



Global Compact
Network Norway

CSR/ESRS Peer Exchange

Hosted by Wilhelmsen and UN Global Compact Norway

08 Nov 2024

Attendees: Aibel, Arendals Fossekompagni, Vinmonopolet, AutoStore, DNV, Equinor, Gard, GK Gruppen, Jotun, Norconsult Norge, Odfjell, Telenor Group, TGS, Veidekke, Wilhelmsen Group

NOTES

Group 1 and 2: Scenario analyses and Transition Plans

Scenario analyses:

- Shared some good sources for climate scenarios e.g. IPCC, World Bank.
- Shared some good examples of scenarios analyses in sustainability reports: Posten, Ørsted.

Transition Plans:

- Discussed the benefits of setting targets and using frameworks like SBTi, and some of the challenges, limitations, and things to be aware of.
- Updated EFRAG guidance ([draft](#)) on Transition Plans was published 4. nov 2024.
- Yet to see companies who have reported transition plans in line with ESRS requirements.

Look and length of Annual Reports:

- Reports will become very long. Compared experiences around constraints set on the length of sustainability section(s) by other parts of the organization e.g. Comms, Investor Relations.
- Will also eventually need to include digital tagging in line with the European Single Electronic Format (ESEF), when it is approved.
- Shared approaches to shorten the annual report e.g. sustainability statement used as more of a comms tool with more content placed at the back. ESRS 2 more about referencing and more content placed in the topical sections and in other parts of the report.

Group 3: Data and reporting challenges

- Collection of data and ensuring good quality and alignment with regulations.
- Data collection driving action. Anchored with Board and clear plan working towards auditing at the end. Integrated with team.

Data quality:

- Discussed having to live with poor data in some areas, one of the biggest uncertainties. For instance, scope 3 data can raise large uncertainties around data.
- Creating an overview of data quality status and what to prioritize improving over the next 3-5 years can be a valuable exercise.
- One can disclose in ESRS where uncertainties are.
- The dilemma of reporting on absolute emissions and accounting for growth and changes is difficult. Focus on intensity. Can be frustrating when growth goals result in an increase in emissions YoY and that is picked up on elsewhere in the organization.

Ratings agencies:

- Discussed the way rating agencies currently rate performance and decide what is material even if the organization has not found an issue to be material. Can create noise. But hope that ESRS will change this and agencies will adapt their methods.
- Re: decarbonisation levers in future, for example steel. There is not much happening now, but the hope is that we see big change in the future. Rating agencies must take these kinds of things into account and assess whether the levers are credible.

Group 4: Double materiality analysis and risk

Setting thresholds in DMAs:

- Challenging, particularly on social. Don't want to end up with residual risk that becomes material.
- Ensuring comparability of social data (in line with the ESRS principle of comparability) is hard. Understanding of social data needs is evolving.
- Discussed how to assess impacts and not overpopulate positive impacts

Auditors:

- Dialogues with auditors. Can be hard to understand what they need us to do e.g. following regulations vs following the guidelines.
- Need to be aware of auditors using us as training ground. It is personal responsibility of auditor to educate themselves.
- Participants shared experiences working with auditors:
 - Monitoring of CVs, workplans, hours
 - Valuable collaboration, a useful tool
- Limited assurance – limits the things auditors are looking at. Limited (or negative) assurance means they will not be saying “it is right” but rather “**likely** it is right” as no information has been found to the contrary. Often auditors and companies don't have the same idea of “limited assurance”.
- Some participants shared that at the moment their auditors are focusing more on completeness than accuracy.
- It can also happen that auditors are great at crunching data and getting very granular, but overlook the materiality context. Can result in wasted time on immaterial issues.

ESRS risk assessment and integration with ERM

- This group would love more on aligning risk assessment with the ERM.

- A participant shared how their ERM aligns with DMA. The ERM is internal looking and DMA is both ways. Risk often gets confused – e.g. are we looking inside out or outside in?
- UN Global Compact could provide support around this theme.

Keeping focus on transformation and actual impact:

- Important to keep focus on how much change have we have made or seen i.e., impact.
- These new reporting requirements will bring change internally and should result in transformational impact.
- Reporting can be used as a guidance to make transformational change; to explore how to change the organization in line with its material topics
- Reporting requirements can help build bridges across departments in the organisation as most topics go across departments.
- Must be pragmatic. Change will come and has its price. We want to be sustainable but are also looking at building the business case at the same time.

Next steps:

- More arenas for this kind of knowledge exchange coming in 2025.
- If your organization is interested in hosting such an event, let us know.
- Avoid February for these kind of events
- Will share email addresses with each other. Leonie to email to inform group members and request that you notify her if you do not wish this to happen.