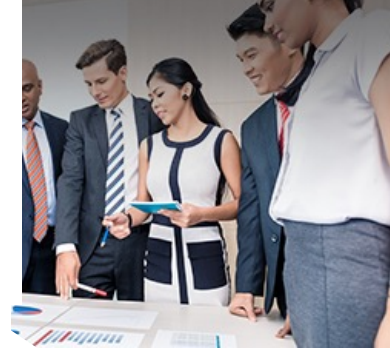




How to deliver a credible ESG transition

A conversation with



EDM Council ESG Open Workgroup

ESG Data Challenges

The lack of consistent industry best practices, transparency, evolving standards and regulations, and data availability has created confusion across the ESG data supply chain

Industry Benefits

- Coalesce the industry around a defined set of Best practices and Benefits
- Provide ESG Data Transparency to all stakeholders in the ESG supply chain

Goal

Cross-industry collaboration, provide data management best practices, educate data professionals, engage with regulators and standards organizations



EDM Council – ESG Data Workgroup Reports



Download ESG Data Management guidelines for:

**Corporate Reporting Entities
Ratings Providers and Data Aggregators
Asset Owners**

**Free license – download at:
www.edmcouncil.org
Go to Engage > Groups > ESG Data**

Today's speakers

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EDMC ESG Regulatory Update Webinar

March 16, 2023

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Agenda

- What makes a credible transition?
- Increasing regulation around credible transitions
- So how are we approaching the lack of data and enable credible transition planning?

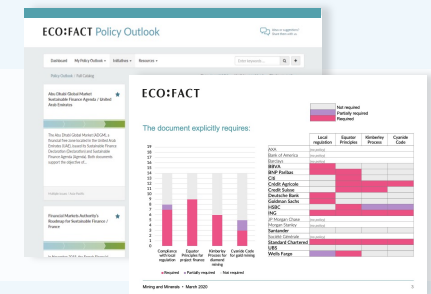
Input provided by



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[About Lana](#)

About ECOFACT

We have over 20 years of expertise in helping clients navigate ESG risks and opportunities.



ECOFACT offers risk management solutions as well as monitoring and implementation of regulatory developments pertaining to corporate responsibility and sustainable finance.

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Growing regulatory attention

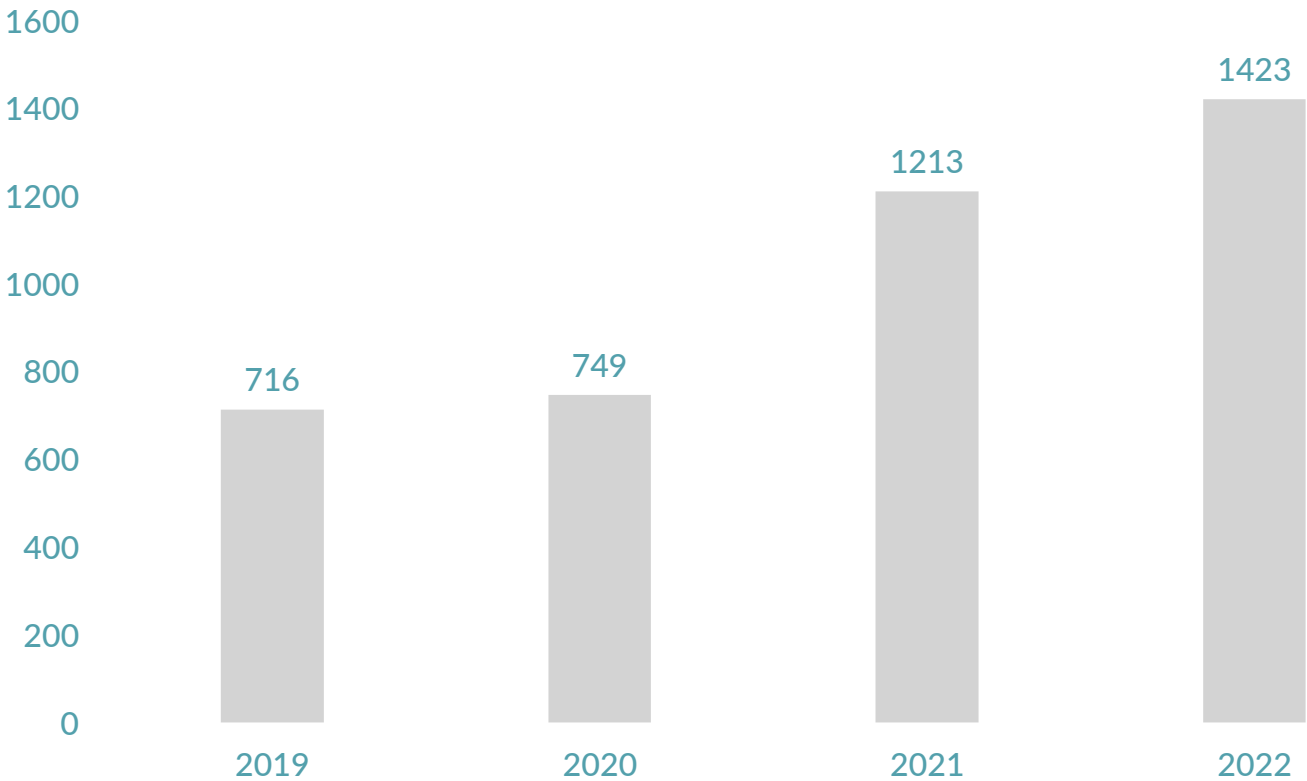
Jurisdictions with the most developments in 2022



