ECG
Business Intelligence

Webinar

Demystifying ESG reporting, ensuring CSRD compliance

27 March 2023

Introduction

Namrita Chow, Business Analyst, ECG

Mary Foley
Expert Services Strategy
Director, Enhesa
& Forbes ESG columnist

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Innovation & Sustainability
Manager,
ICO nv

Robert Adamczyk
ESG Advisor EBRD,
Member EFRAG TWG ESRS, E&S
Due Diligence, Environmental
Materiality, ESG reporting
(SCSRD, IFRS)

Michał Kujawski,
Communication Manager
ADAMPOL S.A.

Questions & Issues on completing CSRD from a finished vehicle logistics (FVL) road transport operator perspective.

Michał Kujawski

ADAMPOL SA
vehicle logistics

- The problem is to understand the different ESRS and to assign the right data. Is there a general rule of thumb to make this process easier?

- How detailed we should be in explaining why we believe certain categories do not apply to the company? Or maybe we just need short information?

- Do You recommend any of the tools that make the report preparation process easier and faster?

Michał Kujawski

ADAMPOL SA
vehicle logistics

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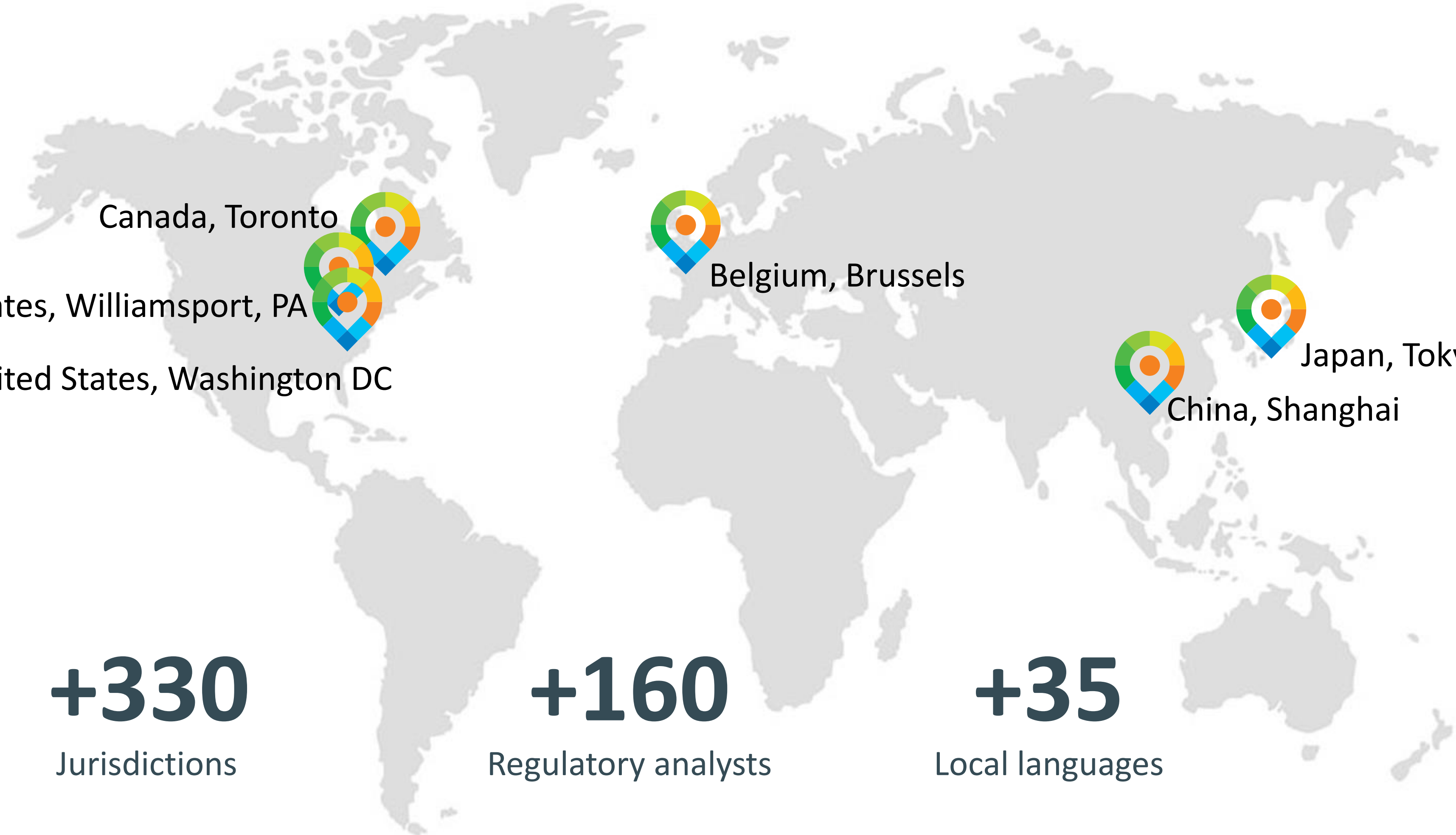
Demystifying some of the pain in completing CSRD

Mary Foley, Expert Services Strategy Director, ENHESA

CSRD and ESRS: What do the Regulations Say?

