



## **Webinar: Presentation of the ESG disclosures in the financial services sector (SFDR)**

*ATHEXGROUP initiatives for the ESG transition*

*Georgia Mourla, Deputy Chief Officer, Issuer Relations, Athens Exchange*





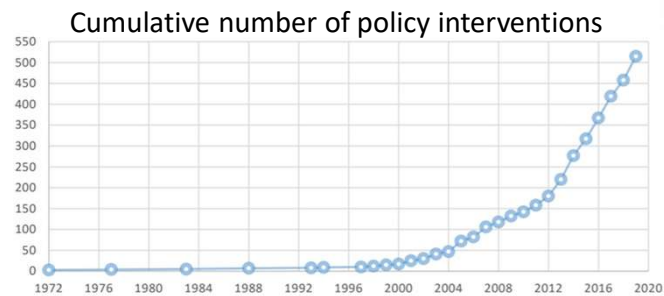
# ESG Regulatory Landscape

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# Sustainable Finance Policies & Regulations

PRI has identified 124 new or revised policy instruments in 2020, the highest number so far and 32 more than the previous year.





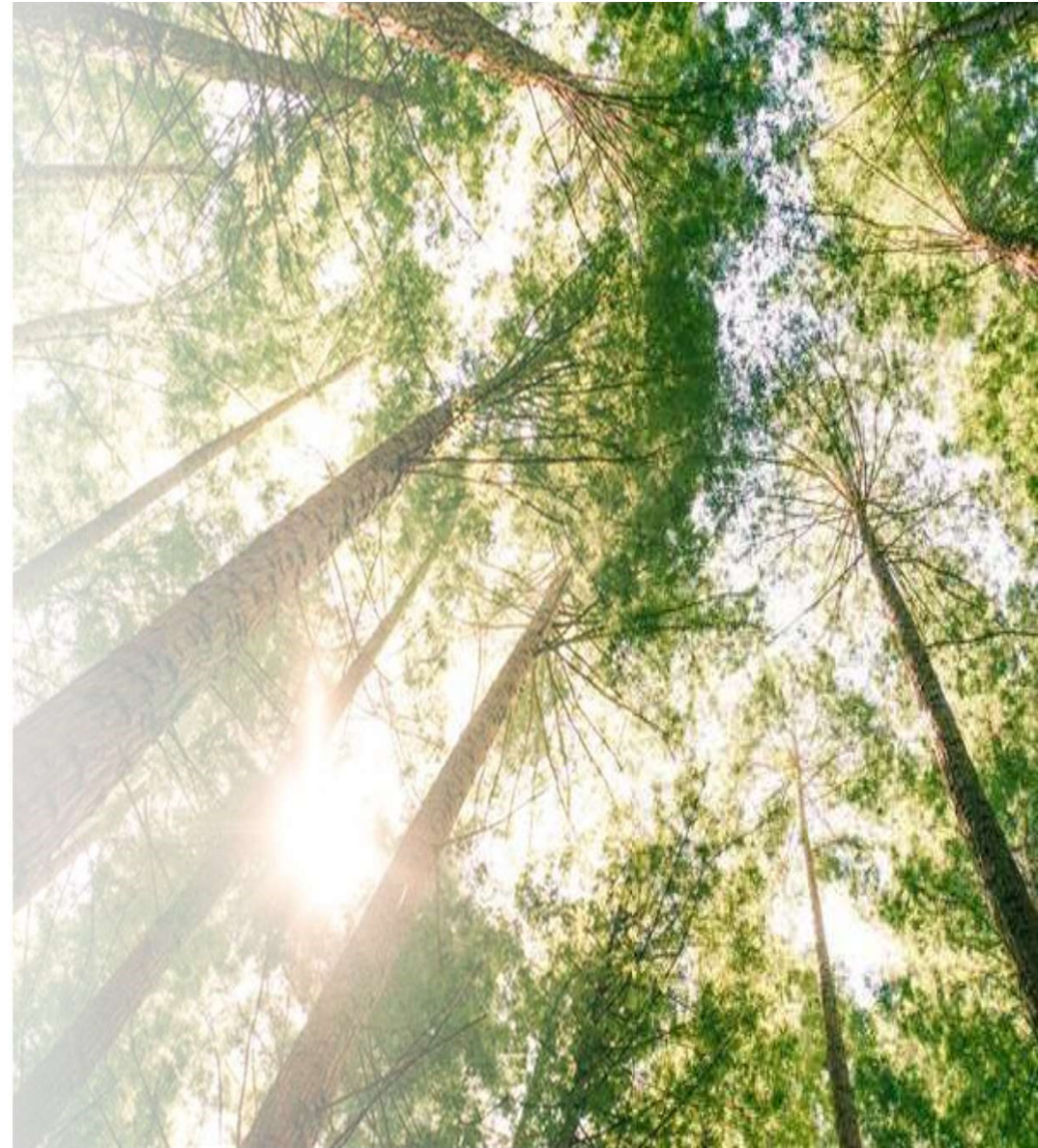
# The EU Sustainable Finance Action Plan

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The EU has been the most ambitious regulatory authority on sustainable finance.

