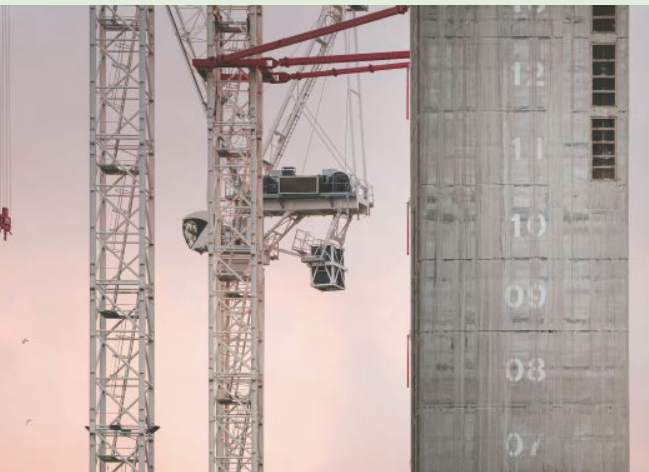


EU



Who certifies?

Any developer can choose to partake in this assessment and gain BREEAM certification.



Route to certification

Certification involves a 4-part modular approach: (1) Fabric and structure, (2) Mechanical and Electrical, (3) Local services and (4) Specific to project.

Assessment provides a score from Outstanding to Pass, with a fail requiring less than 30%.

Where is it reported?

- Certain sectors may include it in their annual reports, such as real estate or construction.
- Reported to planning bodies which request certain BREEAM scores.

Benefits

- There are social benefits to certified buildings which promote a healthy working environment.
- It provides a competitive edge for developers wanting to showcase their Corporate Social Responsibility (CSR) credentials.
- A range of certificate options allows for flexibility.
- BREEAM ratings are increasingly required on UK local and governmental buildings.



GRESB

Global Real Estate Sustainability Benchmark

The GRESB is a global organisation for assessing and comparing the ESG performance of property companies. In 2020, the GRESB questionnaire evolved to include three components assessed according to the type of company: Management, Performance and Development.

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What is reported?

- Portfolio management companies will be subject to the Management and Performance forms, while property development companies will be subject to the Management and Development forms. Companies with both activities will be subject to all three forms.
- The performance of administration, control, and environmental management systems (existing certifications, electricity consumption of buildings, materials used, ESG strategy, etc.).
- Greenhouse gas emissions and other environmental impacts, including water and waste.
- Applicants receive a score and a comparison report from the ESG.

Where do we find the results?

From the 1st of September, the preliminary results will be unveiled to allow companies to exchange with GRESB examiners to foster collaboration and give recommendations.

Investors can purchase access to your GRESB report. The information may also be included in the annual reports of the company or real estate fund.

Benefits

- It showcases sustainability efforts to investors.
- Helps identify challenges to portfolio energy efficiency and report progress.
- It benchmarks participants against peer groups.
- It provides credit for the independent verification of external sustainability reporting, including GRI and CDP.

LEED

Leadership in Energy and Environmental Design

Developed by the United States Green Building Council (USGBC), the framework aims to create healthy, highly efficient and cost-saving green buildings. It provides eligible companies with a globally recognised certification of best practice in sustainable buildings as LEED has increased in popularity around the globe.

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INTERNATIONAL



Who certifies?

Virtually all building types and all building phases are eligible with different types of LEED certifications to match them. The certification system consists of five different areas:

- Building Design and Construction
- Interior Design and Construction
- Building Operations and Maintenance
- Neighbourhood Development
- Homes

Route to certification

To be certified the building project needs to obtain points and meet green building standards that will then be validated. Levels of certification progress from Certified, Silver, Gold and Platinum depending on the number of points accrued.

In order to earn credits to achieve certification in one of the above categories, the project must meet standards within the following areas:

- Location and transportation
- Materials and resources
- Water efficiency
- Energy and atmosphere
- Sustainable sites
- Indoor environmental quality
- Regionally-specific concerns

Benefits

- More sustainable developments result in a reduction in liability for developers.
- It assists in increasing the social benefits of healthy and sustainable buildings.
- It provides a competitive edge for developers wanting to showcase their sustainability credentials.



Conclusion: Finding Alignment

Conclusion

The landscape of sustainability reporting frameworks is large and complex. With the awareness of climate change and sustainability issues being ever more widespread and urgent, the necessity of both mandatory and voluntary frameworks remains, and the evolution of these frameworks will continue. Hopefully this guide, though not an exhaustive list, has provided some clarity on that.

One positive development we see, is the increasing presence of the term “alignment”. There is a real trend towards standardising and aligning what information you need to disclose and an awareness of the need to minimise the reporting burden for organisations. This trend covers both the voluntary and mandatory reporting frameworks.

The Corporate Reporting Dialogue was set up four years ago to facilitate communication and cooperation between reporting bodies and they continue their work to deliver further alignment.