Mary Foley
Enhesa
27 March 2024

Enhesa Operations
Global content, local relevance, flexible technology



+330
Jurisdictions

+160
Regulatory analysts

+35
Local languages

+30
Years experience

Thank you for joining me today!

Mary Foley

Expert Services Strategy Director

25+ Years Consultant: EHS / Sustainability / Risk Management

Technical Background: Mineral Surveyor

Forbes Contributor: Sustainability/ESG

Risks : Non-compliance costs more than just fines

Fines & penalties

Supply chain disruption

Blocked market access

Ban from public procurement

Business closure

Confiscation of revenues

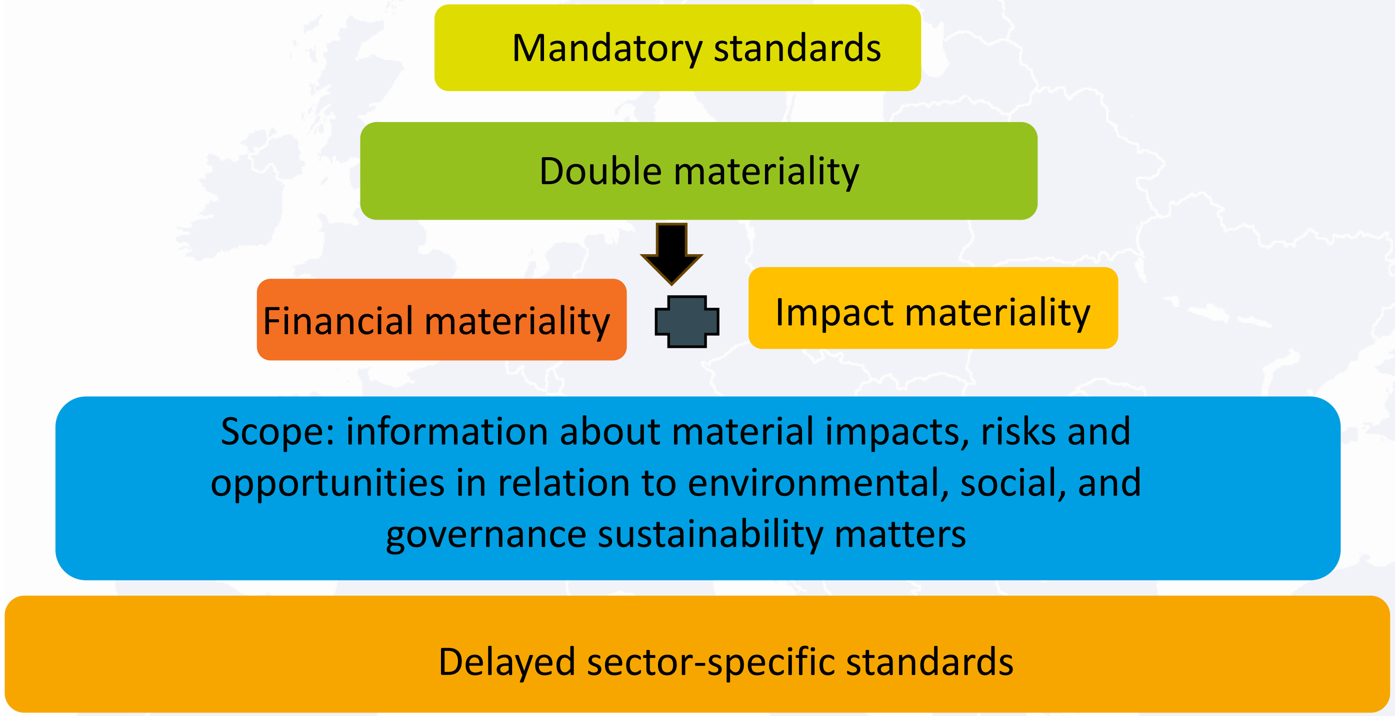
Damaged corporate reputation

- Loss of revenue
- Increased costs
- Delays
- Share/company value impact


Detailed sustainability reporting requirements
Mandatory sustainability **reporting standards**
Assurance obligation
CSRD
Corporate Sustainability Reporting Directive
Digitization of sustainability information
Broader scope of application
Double materiality

CSRD: European Sustainability Reporting Standards (ESRS)

- **Issued so far:**
- 2 cross-cutting standards + 10 topic specific standards
- Commission Delegated Regulation (EU) 2023/2772 of 31 July 2023 supplementing Directive 2013/34/EU of the European Parliament



To which companies does the CSRD apply?

a) large EU companies meeting at least 2 of the legal criteria: (a) balance sheet total of more than EUR 20 million; (b) net turnover of more than EUR 40 million; or more than 250 employees;

b) listed small and medium enterprises (SMEs) except micro undertakings; and

c) third-country companies that generate a net turnover of more than EUR 150 million in the EU and have a subsidiary or a branch in the EU.

