European Lab project on risk and opportunities and linkage to the business model (RNFRO)

Outreach Webinar 25 May 2021

Co-Chairs
Dawn Slevin and Mario Abela

EFRAG
European Financial Reporting Advisory Group

European Reporting Lab
@EFRAG

DISCLAIMER

The views expressed in this presentation are those of the presenter, except where indicated otherwise. They are not approved by the European Lab Steering Group nor do they represent the official views of EFRAG.

Structure of session

1. Introduction and context
2. Key Findings (Good practices, aggregate findings, stakeholder survey)
3. Panel discussion

1. INTRODUCTION AND CONTEXT

Purpose of the PTF RNFRO

The aim of the second project of the European Lab is to **identify good reporting practices** around the theme of the project from a sustainability perspective and **addressing what is commonly known as ESG factors**. The project is expected to consider the **needs and expectations of a wide range of users and other stakeholders**, the extent to which they are **addressed by current reporting practices**, and the **challenges faced by companies in providing that information**.

Scope of project

- Focus is on business model reporting and how opportunities and risks to it are described (if at all)
- Companies typically do not tag risks as financial/non-financial but some do recognise that some risks are in fact pre-financial (measurement uncertainty/future events)
- Placement/ location of disclosures- will look at the legal filing and voluntary reports (such as sustainability reports)
- Adopting a multi-capital business that includes all the 'capitals' typically reported under Integrated Reporting- but we will remain framework neutral
- Build on existing research including the Alliance of Corporate Transparency Report (2019), the Corporate Reporting Dialogue publications and other publications

2. KEY FINDINGS

2A. ILLUSTRATIVE GOOD PRACTICE EXAMPLES

Overview of good practice selection

- 65 companies considered
- Sample of 43 (from 16 European countries and 19 sectors) considered on the basis of
  - Existing initiatives highlighting recognized good practices (e.g. Alliance for Corporate Transparency)
  - 20% of companies from the EFRAG Stakeholder Survey

Comprehensive business model description-Neste

European Reporting Lab @EFRAG

NESTE

Neste business model

Neste helps transport and cities, as well as customers in the aviation, polymers and chemicals sectors make their business more sustainable.

Our businesses

Renewable Products
Offering renewable diesel and jet fuel refined from waste and residues, and renewable solutions to the polymers and chemicals industries.

Oil Products
Producing a wide variety of traditional oil products and related services

Marketing & Services
We market and sell a wide variety of services and high-quality products

Our goal

To become a global leader in renewable and circular solutions.

Our People

We seek for the best professionals and provide our employees a safe workplace and opportunities to develop their competences.

Material topics

- Good corporate citizenship and ethics
- Low-carbon solutions
- Sustainability of raw materials
- Protecting biodiversity and preventing deforestation
- Resource efficiency
- Safety and incident-free operation
- Human rights
- Fair and equal employment
- Economic responsibility

Input

Economic / Governance

Indirect upstream
- Number of suppliers in
  - Renewable Products 95 (+160 Demeter suppliers)
  - Oil Products 48[1]
  - Indirect procurement 7,607
- Operations in 11 countries
- Production in 4 countries

Direct upstream
- Total equity 5,922 MEUR
- R&D expenditure 54 MEUR
- Interest-bearing net debt -191 MEUR
- Purchases of
  - refinery feedstocks 12,299 MEUR,
  - other goods and services 413 MEUR
- Use of renewable raw materials 3.5 Mt
- Sourced crude oil and fossil feedstock 15.6 Mt
- Indirect procurement spend 2,518 MEUR
- Cash-out investments 568 MEUR

Social

Indirect upstream
- 100% of approved renewable raw material suppliers screened using social criteria[3]

Direct upstream
- Highly skilled employees
  - Number of employees 5,474[4]
  - Hiring rate of permanent employees 14.0%
  - Leaving rate of permanent employees 7.4%
  - Recorded average training hours per FTE[5] 33.0
- 36,947 palm oil smallholders in Neste's supply chain

Environmental

Indirect upstream
- 100% of our palm oil[8] use is certified and traceable to plantations
- 99% of our PFAD[9] supply chains mapped to palm oil mills and 71% to plantations
- 100% of the new indirect supplier contracts, 100% of the renewable raw material volume[3] and 88% of the fossil raw material volume covered by the Neste Supplier Code of Conduct or equivalent
- Scope 2[10] and 3 emissions from upstream value chain: 5.7 Mt CO_2eq

Direct upstream
- Waste and residue raw materials used to refine renewables 2.8 Mt, 80% of the total renewable feed
- Water intake 9,120,000 m³/a
- Energy consumption 12.8 TWh

Output

Economic / Governance

Direct downstream
- Market cap 23,861 MEUR (at the end of 2019)
- Comparable operating profit 1,962 MEUR
- ROACE 26.6%
- Dividends 783 MEUR from 2019
- Net sales 15,840 MEUR
- Share of Clean Revenue 25.5%[2]
- Neste MY Renewable Diesel sales 0.5 Mt
- Sales from in-house production, Oil Products 14.4 Mt
- 991 service stations in 4 countries
- Oil Products and Renewable Products in the wholesale market sold in 50 countries to approx 310 customers

Indirect downstream
- Increase in the value of the shares and dividends
- New business opportunities
- Renewables help customers to meet their greenhouse gas emission (GHG) reduction commitments and support UN Sustainable Development Goals
- Helping end users to avoid infrastructure and other investments with drop-in solutions
- M&S B2B Customer satisfaction: Net Promoter Score (NPS) 59%
- Taxes and tax-like fees paid and remitted by Neste 4.1 billion euro

Social

Direct downstream
- Wages and salaries 316 MEUR
- Other personnel expenses 75 MEUR, including training costs 4.2 MEUR
- 69.8% men and 30.2% women
- 3/8 members of the Board of Directors and 2/11 members of the Neste Executive Committee are women
- Employee safety TRIF 1.1[6]
- Safe days 314[7]

Indirect downstream
- Contractor TRIF 2.7
- Charity work and sponsorship 1.8 MEUR
- Number of Neste employees who participated in volunteer work 291

Environmental

Direct downstream
- Energy saving measures 16 GWh
- Waste generated 166,600 t of which 34% recycled
- Wastewater 8,159,000 m³/a
- Scope 1, direct CO_2 emissions 2.46 Mt CO_2
- Scope 3 emissions from downstream value chain 44.2 Mt CO_2eq