In March 2018, the EC developed The Action Plan on Sustainable Finance with three main objectives:

- To **reorient capital flows** towards sustainable investment and away from sectors contributing to global warming such as fossil fuels
- To **manage financial risks** stemming from climate change, resource depletion, environmental degradation, and social issues
- To foster greater **transparency and long-termism** in financial and economic activity in order to achieve sustainable and inclusive growth.







## The EU Sustainable Finance Disclosure Regulation

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### SFDR (EU) 2019/2088

Aims to provide more **transparency on sustainability** within the financial markets in a standardized way, thus preventing greenwashing and ensuring **comparability**.

Introduced various **disclosure-related requirements** for financial market participants and advisors at the entity, service and product level.



# EU Taxonomy

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## Taxonomy Regulation (EU) 2020/852

Establishes the criteria for determining whether an economic activity qualifies as **environmentally sustainable**, for the purposes of establishing the degree to which an investment is environmentally sustainable.





# The Non-Financial Reporting Directive (NFRD)

## **EU 2014/95 Directive**

Lays down the rules on disclosure of non-financial and diversity information by certain large companies.

In April 2021, the Commission adopted a [proposal for a Corporate Sustainability Reporting Directive \(CSRD\)](#) which envisages the adoption of EU sustainability reporting standards.





# ESG Disclosure & Data



## Why Disclose ESG Information?

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- Institutional Investors, use ESG information to integrate sustainability risk factors into their investment process.
- Companies who don't disclose the essential ESG information, may be excluded from investors portfolios.
- The effect of sustainability factors on the investments of a Fund/Portfolio are considered throughout the whole investment lifecycle and may at times lead to disinvestment.





## Why Disclose ESG Information?

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Beyond satisfying investor information needs in order to be investable, ESG disclosure and effective management can yield further significant benefits for companies such as:

- Improved access to capital
- Complying with regulatory changes
- Enhancing corporate reputation and stakeholder engagement
- Strengthening corporate performance





# Reporting Standards, Guidelines & Frameworks

A range of voluntary sustainability reporting standards, guidelines and frameworks exist.

Development of Frameworks, Guidelines and Standards





## Survey: Compliance with the ESG criteria by Greek listed companies

In 2020, ATHEX and the Hellenic Fund and Asset Management Association, in cooperation with the National and Kapodistrian University of Athens (NKUA), conducted survey, based on the metrics of the **ATHEX ESG Reporting Guide**, to measure the compliance with the ESG criteria by Greek listed companies.

Main findings of the research:

- There has been an improvement in the amount of ESG disclosures from 2018 to 2019 for listed companies, in all sectors.
- The highest compliance with the criteria was in the dimension of Governance.



## ESG Data in the Greek Capital Market

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Only a limited number of Greek listed companies are rated from international service providers.

ATHEX aims to raise awareness of Greek companies for the importance of ESG integration into their strategies and the disclosure of such information.

ATHEX through its Database/Platform aims to facilitate the ESG information flow to:

- Institutional Investors in order to apply their investment policies
- Banks in order to take them into consideration in their financing decisions





A photograph showing the progression of a seedling's growth from a single seed to a small plant with multiple leaves, all emerging from a layer of dark, rich soil. The background is a soft, out-of-focus green, suggesting a natural environment. The text 'ATHEX Initiatives' is centered over the image, with a thin white horizontal line positioned just below it.

# ATHEX Initiatives

## Sustainable Stock Exchanges (SSE)

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In 2018, ATHEX joined the SSE initiative by making a voluntary public commitment to promote improved ESG disclosure and performance among listed companies.

Through mobilisations like the UN SSE initiative, Exchanges across the world are joining forces to help companies effectively communicate ESG information to investors, navigate the regulatory landscape and encourage sustainable investment in their markets.



