

Webinar: Rapportering om bæredygtighed - Nye standarder tager form

Marts 2022



Agenda

1. Welcome
2. Convergence on the global scene
3. Meanwhile in Europe
4. Materiality assessment for ESG and sustainability strategy and reporting – Maersk's approach
5. While we're waiting for the new standards: Requirements and recommendations
6. Q&A



Welcome

“

The purpose of publicly available sustainability reporting is to provide relevant, faithful, comparable and reliable information

A square image with a white border showing an aerial view of a forest. A large, white, sans-serif number '2' is overlaid on the left side of the image. The forest floor is visible, with a small red object, possibly a fire hydrant or a small building, located near the base of the number.

2

Convergence on the
global scene

Do you recognise the ‘alphabet soup’?

Umbrella reporting standards/frameworks Covering a breadth of ESG topics



Single issue standards/ frameworks/ measurement protocols



Other enabling initiatives

International Sustainability Standards Board



+ others



ESG Principles & Guidelines



Sustainability Ratings & Rankings



EU Sustainable Finance Disclosure Regulation

+ many more...

Value Reporting Foundation

A global organisation formed by merger of the IIRC and SASB; being consolidated within ISSB

VRF was founded in 2021

Aim: To provide investors and corporates with a **comprehensive corporate reporting framework** across the full range of enterprise value drivers and standards to **drive global sustainability performance**.

It's 3 key resources:

- i) **Integrated Thinking Principles** (how leading business have embedded ESG considerations in their core business strategy),
- ii) **Integrated Reporting Framework** (discussed below),
- iii) **SASB Standards** (discussed below).

These tools help businesses and investors develop a shared understanding of **enterprise value** and how it is created, preserved or eroded over time.

The organisation has stated its intention to work with the IFRS Foundation to drive progress towards a comprehensive corporate reporting system, as it prepares to launch the ISSB (International Sustainability Standards Board). The CDSB (Climate Disclosure Standards Board) has also signalled that they intend to join.

Direction of travel:
Aligning with IFRS [ISSB](#)



The IIRC was founded in 2010

The aim is to:

- enable **integrated thinking** within entities and internal management or board information so that sustainable strategy is essential to core business strategy; and
- break down silos across the company, hence “**integrated**”

It has produced an integrated reporting framework discussed [here](#)

SASB was founded in 2011

The aim is to:

- develop standards for use in corporate filings in the US, but it now has a global reach
- provide a **minimum bar** for disclosures, **standardised by sector/industry**

It has produced a total of 77 industry standards and application guidance discussed [here](#)

What's coming globally?

International Sustainability Standards Board (ISSB)

In November 2021, the IFRS Foundation Trustees announced the formation of the **International Sustainability Standards Board (ISSB)**, consolidating the Value Reporting Foundation (SASB + IIRC), and the Carbon Disclosures Standards Board (CDSB).

The goal is to develop, in the public interest, a single set of high quality, understandable, enforceable and globally accepted sustainability standards based upon clearly articulated principles. The G7 ministers backed the momentum towards the creation of global sustainability reporting standards, expressing its support for the ISSB.

Announcements made during COP26 Finance Day - November 2021

- Establishment of ISSB and governance structures
- Publication of two prototypes (climate and general requirements)

The Trustees of the IFRS Foundation announced the appointment of Emmanuel Faber to serve as Chair of the ISSB, effective 1 January 2022. Sue Lloyd (formerly Vice-Chair of the IASB) has been appointed Vice-Chair and Janine Guillot has been appointed Special Advisor to the ISSB Chair, both effective 1 March 2022.

Forthcoming ...

- Release of Climate Exposure Draft for consultation (expected to draw on TCFD and SASB industry related disclosures)
- Consultation on scope beyond climate
- Remaining members of the ISSB Board to be announced

In the short term companies should **identify existing metrics and disclosures material to their investors and stakeholders**.

As a starting point they might use the WEF/IBC minimum requirements that set out disclosures based on existing standards and focus on Climate with the TCFD.

ISSB the prototype standard: What are the components?

The prototypes: What are the components?

Presentation Standard (general requirements)

- General requirement to disclose all material sustainability information ('what' information to disclose).
- Sets out general approach to disclosure for material information based on the 4 pillars ('how' to disclose).
- Sets out what to do if an ISSB Standard is not yet in place for a material topic (a concept that already exists in IFRS Standards) – this will set a hierarchy of what guidance to use to meet the disclosure requirements.