Compared to 2019, regulatory developments increased by:

+ 50%

Number of regulatory developments in the area of sustainable finance and corporate responsibility



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What makes a credible corporate transition plan?



A credible commitment: A credible commitment to meet science-based targets, including near-term (interim) targets.



Reporting: Commit to transparent and regular reporting on progress toward targets, striving for data completeness, especially verified Scope 1, 2, and 3 accounting.



Target setting: Concrete targets and actions to meet these targets. Transition planning is embedded in the company's business strategy, taking into consideration industry-specific information. The plan is periodically reviewed and updated.



Governance: Board-level oversight of the transition plan and targets, and clearly assigned responsibilities to enable the delivery of both plan and targets.





Scenario analysis: A credible transition plan should be supported by robust scenario analysis.



Actionable: Articulate specific initiatives and actions that the companies will undertake to execute the transition plan.

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Who is usually addressed?

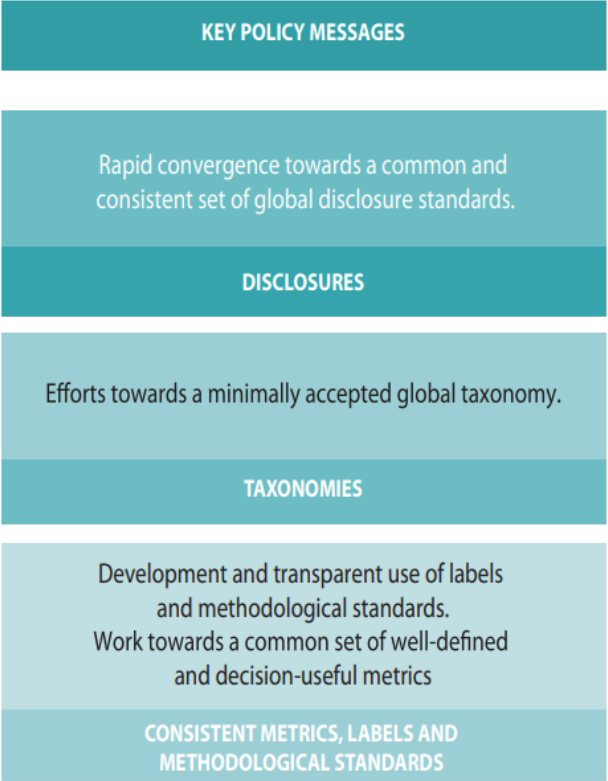
	Framework	First disclosure	Scope 3 Reporting	Mandatory Transition planning	Interim Targets	Mandatory Scenario Analysis	Auditing Requirements	Reporting locations
	CFD Regulations	Effective since 2022	No	No	No	Yes	No	Financial report
	International Sustainability Standards Board (ISSB) Sustainability Standards	2024	Yes	Yes	Yes	Yes	No	Financial report
	Corporate Sustainability Reporting Directive (CSRD)/ESRS	2025	Yes	Yes	Yes	Yes	Yes	Financial report
	US Securities and Exchange Commission (SEC)	2024 (phased in until 2028)	Conditional	Conditional	Conditional	Conditional	Yes	Financial report
	Swiss Code of Obligations/Climate Reporting Ordinance	2025	Yes	Yes	No	Yes	No	Non-financial report

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How do we bridge the data gap?