Indirect downstream
- GHG reduction achieved with Neste's renewable fuels: 9.6 Mt[11]
- Neste MY Renewable Diesel enables up to 50%-90% smaller greenhouse gas emissions over the fuel's life cycle compared to fossil diesel[11]

Outcome

Impact

Economic / Governance
- Creating new jobs and supporting the existing ones in the company's value chains
- Redirecting consumer expenditure towards sustainable solutions
- Supporting the development of customers' brand value and brand awareness

Social
- Supporting social development and the services societies provide in countries of operation
- Enhancing competitiveness of employees in the labor market
- Well-being and safety of employees and suppliers
- Reducing transportation-related emissions in cities and communities
- Securing human and labor rights
- Improving gender equality

Environmental
- Replacing fossil oil use with more sustainable alternatives
- Improving air quality
- Reducing deforestation
- Supporting circular economy
- Mitigating climate change
- Influencing operating environment and regulation

View Neste's tax footprint report on our website
Read more about Neste's value creation on our website

[1] Includes also natural gas and industrial gas suppliers. [2] Total revenue of Renewable Products segment divided by Group revenue. [3] Demeter suppliers excluded from the figure due to the integration in progress. [4] Annual average number of employees. [5] Full-time equivalent (FTE). Excluding Russia. [6] Total Recordable Injury Frequency [7] A day without a TRI accident, process safety events, fire or ignition, breach of environmental permit, or traffic

[PTF-RNFRO webinar, 25 May 2021]

Short- Medium- and Long- term distinction- Allianz

Asset and Business Value Impact under Transition Scenarios (Source: Allianz 2019, excerpt)

GLOBAL		2°C					1.5°C				
		2020	2025	2030	2035	2040	2020	2025	2030	2035	2040
ENERGY	Integrated Oil and Gas	(M)	(M)				(M)				T
ENERGY	Oil and Gas Storage and Transportation										
ENERGY	Coal and Consumable Fuels				T, P	T, P				T, P	T, P
MATERIALS	Fertilizers and Agricultural Chemicals	(T)	(T)	(T)	(T)	(T)	(T)	(T)	(T)	P	
MATERIALS	Aluminium										
MATERIALS	Steel										
INDUSTRIALS	Industrial Conglomerates										
INDUSTRIALS	Airlines	(T)	P				(T)	P			
CONSUMER DISCRETIONARY	Auto Components										
CONSUMER DISCRETIONARY	Automobiles			P	P, T	T		P	P	P, T	P, T
UTILITIES	Electric Utilities	P	(M)		P	P	P	(M)		P	P
UTILITIES	Renewable Electricity				T	T				T	T

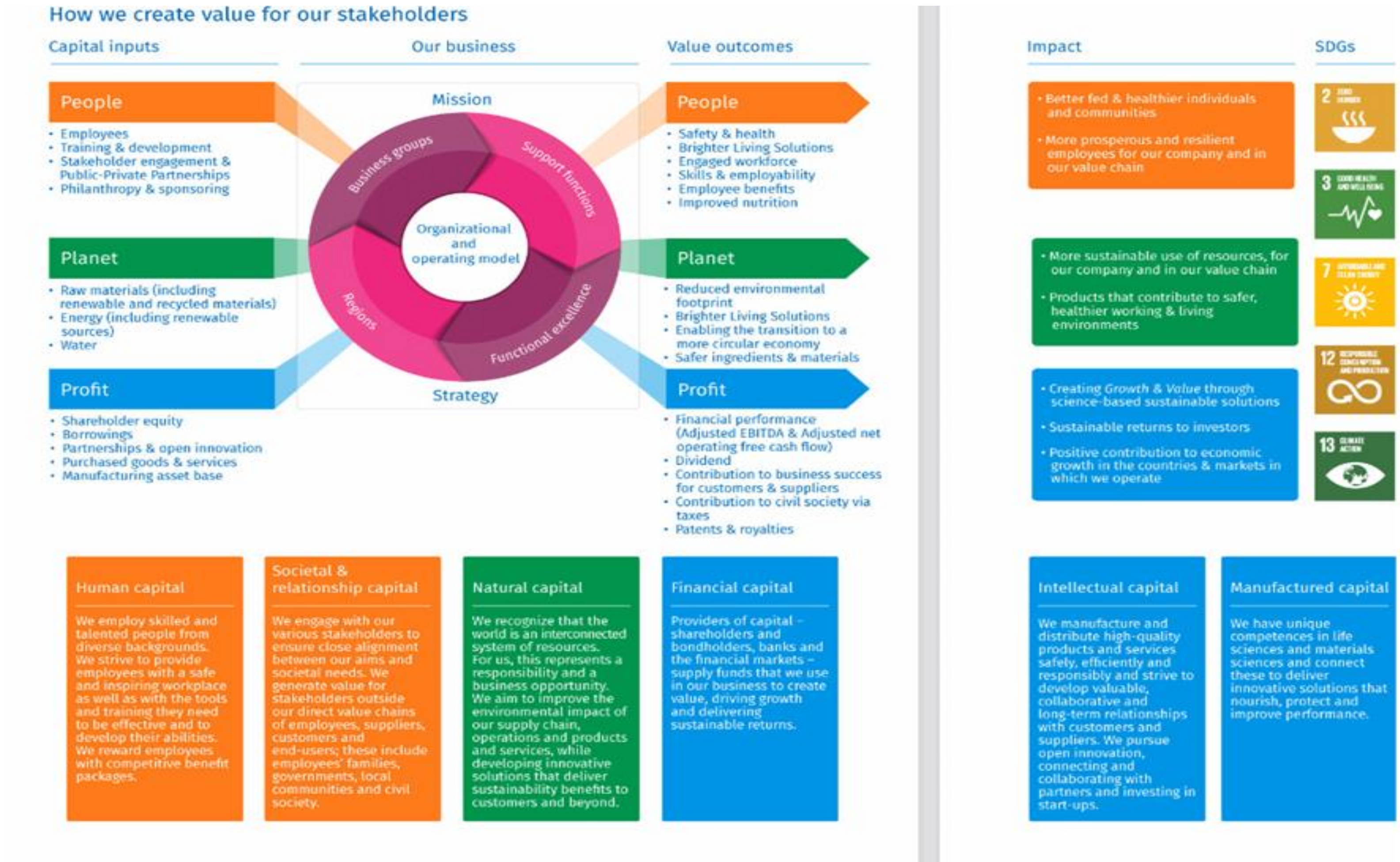
Risk enhancer:
- P = policy
- T = substitution technology
- M = related market forces

Risk mitigator:
- (P) = policy
- (T) = little substitution technology
- (M) = countering market forces

Risk:
- Low
- Medium
- High
- Very high

Clear picture of short-, medium- and long-term asset and business value impact (risk) by industry.

Dependencies and impacts- DSM



Sustainability factors impact on performance (EnBW)

Top opportunities/risks as of 31/12/2019

Top opportunities/risks

1 Market prices of financial investments
2 Discount rate applied to pension provisions
3 Liquidity
4 Competitive environment
5 Political and economic environment in Turkey
6 Fluctuations in wind energy yield
7 Availability of nuclear power plants
8 Operation and dismantling of nuclear power plants
9 Hedging
10 Power plant optimisation
11 Obligation to pay EEG cost allocations for the company's own and jointly owned power stations
12 Obligation to pay EEG cost allocations for leasing models
13 Obligation to pay EEG cost allocations for dismantling
14 Phase-out of coal power: early decommissioning of power plants

Cross-segment | Sales | Renewable Energies | Generation and Trading | New opportunity/New risk

Sustainability factors impact on performance- continued (EnBW)

European Reporting Lab @EFRAG

Linking the top opportunities/risks with the key performance indicators

	Top opportunities/risks	A	B	C	D	E	F	G	H	I	J	K	L	M	N
		Financial performance indicators			Strategic performance indicators				Non-financial performance indicators						
1	Market prices of financial investments														
2	Discount rate applied to pension provisions														
3	Liquidity		●	●											
4	Competitive environment	●	●	●	●				○	○	○	○			
5	Political and economic environment in Turkey			●					○						
6	Fluctuations in wind energy yield	●	●	●			●								○
7	Availability of nuclear power plants	●	●	●				●	○						
8	Operation and dismantling of nuclear power plants														
9	Hedging	●	●	●				●							
10	Power plant optimisation	●	●	●				●							○
11	Obligation to pay EEG cost allocations for the company's own and jointly owned power stations	●	●	●				●							
12	Obligation to pay EEG cost allocations for leasing models	●	●	●				●							
13	Obligation to pay EEG cost allocations for dismantling														
14	Phase-out of coal power: early decommissioning of power plants	○	○	○				○	○	○					○

Key performance indicators

- Cross-segment
- Sales
- Renewable Energies
- Generation and Trading

● Direct effect
○ Potential/long-term effect

A Adjusted EBITDA
B Internal financing capability
C ROCE

Total share of adjusted EBITDA:
D "Customer proximity"/ Sales
E Grids
F Renewable Energies
G Generation and Trading

H Reputation Index
I EnBW/Yello Customer Satisfaction Index
J SAIDI (electricity)
K Employee Commitment Index (ECI)

L LTIF for companies controlled by the Group/ LTIF overall
M Installed output of RE and share of generation capacity accounted for by RE
N CO_2 intensity

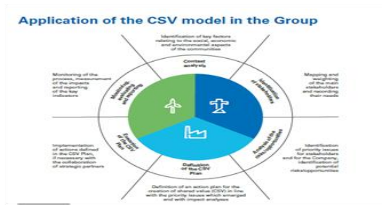
EnBW gives a clear view on interdependencies, opportunities, and risks, linked to strategic financial and non-financial KPIs. EnBW links the top opportunities/risks with the key performance indicators, making distinction between 'Direct effect' and 'Potential/long-term effect'.

Sustainability risks- AB Volvo

	Policies	Essential risks	Mitigation activities	KPI's
Environment	• Environmental Policy • Volvo Group Code of Conduct • Supplier Code of Conduct	• Environmental impact by our products • Environmental impact by our operations • Environmental impact by our value chain (suppliers, business partners and customers) • Scarce materials and minerals	• Product development and new technologies: 20–31, 48–49 • Resource efficiency and increased circularity: 62–63 • Environmental governance of our own operations: 56–59 • Sustainable Purchasing Program: 54–55 • Responsible sales: 61 • Training: 55, 66 • Partnerships: 55	• Product emissions: 35, 58 • Product recyclability rate: 62 • Energy use and sources: 56–58 • Energy efficiency: 35, 57–58 • CO2 emissions scope 1 and 2: 57–58 • Supplier self-assessments and audits: 54–55 • ISO Certifications: 54, 56
Employees & Social Factors	• Volvo Group Code of Conduct • Health and Safety Policy	• Health and Safety • Diversity and inclusion • Competence development and employment	• Employee management: 65–66 • Health and Safety: 66–68 • Labor Relations: 68 • Inclusion and diversity: 69 • Grievance mechanisms: 40 • Training: 40, 66	• Employee turnover: 65 • Gender diversity: 69 • Lost time accident rate (LTAR): 66 • Whistle blower cases: 40
Human Rights	• Health and Safety Policy • Supplier Code of Conduct • Compliance Policy	• Adverse human rights impacts in our own operations • Adverse human rights impacts in our supply chain or linked to our business partners • Adverse human rights impacts linked to the use of our products	• Human rights management: 42–43 • Sustainable purchasing Process: 54–55 • Sustainable minerals Program: 55 • Responsible sales: 61 • Grievance mechanisms: 40 • Training: 55, 61, 66 • Societal engagement and partnerships: 35, 37, 46	• Supplier self-assessments and audits: 54–55 • Whistle blower cases: 40
Anti-corruption	• Code of Conduct • Compliance Policy • Anti-Corruption Due Diligence Policy	• Corrupt practices in relation to suppliers, business partners customers and others	• Compliance program: 40 • Due diligence of business partners: 40 • Whistleblower process: 40 • Training: 40	• Whistle blower cases: 40

Risks are well detailed, as well as their impact and responses taken. Therefore, the company disclosure and description of its business model in relation to its sustainability-related issues risks. Covers the breadth of ESG risks.

Sustainability opportunities- Enel



SCENARIO PHENOMENA	RISK & OPPORTUNITY CATEGORY	DESCRIPTION	TIME HORIZON'	IMPACT DESCRIPTION
Chronic physical	Market	**Risk/opportunity:** increase or decrease in electricity demand.	Short term	Electricity demand is also affected by temperature, whose fluctuations can have an impact on Enel's business. Although structural changes should not emerge in the short/medium-term, in order to assess the sensitivity of Group performance to potential temperature variations, Enel has performed an analysis of sensitivity to changes of **+/-1%** in electricity demand for the Group as a whole.
Chronic physical	Market	**Risk/opportunity:** increase or decrease in renewables generation.	Short term	Renewables generation is also affected by the availability of resources, whose fluctuations can have an impact on our business. Although structural changes should not emerge in the short/medium-term, in order to assess the sensitivity of Group performance to potential temperature variations, we have performed an analysis of sensitivity to **changes of +/-10% in potential electricity output** by technology.

GLOBAL BUSINESS LINE AFFECTED	SCOPE	QUANTIFICATION - TYPE OF IMPACT		UPSIDE/ DOWNSIDE	QUANTIFICATION - RANGE < 100 MIL EUROS	100-300 MIL EUROS
Global Power Generation	Group	EBITDA/year	+1%	Upside	■	
			-1%	Downside	■	
Global Power Generation	Group potential hydroelectric production	EBITDA/year	+10%	Upside		■
			-10%	Downside		■
	Group potential wind production	EBITDA/year	+10%	Upside		■
			-10%	Downside	■	
	Group potential solar production	EBITDA/year	+10%	Upside	■	
			-10%	Downside	■	

■ Upside scenario current policies
■ Downside scenario current policies

Plan 2020 > 2022 Electrification

SDG	ACTIVITIES	2022 TARGETS	CATEGORIES
9, 11	**Voice of customer** for ongoing improvement		Technologies and digitalization; Social inclusion; Customers
	Customer Satisfaction Index for Enel Energia SpA in the Italian free market	~91%	
	Perceived quality - value between 1 and 5[3]	Value between 4 and 5	
9, 11	**Digitalization** of the customer relationship (customers who use digital services - millions of users/year)[4]	6.9 in 2022	Customers; Technologies and digitalization; Social inclusion
9, 11	**Inclusive offers** dedicated to elderly, weak, destitute, marginalised, vulnerable, ex social bonus customers	"Over 65" offer: remodelling of the offer dedicated to customers over 65 on all Enel channels	Customers; Social inclusion
9, 11, 12	**Paperless**: online sales, archiving and digitalization of documents, digital bills, interactive bills	> Digitalization of some credit documents (reminders and warnings) > Increasing use of tablets by the sales force to sign contracts	Customers; Technologies and digitalization; Climate change

ELECTRICITY VALUE CHAIN SEGMENT	DESCRIPTION OF THE TARGET	U/M	2022
GENERATION	Net efficient generation capacity [1]	GW	90.7
	- of which renewables	%	60
	- of which thermoelectric	%	37
	- of which nuclear	%	3
	Net production [1]	TWh	249.3
	- of which renewables	%	57.5
	- of which thermoelectric	%	32
	- of which nuclear	%	10.5
	New services		
	Demand response capacity	GW	10.1
	Storage capacity	MW	439
DISTRIBUTION	Digitalization		
	Installed smart meters 2.0	mil	28.8
RETAIL	Electrification		
	Charging points for electric mobility (public and private)	no.	736,000

Enel provides a detailed description of opportunities and their impact related to climate change. Each opportunity is classified according to a timeframe (short, medium and long term). The link between the business model and sustainability opportunities results clearly defined since the company links its business activities with sustainability opportunities both in terms of operational and financial impact. Moreover, the process of defining Enel's strategies itself is accompanied by an analysis of the risks and opportunities connected with those strategies.

2B. KEY FINDINGS: AGGREGATE FINDINGS
PTF-RNFRO REVIEW OF A SAMPLE OF PRACTICES

Key Findings

Business Model

- There are front-runners in this space, however, even leaders do not show a high level of sophistication on all aspects of reporting on their business model.
- Value creating aspects of the business model have found their way into corporate reporting, although in early development stage where focus remains on qualitative disclosures about the business model.
- Destruction of value is also not adequately demonstrated. New methods of “value” and “impact” assessment are more inclusive to risks related to social and governance issues (factors). Opportunities should be addressed in view of “avoidance of value destruction” otherwise it will be difficult to relate with “direct” and “indirect” impacts of decisions either these are “taking action” or “ignore issue”.

Risks and Opportunities

- Sustainability-related risks are disclosed in various places of corporate reporting and lack coherence. Current practices lack a structured approach where risks are clearly linked to the business model. For example, companies rarely explain if and how their business model and strategy are resilient to climate risk .
- Sustainability opportunities are disclosed as part of material themes identified in sustainability reporting. Hence, opportunities are often difficult to connect to the business model.
- The value of non-financial risks and opportunities related to the business model is in most cases not disclosed.

European Reporting Lab @EFRAG

Key Findings

Performance and Viability

- Poor development of sustainability-related opportunities compared to sustainability-related risks, suggesting that sustainability is seen as restraint on business rather an opportunity for growth.
- The business model is not holistically developed, and itself lacks sufficient information to allow for linkage to sustainability-related risks and opportunities over relevant timelines, necessary for users to assess its longer term viability.