Thematic Standards (first – Climate)

- Establishes requirements for:
 - Narrative-based disclosures
 - Cross-industry metrics
- General requirement for industry/activity/business model specific metrics (but does not establish the metrics)

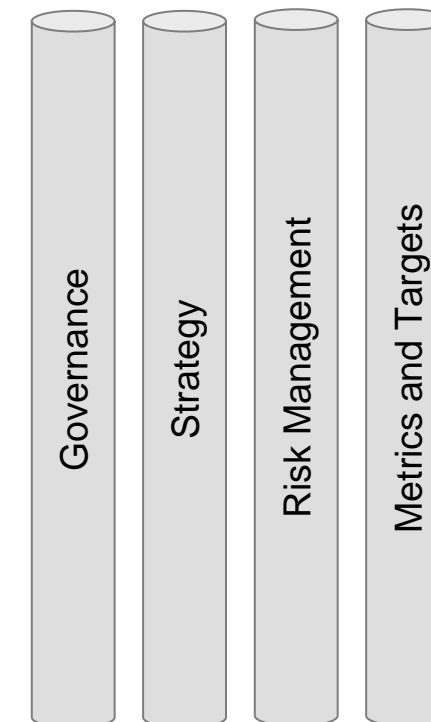
Thematic Standards are developed when:

1. a theme is pervasive across the market;
2. tailoring of the four pillars to establish narrative-based requirements is value-adding; and
3. cross-industry metrics are feasible and useful.

Industry Standards (disclosures specific to an industry) (we believe these will build on SASB standards)

- Industry-specific disclosure topics (those covered by a thematic standard plus others)
- **Specific narrative and metrics:**
 - To meet Thematic Standards
 - Requirements for all other industry-specific disclosure topics not covered by Thematic Standards
- Industry standards are developed for an established set of industries.

Proposal that all standards are based on the TCFD 4 pillar structure





3

Meanwhile in Europe

Context of the regulation in the EU

On 11 December 2019, the Commission presented [a communication on the European Green Deal](#) that sets out a detailed vision on improving the well-being of people. Making Europe climate-neutral and protecting our natural habitat will be good for people, planet and economy. No one will be left behind.

The EU will:



Become
climate-neutral
by 2050



Protect human life,
animals and plants,
by cutting pollution



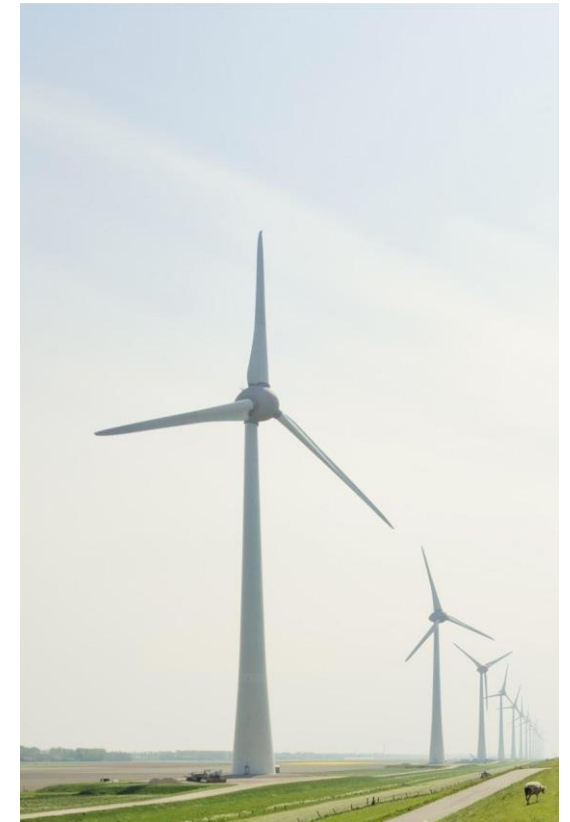
Help companies
become world leaders
in clean products and
technologies



Help ensure a
just and inclusive
transition

The Commission announced its intention to review the [Non-Financial Reporting Directive](#) (NFRD) as part of the strategy to strengthen the foundations for sustainable investment.

On 21 April 2021, the Commission presented its [proposal for a Corporate Sustainability Reporting Directive](#) (CSRD), which aims to revise and strengthen the existing rules introduced by the Non-Financial Reporting Directive (NFRD), and to bring - over time - sustainability reporting on a par with financial reporting. Companies will have to report on how sustainability issues affects their business and the impact of their activities on people and the environment.