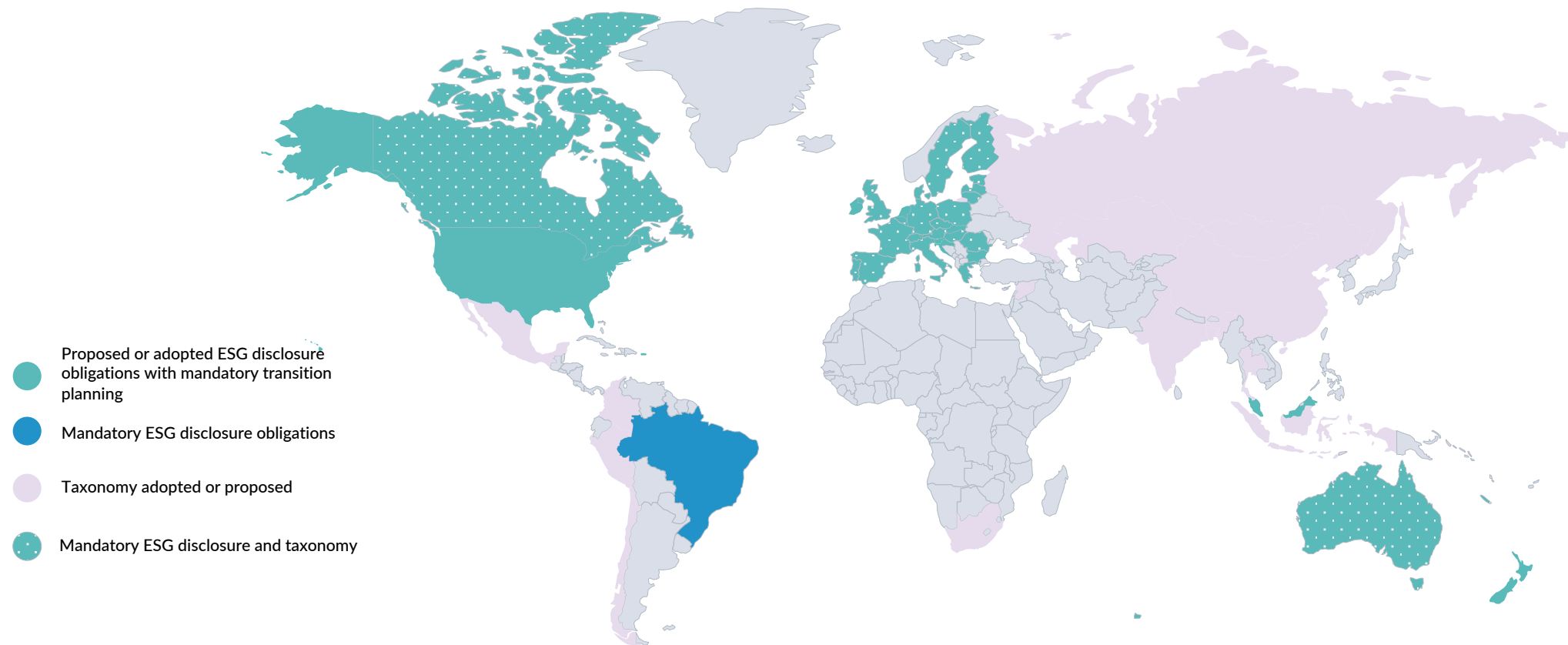


Source: Progress report on bridging data gap



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Global regulatory Developments and Corporate Responsibility Regulation