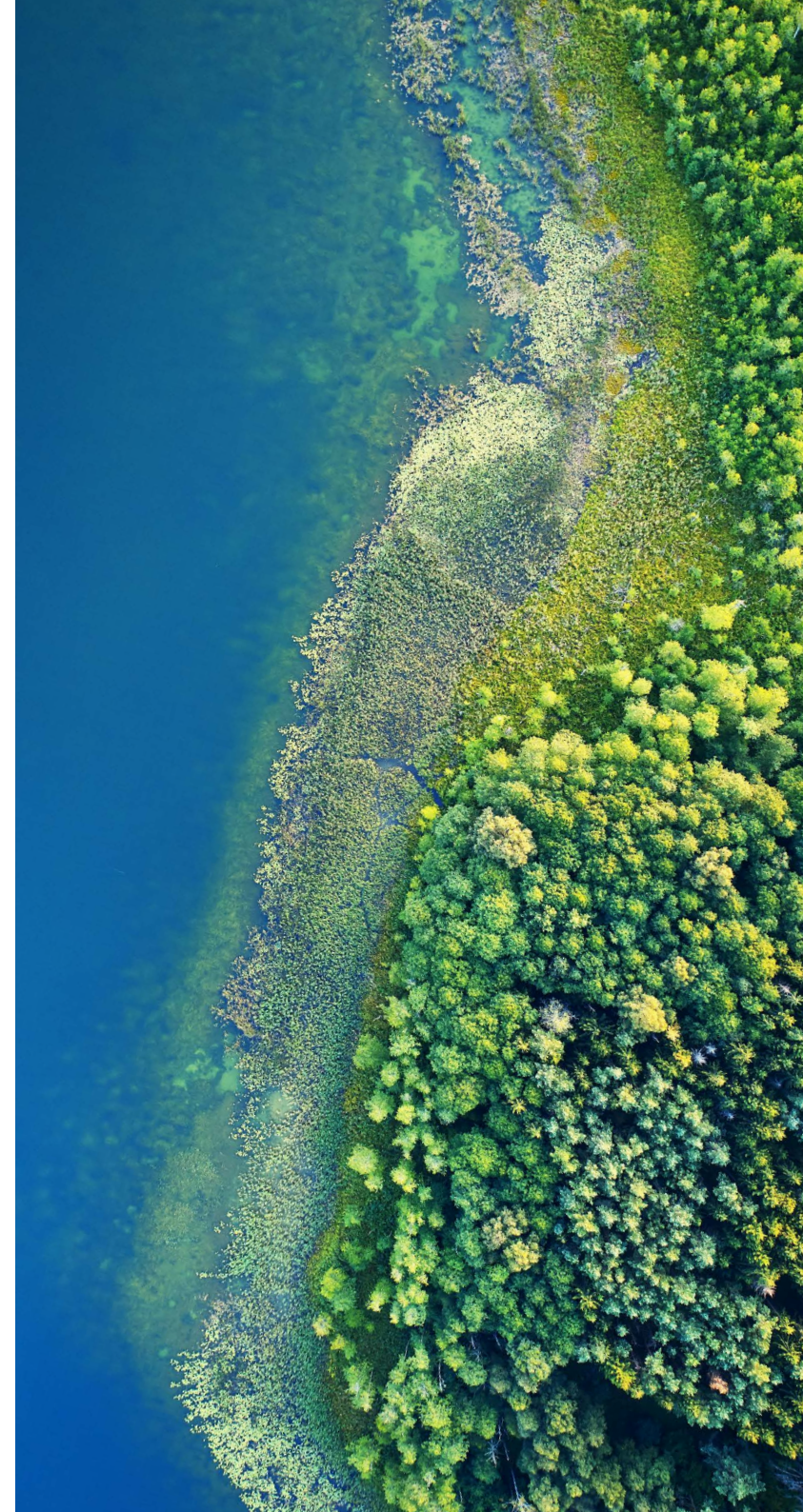
The recommendations of the TCFD, highlighted in this eBook have also been particularly instrumental in the development and subsequent further alignment of the frameworks which have taken seriously the recommendations for businesses to better account for climate-related financial risk.

And this brings us to another important alignment trend – that of climate-related issues with main business strategy. The latest versions of the frameworks and recommendations encourage companies to establish governance at the highest level on climate issues, and to clearly demonstrate

that sustainability issues, in particular climate risk assessment, are no longer isolated to a CSR level but are increasingly integrated and aligned with the overall corporate strategy.

As the risk of climate change becomes increasingly urgent, and the opportunities it offers in terms of innovation and multi-stakeholder cooperation increase, robust and consistent sustainability and climate reporting will be vital to protect business, our global financial system and, of course, to strengthen the resilience of humankind and biodiversity across the globe.

2023 will be driven by upcoming reports from the Intergovernmental Panel on Climate Change (IPCC) and COP28, where we hope to see more global alignment between the different frameworks, on which we will keep providing you with updates.



EBOOK

Climate action. Commercial sense.

Together with our clients, we act to put climate and nature centre stage to drive sustainable corporate transformation within planetary boundaries.

EcoAct is an international sustainability consultancy and project developer with 18+ years of industry experience and 360+ climate experts globally. Founded in France in 2005, the company now spans three continents with offices in Paris, London, Barcelona, New York, Montreal, Munich, Milan and Kenya.

EcoAct's core purpose is to lead the way in developing sustainable business solutions that deliver true value for both climate and client. Data is the cornerstone of our consulting practice, supported by our dedicated Climate Data Analytics and Research & Innovation teams.

At EcoAct we are driven by a shared purpose to make a difference. To help businesses implement positive change in response to climate and environmental sustainability challenges, whilst also driving commercial performance.

EcoAct UK

ukoffice@eco-act.com
+44 (0) 203 635 0001

EcoAct France

contact@eco-act.com
+ 33 (0) 1 83 64 08 70

EcoAct Spain

contacta@eco-act.com
+34 935 851 122

EcoAct Central Europe

netzerotransformation@atos.net
+49 211 3999 0999

EcoAct North America

NAoffice@eco-act.com
+1 917 744 9660

EcoAct Italy

nzt.italia@atos.net
+ 39 334 603 1139

EcoAct Kenya

info@climatepal.com
+254 708 066 725



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