The SSE is a UN Partnership Program of







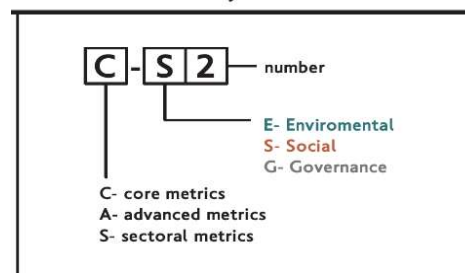
# *ATHEX ESG Reporting Guide*

In 2019, to help companies report and investors use ESG information, ATHEX produced a concise, precise and actionable ESG reporting guidance that seeks to improve the quantity, quality and comparability of ESG information.

## ESG Reporting Guide 2019

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Metric ID Layout





## ESG Reporting Guide 2019

# Core Metrics

| ESG Classification | ID   | Metric Title                               | Metric Description  | Type         | Unit                            |
|--------------------|------|--|---|--------------|---------------------------------|
| Environmental      | C-E1 | Scope 1 emissions                          | Total amount of direct emissions (Scope 1)  | Quantitative | Tons CO <sub>2</sub> equivalent |
|                    | C-E2 | Scope 2 emissions                          | Total amount of indirect emissions (Scope 2)  | Quantitative | Tons CO <sub>2</sub> equivalent |
|                    | C-E3 | Energy consumption within the organisation | Total amount of energy consumption ((1) Total energy consumed within the organisation, (2) percentage of electricity, (3) percentage renewable)                         | Quantitative | MWh, percentage (%)             |
| Social             | C-S1 | Female employees                           | Percentage of female employees  | Quantitative | Percentage (%)                  |
|                    | C-S2 | Female employees in management positions   | Percentage of management employees (i.e. top 10% of employees by total compensation) that are women   | Quantitative | Percentage (%)                  |
|                    | C-S3 | Turnover rates                             | Full time employee voluntary and involuntary turnover rate  | Quantitative | Percentage (%)                  |
|                    | C-S4 | Employee training                          | Average hours of training that the organisation's employees have undertaken during the reporting period, by employee seniority  | Quantitative | Number of hours                 |
|                    | C-S5 | Human rights policy                        | Description of human rights policy and fundamental principles   | Qualitative  | Discussion and analysis         |
|                    | C-S6 | Collective bargaining agreements           | Total number of employees covered by collective bargaining agreements   | Quantitative | Percentage (%)                  |
|                    | C-S7 | Supplier assessment                        | Discussion of supplier screening using ESG criteria   | Qualitative  | Discussion and analysis         |
| Governance         | C-G1 | Sustainability oversight                   | Discussion on whether the BoD provides sustainability oversight at the board committee level or whether sustainability is discussed with Management during BoD meetings | Qualitative  | Discussion and analysis         |
|                    | C-G2 | Business ethics policy                     | Description of business ethics policy and fundamental principles  | Qualitative  | Discussion and analysis         |
|                    | C-G3 | Data security policy                       | Description of data security policy and fundamental principles  | Qualitative  | Discussion and analysis         |





## ESG Reporting Guide 2019

# Advanced Metrics

| ESG Classification | ID   | Metric Title                           | Metric Description  | Type         | Unit                            |
|--------------------|------|--|---|--------------|---------------------------------|
| Environmental      | A-E1 | Scope 3 emissions                      | Total amount of other indirect emissions (Scope 3)  | Quantitative | Tons CO <sub>2</sub> equivalent |
|                    | A-E2 | Climate change risks and opportunities | Discussion of climate change-related risks and opportunities that can affect business operations    | Qualitative  | Discussion and analysis         |
| Social             | A-S1 | Stakeholder engagement                 | Discussion of organisation's main stakeholders and analysis of key stakeholder engagement practices | Qualitative  | Discussion and analysis         |
|                    | A-S2 | Employee training expenditure          | Total amount of monetary expenditure on employee training   | Quantitative | Euros                           |
|                    | A-S3 | Gender pay gap                         | Difference between male and female earnings   | Quantitative | Percentage (%)                  |
|                    | A-S4 | CEO pay ratio                          | Ratio of CEO to median employee earnings  | Quantitative | Ratio                           |
|                    | A-S5 | Sustainable product revenue            | Percentage of turnover from sustainable products and services                                       | Quantitative | Percentage (%)                  |
| Governance         | A-G1 | Business model                         | Discussion of business model and the creation of value  | Qualitative  | Discussion and analysis         |
|                    | A-G2 | Materiality                            | Description of the materiality assessment process   | Qualitative  | Discussion and analysis         |
|                    | A-G3 | ESG targets                            | Disclosure of short, medium and long-term performance   | Qualitative  | Discussion and analysis         |
|                    | A-G4 | Variable pay                           | Percentage of executive's salary variable   | Quantitative | Percentage (%)                  |
|                    | A-G5 | External assurance                     | Discussion of external assurance on reported ESG information  | Qualitative  | Discussion and analysis         |



## ESG Reporting Guide 2019

# Sectoral Metrics

| ESG Classification | ID     | Metric Title                         | Metric Description  | Type         | Unit                            |
|--------------------|--------|--------------------------------------|---|--------------|---------------------------------|
| Environmental      | SS-E1  | Emission strategy                    | Discussion of long and short term strategies in relation to the management, mitigation, performance targets of its emissions                              | Qualitative  | Discussion and analysis         |
|                    | SS-E2  | Air pollutant emissions              | Total amount of: (1) NOx (excluding N <sub>2</sub> O), (2) SOx, (3) volatile organic compounds (VOCs), and (4) particulate matter (PM <sub>10</sub> )     | Quantitative | kg                              |
|                    | SS-E3  | Water consumption                    | Total amount of: (1) water withdrawn (by source), (2) water consumed, (3) percentage recycled   | Quantitative | m <sup>3</sup> , percentage (%) |
|                    | SS-E4  | Water management                     | Description of water management risks and the respective mitigation measures taken  | Qualitative  | Discussion and analysis         |
|                    | SS-E5  | Waste management                     | Total amount of hazardous and non-hazardous waste generated and percentage of waste by type of treatment (i.e. (a) recycled, (b) treated, (c) landfilled) | Quantitative | Tons, percentage (%)            |
|                    | SS-E6  | Environmental impact of packaging    | Description of strategy for the reduction of packaging's environmental impact throughout its lifecycle  | Qualitative  | Discussion and analysis         |
|                    | SS-E7  | Backlog cancellations                | Total number of backlog cancellations associated with community or ecological impacts   | Qualitative  | Number                          |
|                    | SS-E8  | Critical materials                   | Description of management approach in relation to the use of critical materials   | Qualitative  | Discussion and analysis         |
|                    | SS-E9  | Chemicals in products                | Discussion of processes to assess and manage risks and/or hazards associated with chemicals in products   | Qualitative  | Discussion and analysis         |
| Social             | SS-S1  | Product recalls                      | Total number of recalls issued  | Quantitative | Number                          |
|                    | SS-S2  | Customer privacy                     | Number of users whose information is used for secondary purposes  | Quantitative | Number                          |
|                    | SS-S3  | Legal requests of user data          | Number of: (1) law enforcement requests for user information, (2) users whose information was requested and (3) percentage resulting in disclosure        | Quantitative | Number, percentage (%)          |
|                    | SS-S4  | Labour law violations                | Total amount of monetary losses as a result of legal proceedings associated with labour law violations  | Quantitative | Euros                           |
|                    | SS-S5  | Data security and privacy fines      | Total amount of monetary losses as a result of legal proceedings associated with data security and privacy  | Quantitative | Euros                           |
|                    | SS-S6  | Health and safety performance        | Total recordable: (1) number of injuries, (2) number of fatalities, (3) accident frequency rate, (4) accident severity rate                               | Quantitative | Number                          |
|                    | SS-S7  | Marketing practices                  | Description of approach in providing transparent product and service information including marketing and labelling practices                              | Qualitative  | Discussion and analysis         |
|                    | SS-S8  | Customer satisfaction                | Disclosure of customer satisfaction survey results  | Qualitative  | Discussion and analysis         |
|                    | SS-S9  | Customer grievance mechanism         | Description of key operations and procedures of Customer Grievance Mechanism  | Qualitative  | Discussion and analysis         |
|                    | SS-S10 | ESG integration in business activity | Description of approach to incorporation of ESG factors in business activity  | Qualitative  | Discussion and analysis         |
| Governance         | SS-G1  | Business ethics violations           | Total amount of monetary losses as a result of business ethics violations   | Quantitative | Euros                           |
|                    | SS-G2  | Whistleblower policy                 | Description of whistleblower policies and procedures  | Qualitative  | Discussion and analysis         |



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## ATHEX ESG Action Plan 2021

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### **ATHEX's ESG Action Plan for 2021, aims to:**

Develop an ESG classification system by assigning a “Label” to Greek listed companies based on their ESG transparency

Design an ESG Index comprised of Greek companies recognized as best-performers in the ESG field

Promote sustainable debt instruments

Develop a comprehensive ESG platform/database, where companies will upload their ESG information

Offer a series of specialized training courses on ESG issues addressed to Board Members and Top Executives of Greek companies.





Thank you!

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