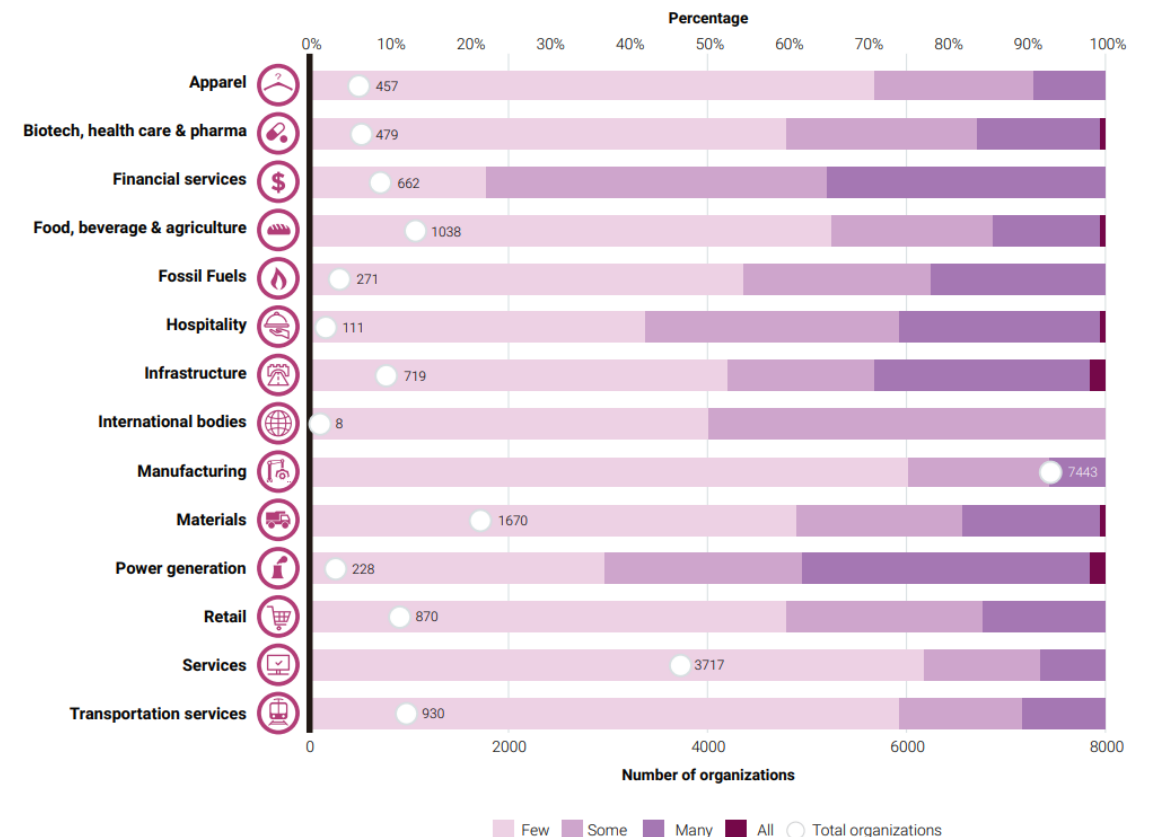
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What does it look like in practice?

Transition plan indicators:

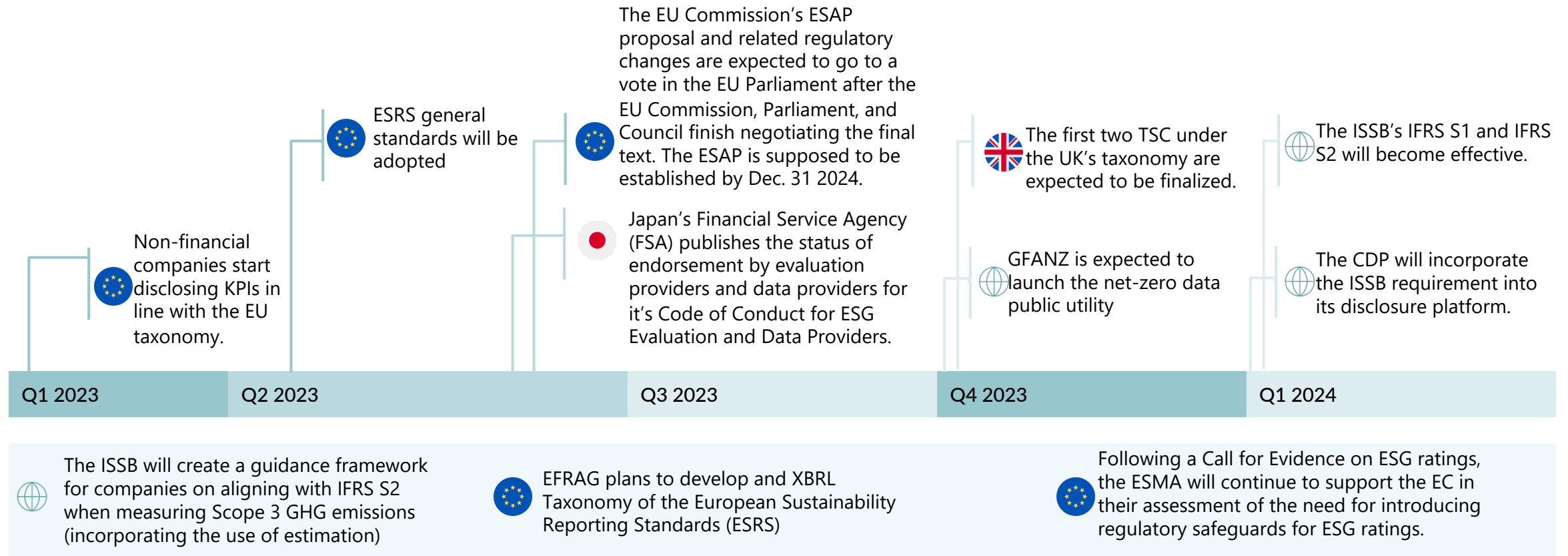
Board oversight	Climate risks & opportunities in strategy
Incentives for management	Risks with financial and strategic impact
Climate-related scenario analysis	Exposure to climate-related risks
Incentives for management	Opportunities with financial and strategic impact
Climate risks & opportunities & their influence on financial planning	Opportunities with financial and strategic impact
Percentage/share revenue aligned with 1.5°C	Reasoning for opportunities
Supplier engagement strategy	Absolute emission targets and progress
Low carbon products and services	Intensity emissions targets and progress
Policy engagement	Net-zero targets
Transition plan aligned with 1.5°C	Scope 1/2/3 CO2e and verification

Figure 2. Industry breakdown across disclosure tier - climate transition plan indicators



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So how are we approaching the lack of data and enable credible transition planning?



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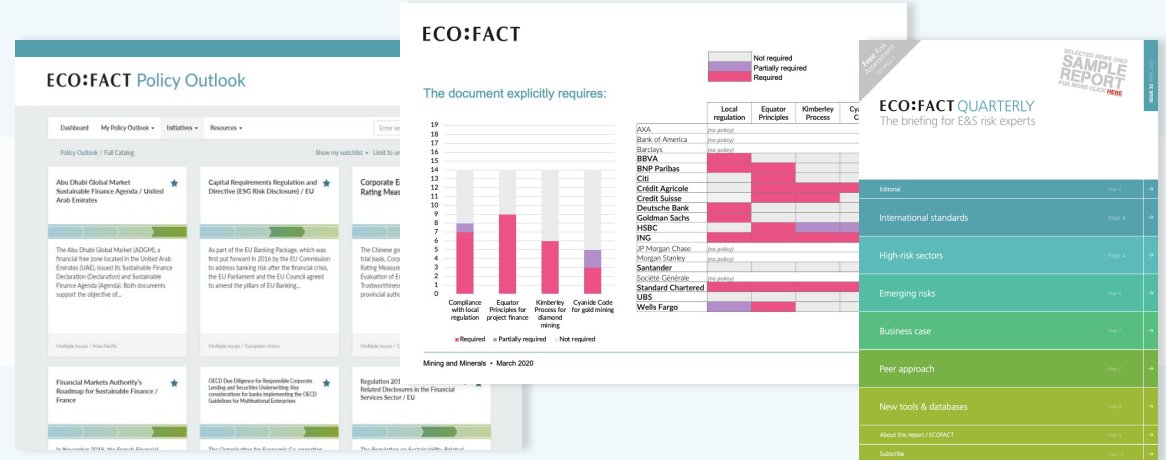
We have over 20 years of expertise in creating solutions that help financial sector participants manage ESG issues and risks.

The Policy Outlook

Our continuously updated analysis of regulatory changes pertaining to sustainable finance and corporate responsibility.

The ESG Risk Quarterly

A quarterly overview of the most relevant developments in ESG risk management.



Our advisory services help you by:

- making sure that you know what needs to be done
- focusing on key action items by prioritizing them
- finding pragmatic, cost-efficient solutions for the implementation of regulatory requirements

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