Corporate Sustainability Reporting Directive (CSRD)

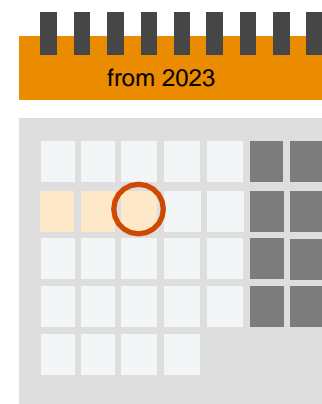
Proposal at a glance

Main changes



Who?	Significant extension of the scope of sustainability reporting
What?	<ul style="list-style-type: none">• Expanding the content of sustainability reports• EU will create own reporting standards• Double materiality clearly defined
Where?	Sustainability report mandatory component of the (consolidated) management report
How?	Electronic format and tagging of sustainability reports mandatory
Responsibility?	Responsibility of management and governance and new role of the audit committee
Enforcement?	Clear responsibilities for preparation, oversight and enforcement
Audit?	Mandatory audit of sustainability reports with limited assurance

Application intended for reporting periods starting on or after 1.1.2023



Warning:

The full information on timings of the CSRD is subject to change as member countries are still discussing.



The CSRD Sustainability Reporting Standards (1/2)

Basics			
<ul style="list-style-type: none">• sustainability reporting standards shall specify the information that companies are to report: specification of information about environmental, social and governance factors• technical development of standards by EFRAG• provision of sustainability reporting standards through delegated acts			
Principles for Standards	Delegated Acts 1		Delegated Acts 2
<ul style="list-style-type: none">• understandability• relevance• verifiability• comparability• faithful representation	<ul style="list-style-type: none">• adoption by 31 Oct. 2022• specification of information undertakings are to report in accordance with the new reporting requirements (Art. 19a)• serve the needs of financial market participants subject to the disclosure obligation of Sustainable Finance Disclosure Regulation (SFDR)		<ul style="list-style-type: none">• adoption by 31 Oct. 2023• specification of complementary information companies shall report• specification of information that is specific to the sector
Alignment of Existing Frameworks		Review	
<ul style="list-style-type: none">• alignment of standards with existing frameworks, taxonomy regulation, disclosure regulation, etc. should be ensured• two-way cooperation: global convergence and harmonisation, as far as possible – but consideration of European specificities		<ul style="list-style-type: none">• review of delegated act at least every three years after its date of application• taking into consideration the technical advice of EFRAG	

The CSRD Sustainability Reporting Standards (2/2)

On 8 September 2021, the EFRAG Project Task Force on European sustainability reporting standards (PTF-ESRS) published the [Working paper “Climate standard prototype”](#) on the EFRAG website. The working paper is not meant to be an Exposure draft for public consultation; however, it is intended to inform the public about the status of the work done so far.

The working paper shows that the layout of these standards could follow:

- Section on strategy
- Section on implementation (policies & targets and actions & resources)
- Section on performance measurement

The proposed requirements are mapped against the TCFD and GRI requirements, aiming for compatibility.

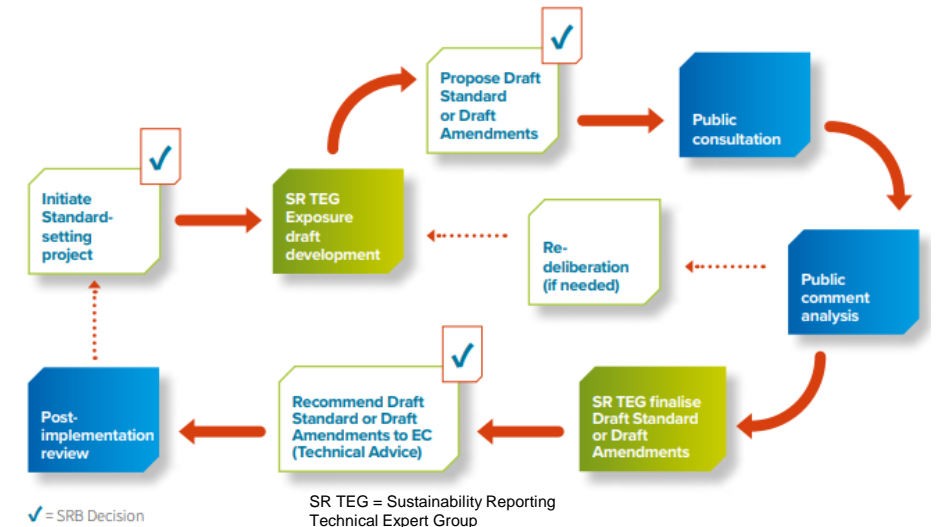
In February 2021 the Task Force issued the report [Proposals for a Relevant and Dynamic EU Sustainability Reporting Standard Setting](#). Which proposed the following reporting topics:

Figure 10: Proposal for a detailed structure for sustainability reporting topics and sub-topics

Environmental	Social	Governance
Climate change mitigation	Workforce	Governance
Climate change adaptation	Sub-subtopics based on social matters Value Chain workers	Business Ethics and Conduct
Water & Marine Resources	Sub-subtopics based on social matters Affected communities	Management of relationships with stakeholders
Biodiversity & Ecosystems	Sub-subtopics based on social matters End users / consumers	Organisation
Circular economy	Sub-subtopics based on social matters Wider society	Innovation, products and services reputation
Pollutions		

To be further defined and developed into sub-subtopics by the ESS based on EU policy priorities and legal definitions and requirements

EFRAG conducted a public consultation in September with stakeholders with an open call for comments on the proposed draft standard EFRAG's due process involves a set of successive and connected activities:



A large white number '4' is centered over a grayscale aerial photograph of a road. A small red car is visible on the road. The background of the slide is orange, with green foliage in the top-left and bottom-right corners.

4

Materiality assessment
for ESG and
sustainability strategy
and reporting –
Maersk's approach

Our materiality journey

2021 – continuous improvements to come

Social & environmental materiality



- **Climate change** – meeting our obligation to decarbonise our end-to-end operations and to support a just transition [p. 18]
- **Ecosystems & biodiversity** – protecting the ecosystem in which we operate [p. 29]
- **Air emissions, waste, pollution** – minimising impacts of our activities [p. 31]
- **Ship recycling** – ensuring safe and responsible ship recycling globally [p. 33]



- **Safety & security** – taking care of our people [p. 36]
- **Diversity, equity & inclusion** – creating an inclusive workplace with diversity of thought [p. 40]
- **Human rights** – ensuring respect for human rights across our value chain [p. 43]
- **Labour rights** – ensuring decent working conditions [p. 42]
- **Sustainable/Inclusive trade** – contributing to an inclusive trade environment [p. 8]



- **Sustainable procurement** – ensuring responsible practices in our supply chain [p. 46]
- **Responsible tax** – being a responsible and transparent taxpayer [p. 49]
- **Citizenship** – contributing to communities and societies where we operate [p. 50]

Financial materiality

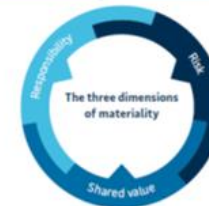
- **Climate change** – managing transition and physical impact risks and opportunities, including the imperative to decarbonise our customers' supply chains in time [p. 18]
- **Safety & security** – managing critical risks across our operations [p. 36]
- **Human capital** – ensuring access to critical talent [p. 39]
- **Business ethics** – managing compliance risks across our operations [p. 41]
- **Sustainable procurement** – enabling our end-to-end logistics strategy [p. 42]
- **Data ethics** – enabling our growth as digitally-based global integrator [p. 44]
- **Governance** – linking ESG performance to executive remuneration [p. 12]

2016-20

Responsibility

Where do we have a responsibility to mitigate significant potential negative impact on people, society or the environment?

- Issues:
- Safety
 - Human rights
 - Employee relations
 - Diversity and inclusion
 - Disaster response
 - Responsible tax
 - Ocean health



Risk

Where do sustainability issues pose a significant financial or reputational risk to our business?

- Issues:
- Air emissions
 - Spills
 - Anti-corruption
 - Responsible procurement

Shared value

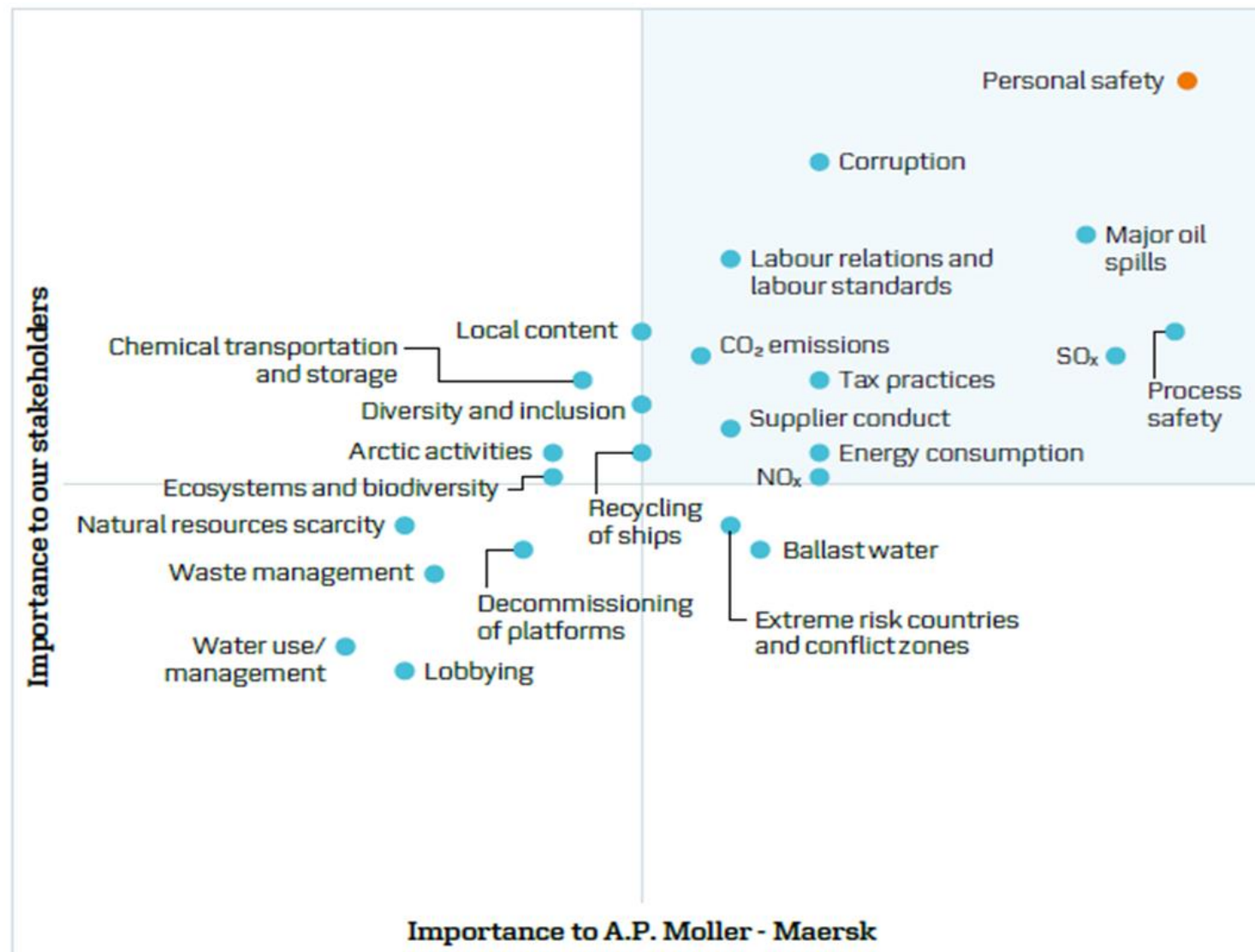
Where can we, through our business, pursue and scale solutions to meet significant systemic challenges for the benefit of society while creating opportunities for our business?

- Issues:
- Climate change
 - Inclusive trade
 - Food loss
 - Ship recycling

2012-15



How we started: The matrix (2012-15)



Materiality in three dimensions (2016-2020)

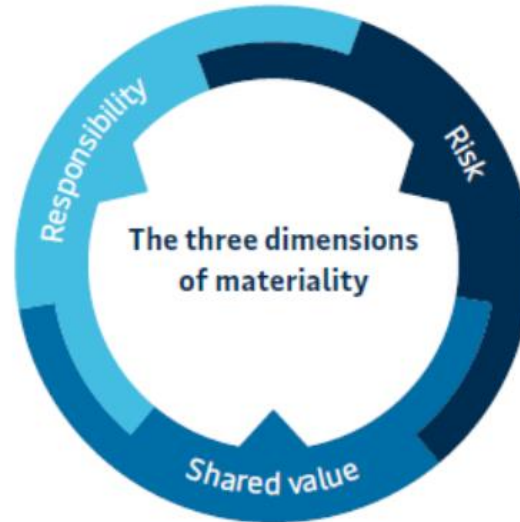


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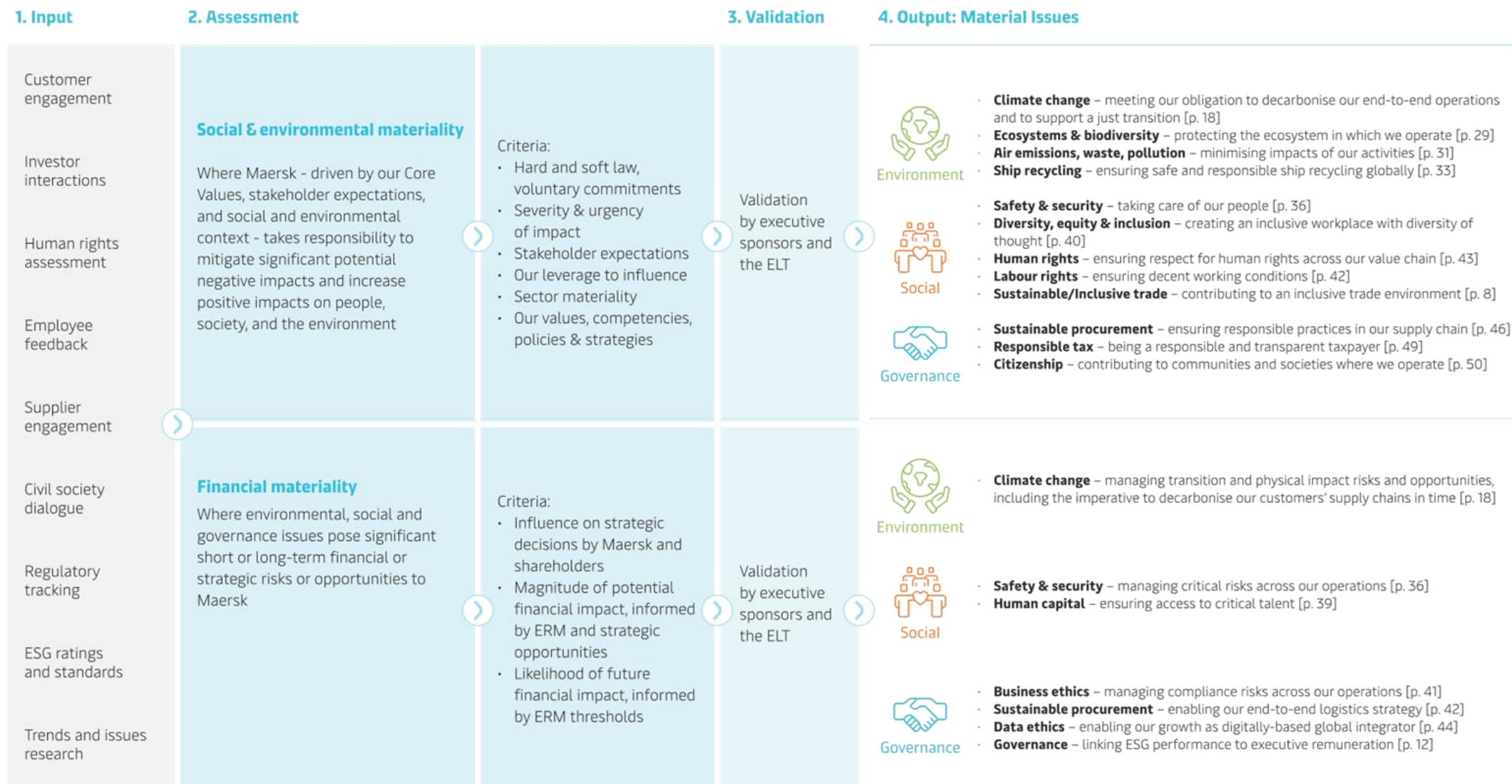
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Materiality ESG-led strategy aligned with double materiality (2021)



Assessing issues through the double materiality lens

Social & environmental materiality



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Financial materiality

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A.P. Moller – Maersk ESG strategy – 2021



	Environment		Social			Governance		
	We will take leadership in the decarbonisation of logistics		We will ensure that our people thrive at work by providing a safe and inspiring workplace			We operate based on responsible business practices		
Commitments	We will deliver on our customer commitment to decarbonise their supply chains in time and our societal commitment to act and have impact in this decade		We create an engaging environment for all colleagues	We facilitate diversity of thought	We ensure everyone gets home safe by preventing fatal and life-altering incidents	We live our Code of Conduct	We procure sustainably	We protect and treat data with respect
Strategic targets <i>All targets are for end of year</i>	2040: <ul style="list-style-type: none"> Net zero across the business 100% green solutions to customers 	2030: <ul style="list-style-type: none"> Aligned with the Science Based Targets initiative 1.5°C pathway Industry-leading green customer offerings across the supply chain 	2025: <ul style="list-style-type: none"> Top quartile score on engagement survey 	2025: <ul style="list-style-type: none"> >40% women in management >30% diverse nationality of executives 	2023: <ul style="list-style-type: none"> 100% of High Potential Incidents trigger frontline Learning Teams Global Leadership (Top 900) upskilled in Maersk safety and security principles 	2023: <ul style="list-style-type: none"> 100% of employees trained in the Maersk Code of Conduct 	2024: <ul style="list-style-type: none"> 100% of suppliers committed to the Supplier Code of Conduct 	2023: <ul style="list-style-type: none"> 100% of employees trained on data ethics
Overview of all ESG categories	Climate change Environment and ecosystems (incl. ship recycling)		Employee relations and labour rights - Safety & security - Human capital Sustainable and inclusive trade - Diversity, equity and inclusion - Human rights			Business ethics - Governance - Responsible tax Sustainable procurement - Data ethics - Citizenship		



5

While we're waiting for
new standards

- requirements and
recommendations

Prevailing regulation

Non-financial reporting Directive (NFRD)



Undertaking (single entity)

Scope

- **PIE-undertaking*** +
- **> 500 employees** +
- balance sheet total > €20 Mio. or net turnover > €40 Mio.



Group

- **PIE parent undertaking*** +
- **> 500 employees** in the group +
- large group

* PIE: undertakings with securities admitted to trading on an EU-regulated market, (certain) credit institutions and insurance undertakings even if they are not listed.

Non-financial reporting

- Predominantly qualitative information
- Definition of materiality can be narrow (depending on national implementation)
- Audit requirement limited to 'existence', no mandatory audit of the content
- Disclosures can be made outside of the management report (non-financial statement vs. separate non-financial report)

Directives are not directly binding to undertakings. Member States have to bring into force national laws to comply with the provision set out in the Directive. **National implementation laws may have introduced stricter rules, such as a larger scope.**

By contrast, (delegated) **regulations** are directly binding.



Reviews and recommendations 1/2

Recommendations based on trends in current sustainability reporting

As auditors, PwC is required to assess our clients' compliance with the reporting requirements in the Danish Financial Statements Act. We assess the reporting of more than 400 companies each year which provides us with detailed insights into the current sustainability reporting.

Based on our assessments, we have three main recommendations that can help companies ensure compliance with the current reporting requirements as well as help them prepare for the upcoming requirements:

1

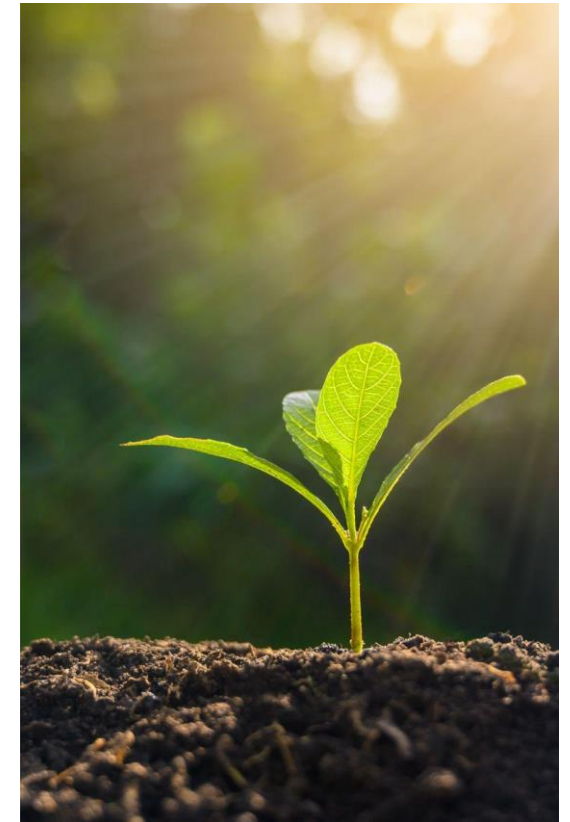
More explicit description of risks

2

Description of expectations to future work

3

Better structure in reporting

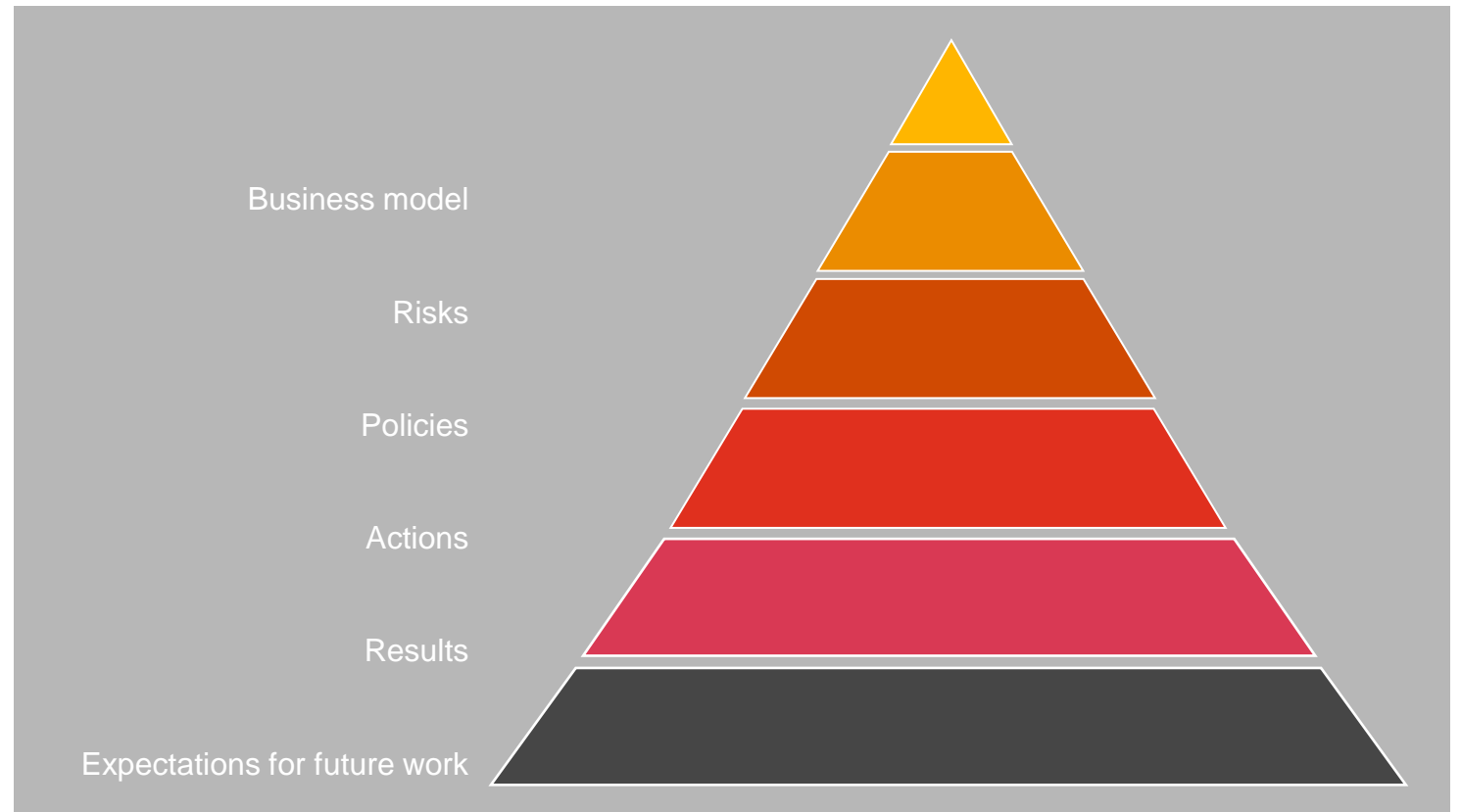


Reviews and recommendations 2/2

Structure in reporting

The reporting requirements in section 99a of the Danish Financial Statements Act have a logical structure.

We recommend that companies use that structure in their approach to sustainability as well as for the structure of the reporting.





6

Q&A

Thank you for your time



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