CSRD:
Implementation timeline

1st Jan 2024

First reports due in 2025

Applies to those already subject to NFRD (Non-Financial Reporting Directive)

6th July 2024

Member States (27) must transpose requirements into own legislative frameworks

So far, only 5 countries including France have done so

€75,000 + 5 years imprisonment

1st Jan 2028

Non-EU Companies. Publish information.

Separate Standards - Delegated Act June 2026

Delegated Regulation : ESRS

Official Journal
of the European Union

EN
L series

2023/2772

22.12.2023

COMMISSION DELEGATED REGULATION (EU) 2023/2772

of 31 July 2023

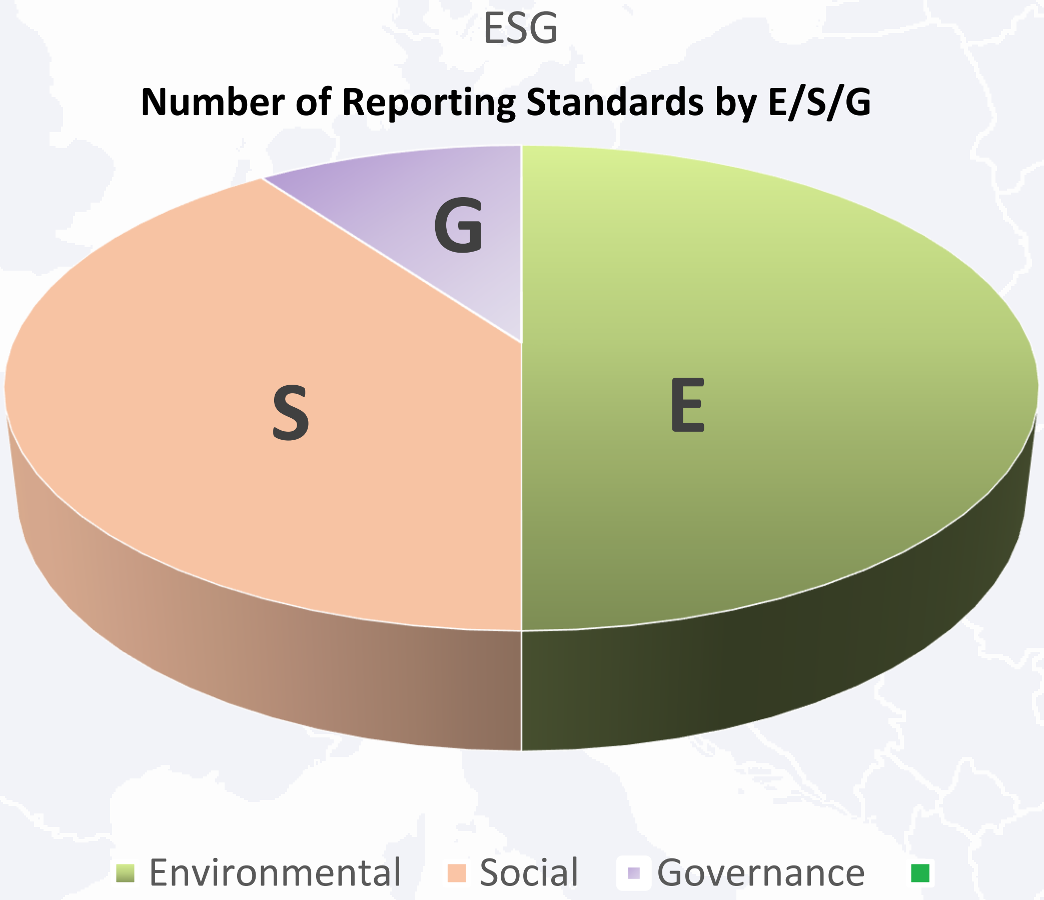
supplementing Directive 2013/34/EU of the European Parliament and of the Council as regards sustainability reporting standards

(Text with EEA relevance)

EFRAG ESRS + Guidance

- General Requirements
- General Disclosures
- Guidance for materiality assessments
- Report structure
- Sector-specific guidance in progress
- Discussions with other frameworks/standards ISSB + GRI

CSRD: European Sustainability Reporting Standards (ESRS)



2 x General
- General requirements
- General disclosures

5 x Environment
- Climate change
- Pollution
- Water and marine resources
- