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EUROPE.**

WELCOME





ACCOUNTANCY EUROPE

**DISCLOSE WHAT
TRULY MATTERS**

Moderated by Wim Bartels

OPENING AND WELCOME

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GRI Standards & European Directive on non- financial and diversity disclosure

Bastian Buck, Director Standards

Agenda



- i. About GRI & GRI Standards
- ii. GRI Standards & European Directive
 - i. Common themes
 - ii. Using the GRI Standards to comply with the European Directive

Our Mission

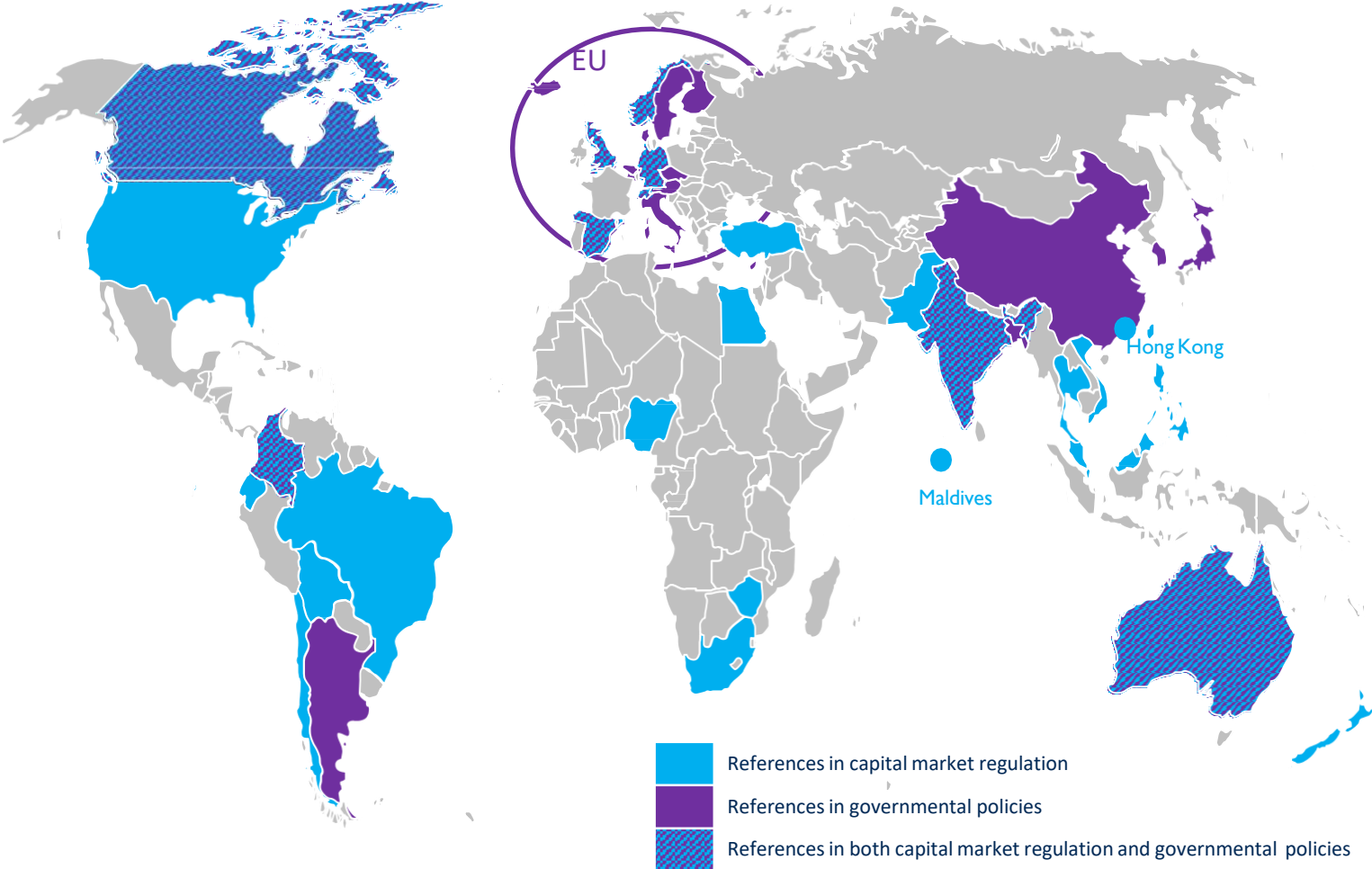


To **empower** decision makers everywhere through our sustainability **standards** and multi-stakeholder **network**, to take action towards a more **sustainable economy** and **world**



References to GRI in Policy

100 policies in 50 countries and regions

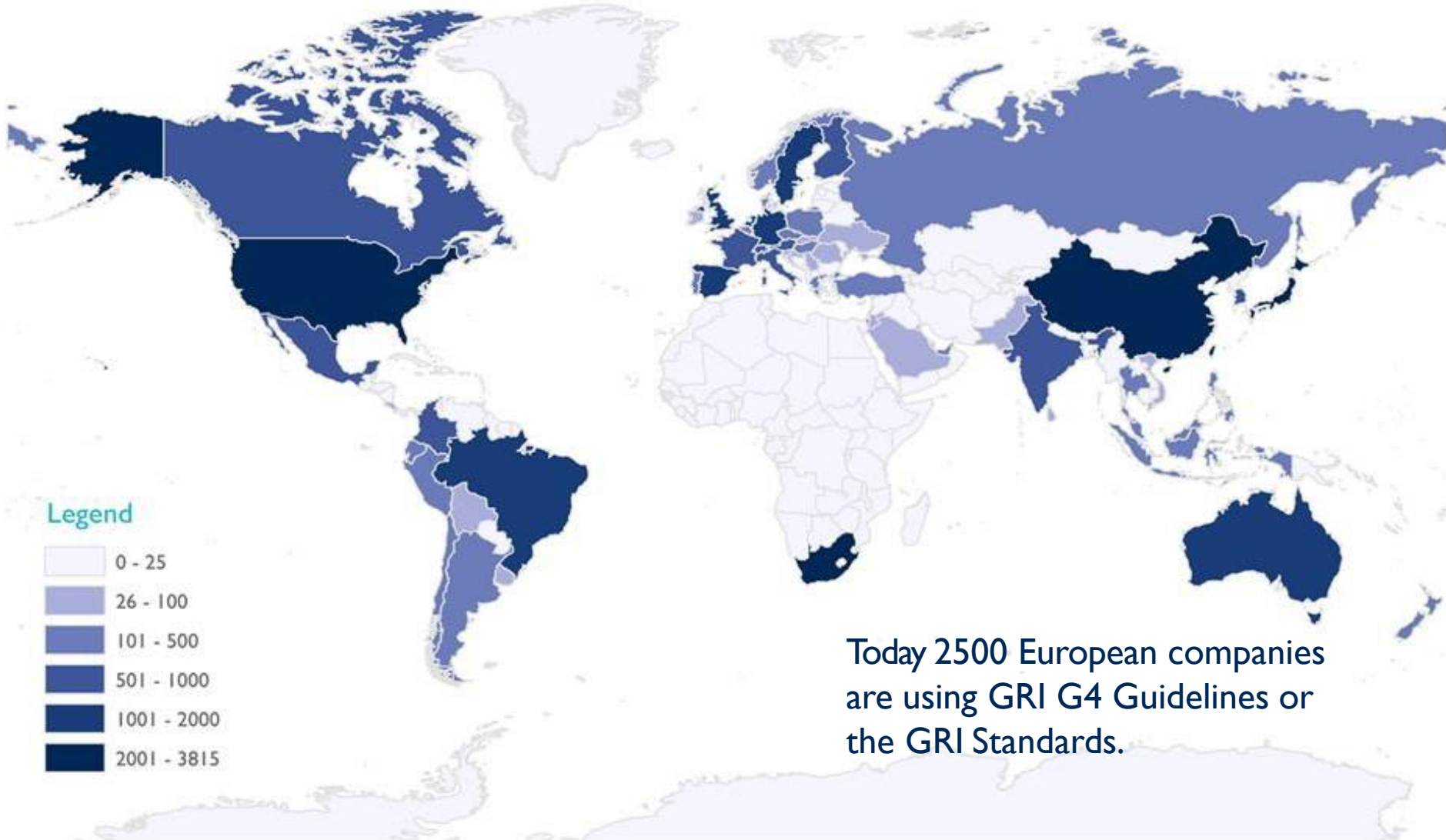


Example Stock Exchanges Referencing GRI



More than 40,000 Reports

Reporters in over 100 countries



Today 2500 European companies are using GRI G4 Guidelines or the GRI Standards.

GRI Standards



- GRI Standards are a set of interrelated reporting standards, enabling organizations to report publicly on their economic, environmental and social **impacts** and contribution towards **sustainable development**.
- The Standards represent **global best practice** for reporting sustainability information – enhancing its comparability and quality.



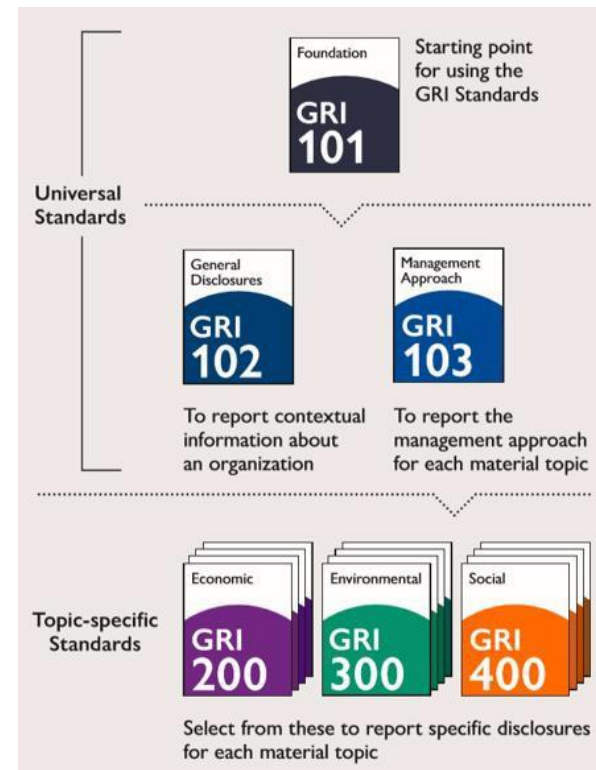
GRI Standards



The set of GRI Standards includes:

- **3 universal Standards**, applicable to all organizations
- **33 topic-specific Standards**, organized into Economic, Environmental, and Social series

Organizations select and use only the relevant topic-specific Standards, based on their **material topics**.



Benefits of GRI Standards



Flexible and future-proof structure:

Ensures the GRI Standards remain up-to-date and relevant

Common language:

One framework to meet all sustainability reporting needs – from comprehensive reports to issue-specific disclosures

Credibility and robustness:

Developed with multi-stakeholder contributions and rooted in the public interest

Policy integration and referencing:

Governments and market regulators can easily reference the Standards in their policy initiatives



Common Themes

- **Materiality**
 - The Directive requires to *‘provide adequate information in relation to matters that stand out as being most likely to bring about the materialization of principle risks of severe impacts, along with those that have already materialized.’*
 - GRI Standards set out that *‘material topics are those which reflect the organization’s significant economic, environmental and/or social impacts; or which substantially influence the assessments and decisions of its stakeholders’.*