Presentation

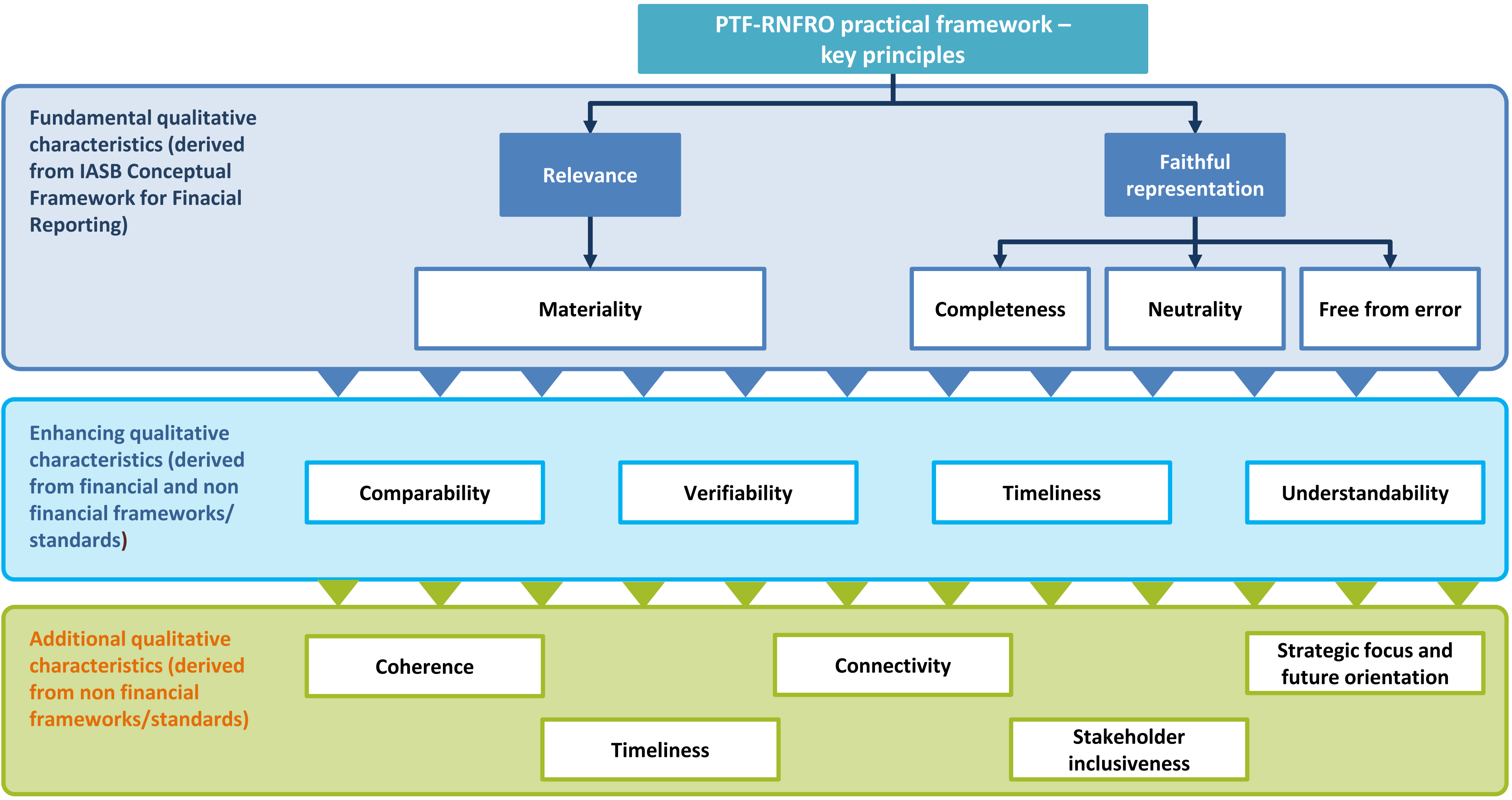
- Disclosures are mainly positive; more balance could be brought by also disclosing the negative impact of the company
- Poor linkage of sustainability-related risks and opportunities to the business model..
- Inconsistent use of existing standards, guidance and frameworks was observed by the PTF-RNFRO.
- Variation in the use of terms and definitions – this arises from the variation across existing reporting standards, guidance and frameworks.
- Poor development of intangibles-related risks and opportunities

Key Findings

Credibility

- Absence or patchy application of science-based targets when reporting on sustainability outcomes and impacts.
- Inconsistent use of assurance necessary to help ensure that the corporate reporting system value chain is reliable, factual, in line with science-based targets and implemented according to relevant principles as specified by the reporting standards, guidance and frameworks.
- Lack of understanding and insufficient deployment of technology which has the potential to play a significant role in minimizing the reporting burden and issues of data collection and data verification.

Key Findings- Practical Framework



PTF-RNFRO own elaboration

Key Findings- Use of Technology

- Overall, there is limited evidence in corporate disclosures of the description of technological solutions directly applied for reporting.
- This finding suggests that company's deploy technologies in an ad-hoc manner
- These findings indicate a need for transparency on the methodologies and techniques used to prepare the disclosures and ensure they are free from errors or omissions.

Disclosure stage	User need	Compliance with 'policies' and purpose		Technology and data sharing solutions
Preparation *Corporate / preparer*	I need to identify what are the material ESG issues for my business	Comparability / governance of non-financial risks and opportunities	- Revised NFRD - Accounting Directive	e.g. NLP
Distribution *Corporate / preparer*	I need to create user-friendly online interfaces for my stakeholders to explore disclosed information in a customizable way	Accessibility of non-financial risks and opportunities	- Website - ESEF - Pre-contractual disclosures - Periodic reports - Non-financial statements - Annual (consolidated) financial statements - Management reports - Key Information Document (website)	e.g. XBRL Single Access Point
Consumption *Investor / user*	I need to have access to underlying methodologies, scopes, … and I need to be informed about major discrepancies over time	Comparability / governance of non-financial risks and opportunities	- SFDR - EU Taxonomy - Revised NFRD - Benchmark Reg. - Capital requirements Reg. and Directive - Solvency II - MiFID II - IDD	e.g. XBRL, satellite imaginary, data management systems

[PTF-RNFRO webinar, 25 May 2021]

European Reporting Lab @EFRAG

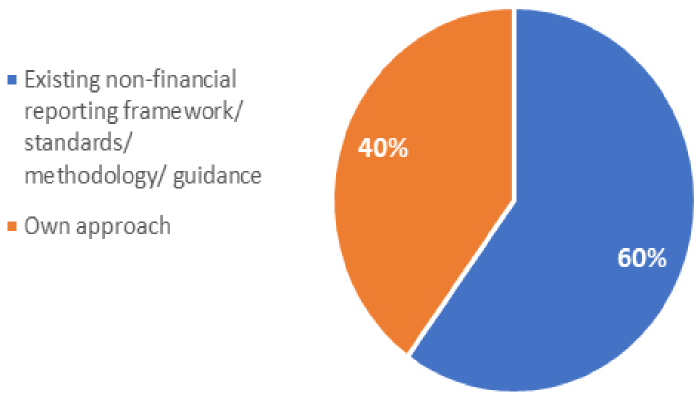
Path to Improvement

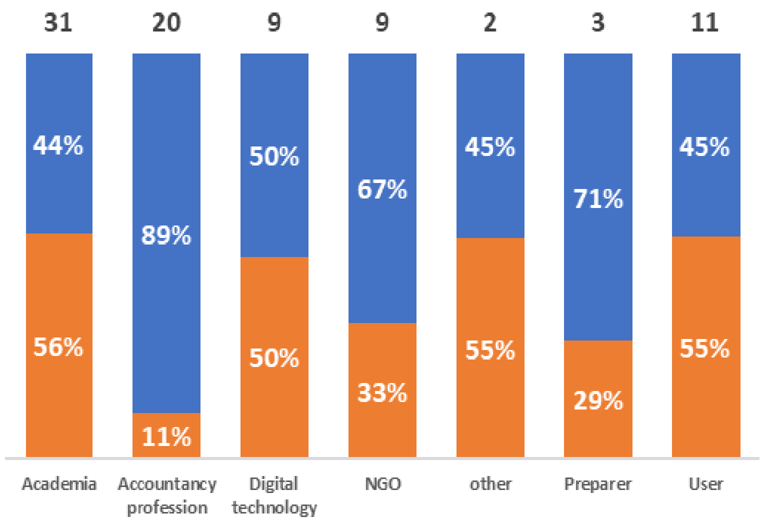
- **Clearer description** of the business model and **linkage** to risks and opportunities
- More emphasis on **opportunities**
- Application of **evidence-based** and science-based targets
- Better **connectivity of financial and non-financial information**
- Optimising the **use of available technologies**
- Credibility through third-party independent **assurance**

2C. KEY FINDINGS: STAKEHOLDER SURVEY

Approach to business model

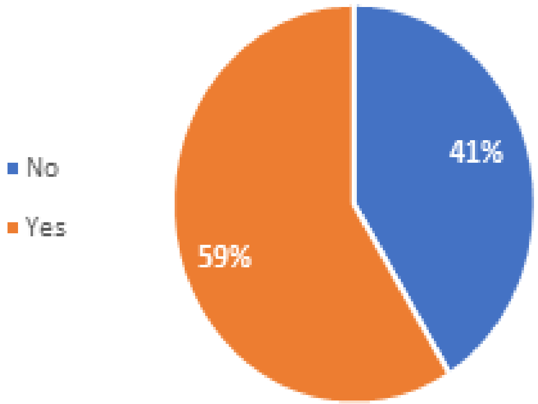
With regards to describing the business model, have you developed your own approach or are you using existing non-financial reporting framework/standards/methodology/guidance?

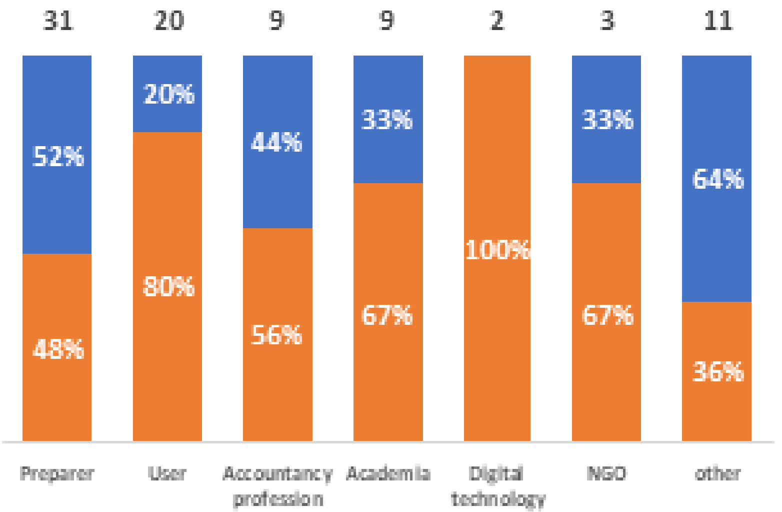




Linkage

Do you connect non-financial and financial information in your disclosure/analysis on business model and non-financial risks and opportunities?

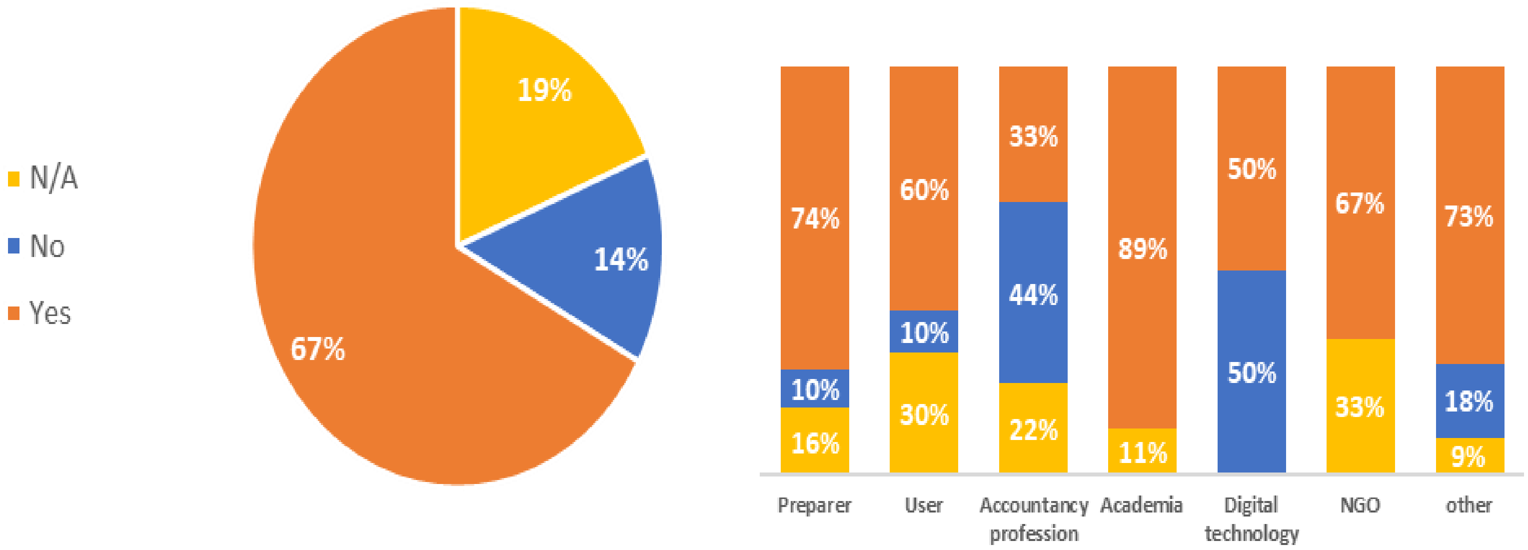




European Reporting Lab @EFRAG

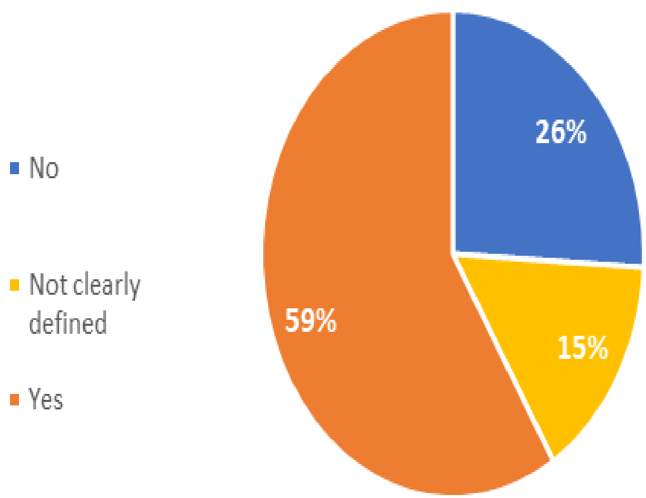
EU Taxonomy impacts

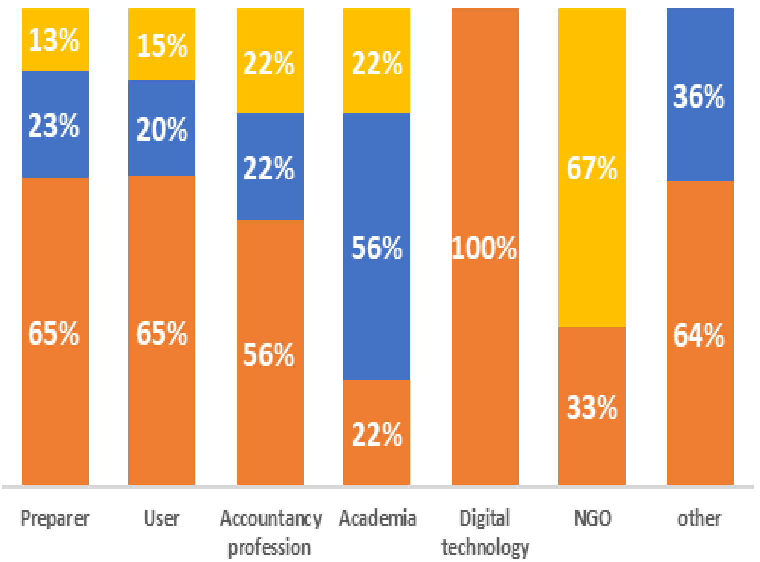
Do you see the application of the EU Taxonomy to environmentally sustainable activities or investments as an opportunity to review/ enhance business models?



Definitions

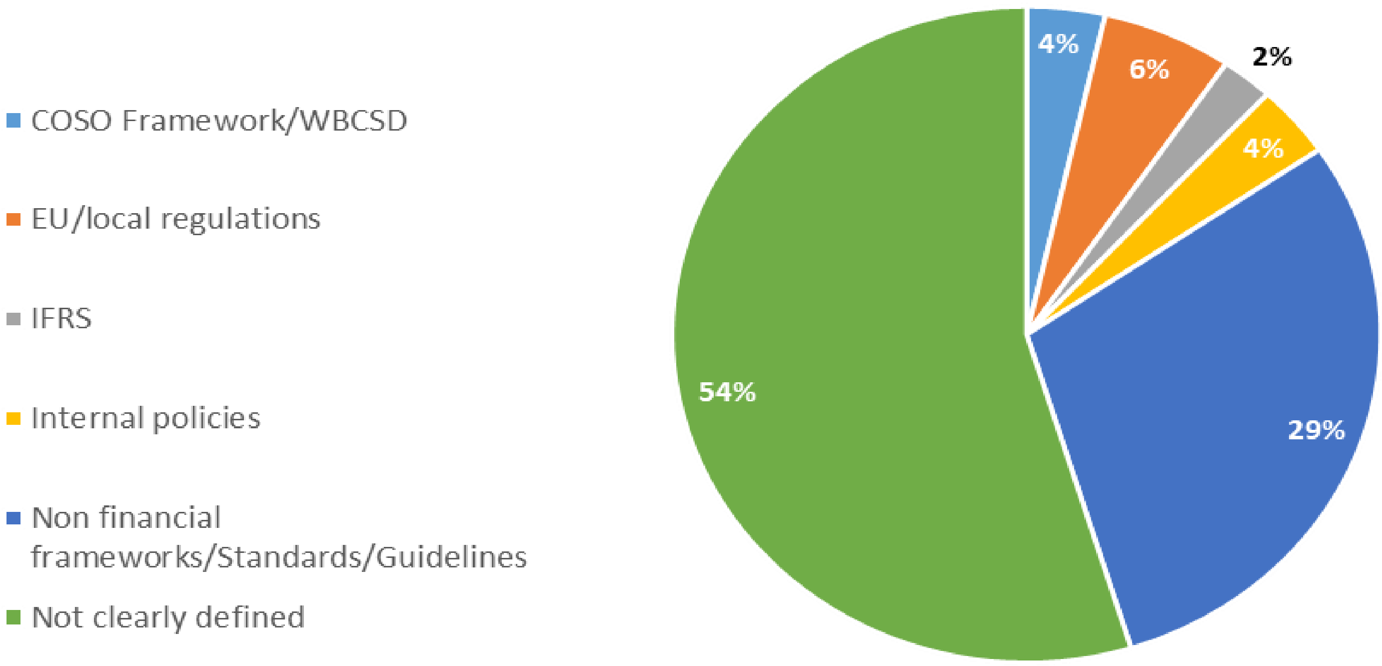
Do you have a commonly agreed definition of non-financial risks and opportunities that is shared internally to your organization?





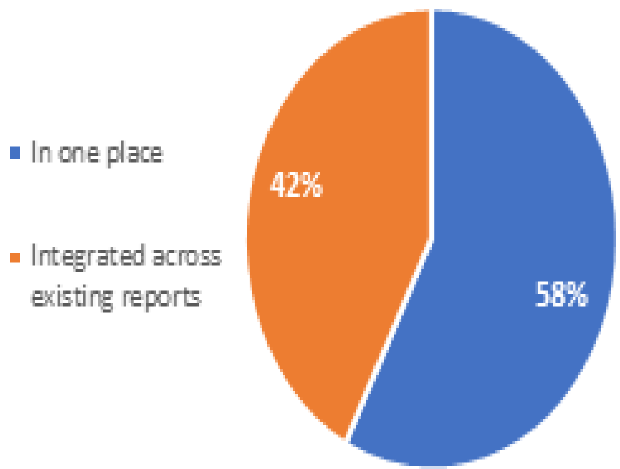
Use of frameworks

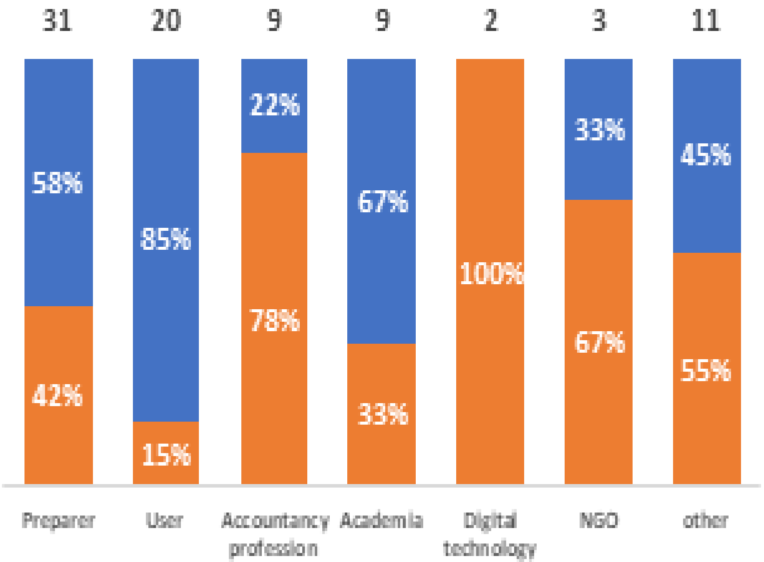
Is it aligned with any main frameworks/ standards/ methodologies/ guidance, and if yes, which one(s)?



Location

Would you prefer to have all ESG-related information in one place, or integrated across existing report(s)?





Viewpoints from stakeholders…

‘Information not balanced, uniquely or mostly oriented towards positive impacts generated by the organization activities’

Biased reporting…

‘Qualitative, no leadership, not at a strategic level, not part of the business model, not material, communication exercise’

‘Report should be balanced, Green is allowed (even if it is a small initiative) but also then 'Grey' should be mentioned’

Greenwashing…

Statements made that are not supported by other evidence. Statements made without appropriate signoff/buy-in from the senior management of the business’

3. PANEL DISCUSSION

THEMATIC FOCUS OF PANEL DISCUSSION

1. BUSINESS MODEL REPORTING

2. REPORTING ON SUSTAINABILITY-RELATED RISKS AND OPPORTUNITIES

3. USE OF TECHNOLOGY

APPENDIX- PROJECT DETAILS FOR REFERENCE PURPOSE ONLY

Membership

- Mario Abela, not-for-profit organisation (Malta)
- Maria Alexiou, preparer (Greece)
- Estelle Aymard-Young, financial institution (France)
- Emilie Beral, user (France)
- Donato Calace, digital tools (Italy)
- Daniela Cholakova, preparer (Bulgaria)
- Jean-Philippe Desmartin, user (France)
- Laura Girella, not-for-profit organisation/ academia (Italy)
- Michael Goebbels, preparer (Germany)
- Ulrika Hasselgren, user (Denmark)
- Christian Hell, accountancy profession (Germany)
- Marcus Looijenga, accountancy profession (Netherlands)
- Gloria Mazzocco, preparer (Italy)
- Giuseppe Milici, accountancy profession (Italy)
- Tegwen Le Berthe, user (France)
- Isabel Gavín Pérez, financial institution (Spain)
- Eckhard Plinke, user (Germany)
- Gunnar Rimmel, academia (Sweden)
- Dawn Slevin, other stakeholder (Ireland)
- Mirjam Wolfrum, not-for-profit organisation (Germany)

Reporting on Non-Financial Risks and Opportunities and Linkage to the Business Model Project Overview

European Reporting Lab @EFRAG

- Project task force on reporting of non-financial risks and opportunities and linkage to the business model (PTF-RNFRO) is made up of 19 experts with diverse backgrounds (users, preparers, accountancy firms) representing; more details of PTF-RNFRO members are available through this link

- PTF-RNFRO is co-chaired by Mario Abela and Dawn Slevin

- It held its first operational meeting held on 8 September

- It is a 12-month project with completion expected in 2021

- The project seeks to find good reporting practices that allow stakeholders to understand how risks and opportunities that arise from the external operating environment impact companies. But also, how the companies' business and operations may have environmental or social impacts and how companies are mitigating these risks.

Project Workplan

- **Workstream 1 (a)- understanding practice**: *Evaluate relevant existing reporting initiatives & key characteristics relevant to NFRD*
- **Workstream 1 (b)- assessment framework**: *Develop a practical framework for assessing the qualities of good non-financial reporting disclosure practices*
- **Workstream 2- stakeholder outreach**: *Understand stakeholder needs and expectations on good reporting practices*
- **Workstream 3- data sharing and technology**: *Good practice examples (use cases) on how information may be presented at source to maximise technology use*

Project Workplan-continued

- **Workstream 4- reporting back on findings**: *Determine How best to structure the PTF-RNFRO Deliverable*
- **Workstream 5- due diligence of regulatory landscape**: *Ensure identified good reporting practices are in alignment with regulatory requirements*
- **Workstream 6-good reporting practice**: *Good reporting practice selection and recommendations based on assessment framework and stakeholder input obtained in other workstreams*

EFRAG receives financial support of the European Union - DG Financial Stability, Financial Services and Capital Markets Union. The contents of this presentation is the sole responsibility of EFRAG and can under no circumstances be regarded as reflecting the position of the European Union.

THANK YOU

EFRAG
Aisbl - ivzw
35 Square de Meeûs
B-1000 Brussel
Tel. +32 (0)2 207 93 00
www.efrag.org