Common Themes

- **Impacts in the value chain**
 - The EU Directive sets out: *‘The risks of adverse impact may stem from the undertaking’s own activities or may be linked to its operations, and, where relevant and proportionate, its products, services and business relationships, including its supply and subcontracting chains.’*
 - GRI Standards ask organizations to report *‘Organizations might be involved with impacts either through their own activities or as a result of their business relationships with other entities. An organization preparing a report in accordance with the GRI Standards is expected to report not only on impacts it causes, but also on impacts it contributes to, and impacts that are directly linked to its activities, products or services through a business relationship.’*



Common Themes

- **External assurance**
 - EU Directive allows Member States to decide whether independent assurance of the disclosed information is a requirement.
 - GRI Standards recommend external assurance but do not require it for a report to be ‘in accordance’ with the GRI Standards.



Common Themes

- **Exceptions and omissions**
 - The Directive gives governments the option to allow companies not to disclose information related to impending developments, or matters under negotiation. Such information can be omitted in exceptional cases and under specific conditions.
 - The GRI Standards recognize that in exceptional cases it may not be possible to disclose certain information. In those cases, a report is expected to clearly identify the information that has been omitted, along with the specific reasons for omissions.



Complying with the EU Directive

Seven elements to the disclosures stipulated in the European Directive:

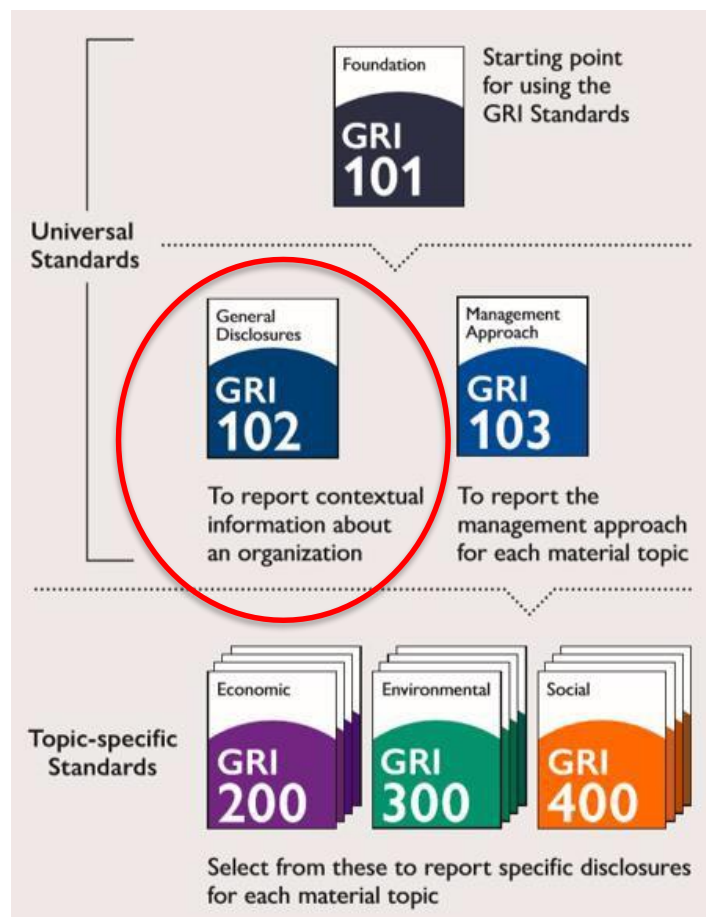
- Disclosures on business model, policies and audit/assurance
- Diversity
- Five 'sustainability matters'
 - Environmental matters
 - Social matters
 - Employee matters
 - Human Rights matters
 - Anti-corruption and bribery matters

All seven elements can be responded to by disclosures set out in the GRI Standards.

GRI Standards & EU Directive



Complying with the EU Directive – Example Art. 19



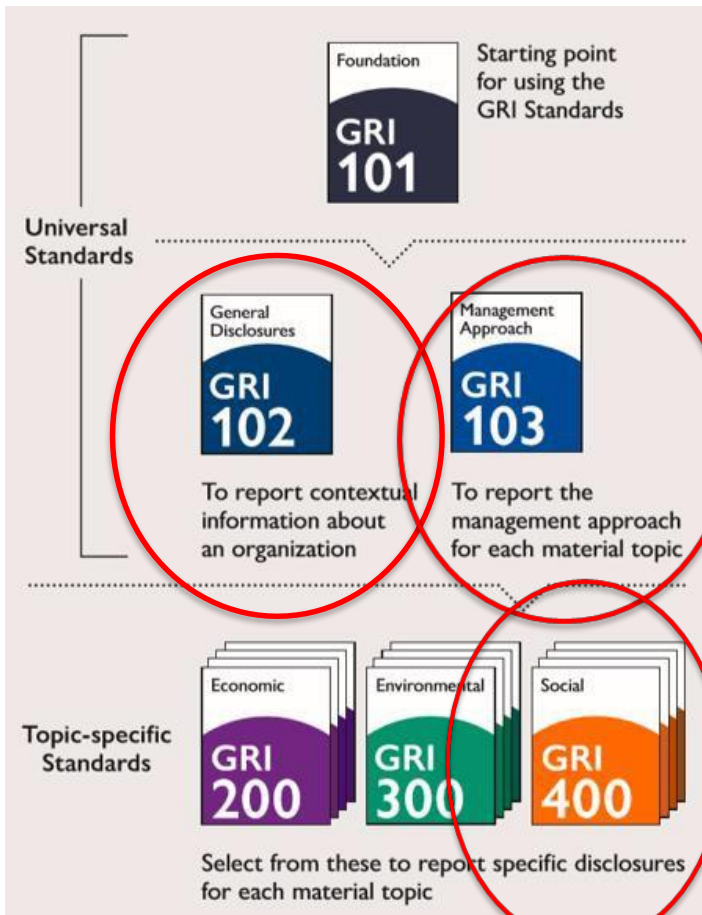
Art. 19a (1)(a) a brief description of the undertaking's business model

GRI 102:
GENERAL DISCLOSURES Section 1 and 2

GRI Standards & EU Directive



Complying with the EU Directive – Example Art. 20



Art. 20 (1) (g) description of diversity policy applied in relation to the undertaking's administrative, management and supervisory bodies...objectives of that policy...

GRI 102: GENERAL DISCLOSURES

- Disclosure 102-22 - Composition of the highest governance body and its committees
- Disclosure 102-24 – Nominating and selecting the highest governance body

GRI 103 MANAGEMENT APPROACH in connection with GRI 401 – EMPLOYMENT and GRI 405: DIVERSITY AND EQUAL OPPORTUNITY

- Disclosure 401-1 - New employee hires and employee turnover
- Disclosure 405-1 – Diversity of governance bodies and employees

GRI Standards & EU Directive



Complying with the EU Directive – Example Environmental Matters



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GRI Standards & EU Directive



Complying with the EU Directive – Example Environmental Matters continued

Environmental	Art. 19a (1)(a-e)	
	(a) a brief description of the undertaking's business model;	GRI 102: GENERAL DISCLOSURES ; Section 1 (Organizational profile) and Section 2 (Strategy)
	(b) a description of the policy pursued by the undertaking in relation to those matters, including due diligence processes implemented;	GRI 103: MANAGEMENT APPROACH , applied together with GRI Standards in the 300 Series (environmental topics) <ul style="list-style-type: none"> • Guidance for Disclosure 103-1 (a) • Disclosure 103-2; The management approach and its components
	(c) the outcome of those policies;	GRI 103: MANAGEMENT APPROACH , applied together with GRI Standards in the 300 Series (environmental topics) <ul style="list-style-type: none"> • Disclosure 103-3; Evaluation of the management approach
	(d) the principal risks related to those matters linked to the undertaking's operations including, where relevant and proportionate, its business relationships, products or services which are likely to cause adverse impacts in those areas, and how the undertaking manages those risks;	GRI 102: GENERAL DISCLOSURES <ul style="list-style-type: none"> • Disclosure 102-15; Key impacts, risks, and opportunities GRI 103: MANAGEMENT APPROACH , applied together with GRI Standards in the 300 Series (environmental topics)
	(e) non-financial key performance indicators relevant to the particular business.	GRI Standards in the 300 Series (environmental topics) <ul style="list-style-type: none"> • Topic-specific disclosures from each Standard that relates to a material environmental topic

GRI Standards & EU Directive



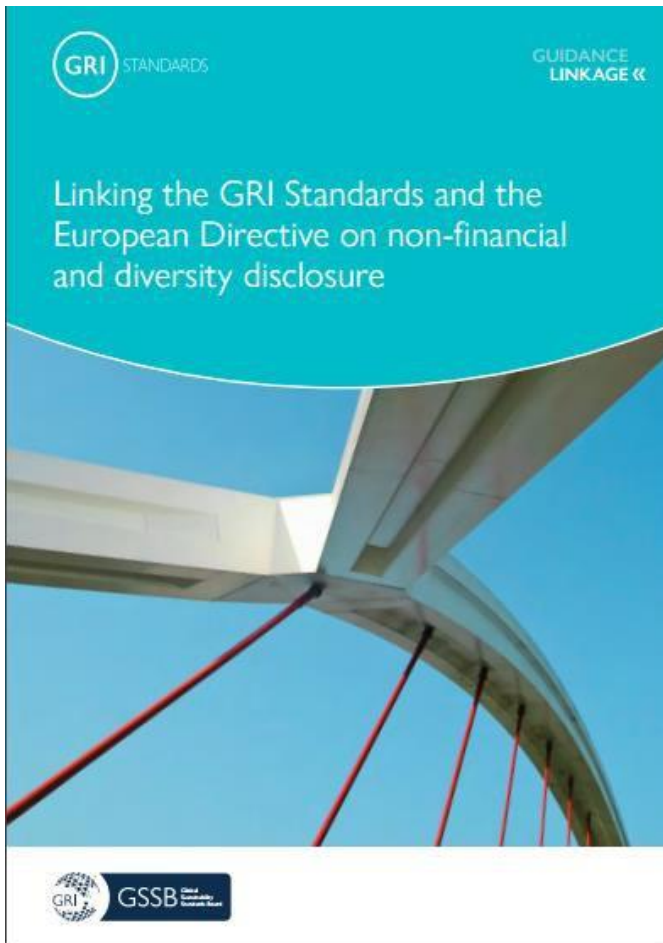
Complying with the EU Directive – Example Environmental Matters continued

Further specifications in Recital	
(7) use of renewable and/or non-renewable energy	<p>GRI 302: ENERGY</p> <p>GRI 103: MANAGEMENT APPROACH, applied together with <i>GRI 302: Energy</i></p>
(7) greenhouse gas emissions	<p>GRI 302: ENERGY</p> <p>GRI 305: EMISSIONS</p> <p>GRI 103: MANAGEMENT APPROACH, applied together with <i>GRI 302: Energy</i> and <i>GRI 305: Emissions</i></p>
(7) water use	<p>GRI 303: WATER</p> <p>GRI 103: MANAGEMENT APPROACH, applied together with <i>GRI 303: Water</i></p>
(7) air pollution	<p>GRI 305: EMISSIONS</p> <p>GRI 103: MANAGEMENT APPROACH, applied together with <i>GRI 305: Emissions</i></p>
(17) land use	<p>GRI 304: BIODIVERSITY</p> <p>GRI 103: MANAGEMENT APPROACH, applied together with <i>GRI 304: Biodiversity</i></p>

Linkage document



Free resource



Download under:

www.globalreporting.org/standards



GRI 103 Management Approach

- Includes the Disclosures on Management Approach (DMA) from G4, along with additional guidance and recommendations
- Organized in four main sections:
 - **General requirements**
 - **Explanation of the material topic and its Boundary**
 - **The management approach and its components**
 - **Evaluation of the management approach**



Used together with each topic-specific Standard



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WHAT TRULY MATTERS?

Catherine Howarth

ShareAction, CEO

WHAT TRULY MATTERS?

Lene Ritz

Energinet, Head of Risk Management,
Member of FERMA

ENERGINET

We own and operate the overall electricity and natural gas transmission system in Denmark. Our tasks are to integrate renewable energy and ensure security of supply in Denmark



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WHAT TRULY MATTERS?

Michael Beutler

Kering, Sustainability Operations
Director

KERING



Evaluating Environmental Performance

Michael Beutler

Director of Sustainability Operations, Kering

July 12, 2017

WHO WE ARE



Gucci • Bottega Veneta • Saint Laurent • Balenciaga • Alexander McQueen • McQ
Stella McCartney • Brioni • Christopher Kane • Tomas Maier
Boucheron • Pomellato • Dodo • Qeelin • Ulysse Nardin • Girard-Perregaux
Puma • Cobra • Volcom
Kering Eyewear





ENVIRONMENTAL PROFIT AND LOSS ACCOUNT

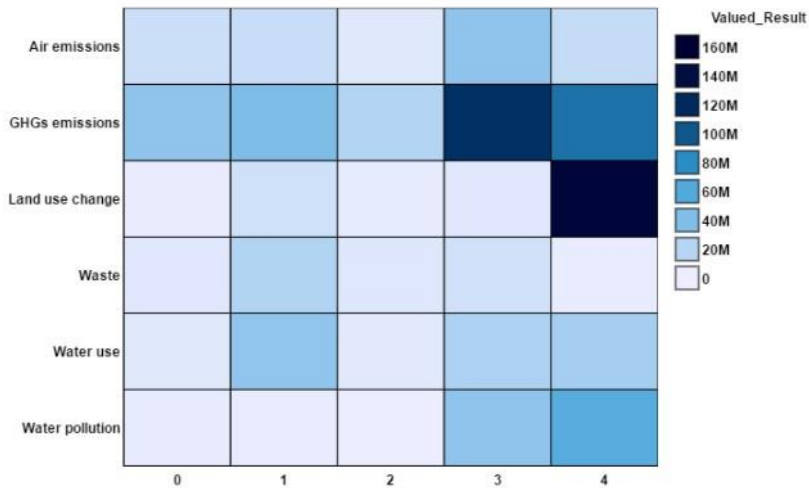
WHAT IS AN EP&L

Overview impacts, by tier, material and process step

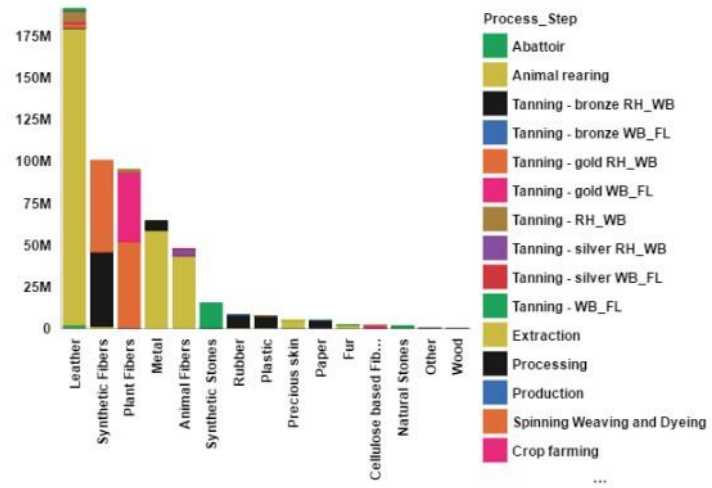
Σ Raw_Material Total_Raw_Material
⊙ Simulation_Version 2015 Methodology
⊙ Year Y2015

Σ Brand_Family Total_Brand_Family
Σ Brand Total_Brand

Environmental Impact by Tier



Valued Results by Material

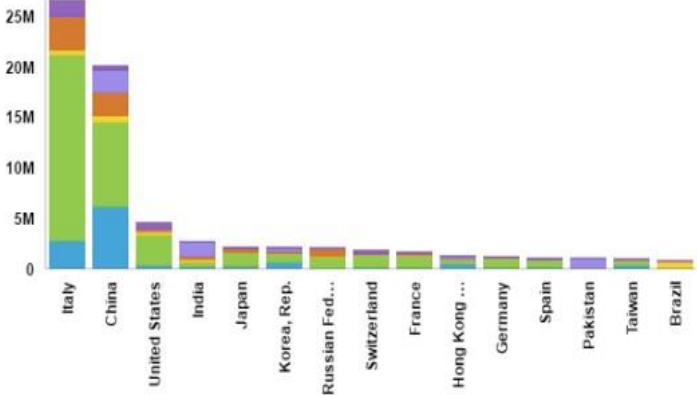


UNDERSTANDING OUR IMPACTS



Impact Countries

⊙ Valuation_m EP&L impact (i
⊙ Brand_Family LUX
∑ Brand Total_Brand
∑ BU Total_BU
∑ Raw_Material Total_Raw_Materia
⊙ Simulation_Version 2015 Methodolog
⊙

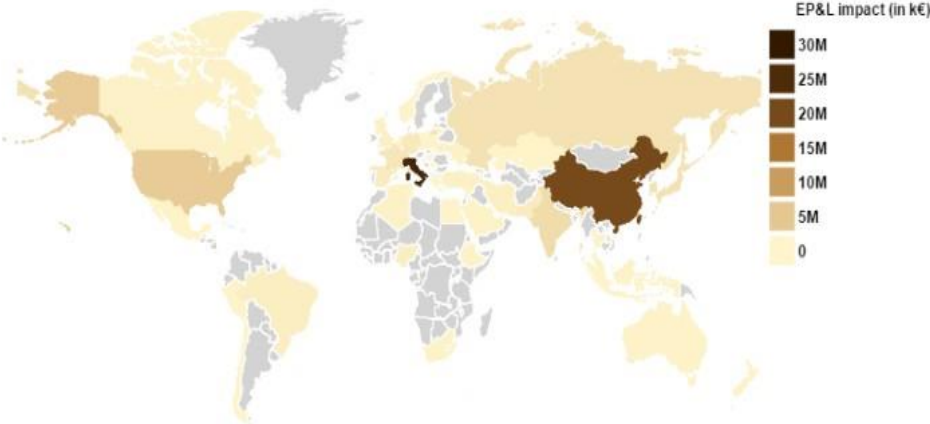


Environmental_Indicator

- Air emissi...
- GHGs emi...
- Land use ...
- Waste
- Water use
- Water pol...

Top countries - Report (in KEuros)

Geographical Impact



HOW AND WHY WE USE AN EP&L



- **Understand** our true impacts and **identify hotspots**
- **Reveal risks** and find **effective solutions** for mitigation
- Use as **decision-making tool** and **influence** daily choices
- **Monitor progress** of 2025 strategy, while **forecasting** and **preparing for the future**
- **Be transparent** with our stakeholders and investment community

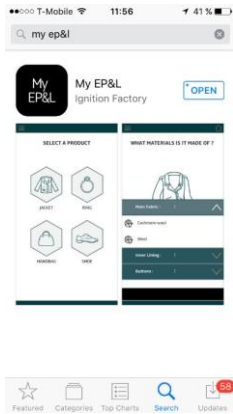




EP&L BENEFITS AND CHALLENGES

OPEN SOURCING OUR EP&L

My EP&L App



Common Standards



WHAT ARE THE CHALLENGES OF AN EP&L



- On-the-ground **scientific metrics** on specific impacts
- **Traceability** all the way to raw material sourcing and extraction
- Collecting **primary information** from suppliers
- Matching **dynamic changes** to business **decision making** needs
- **Comparability** of results to peers and **aligning standards**



Empowering Imagination

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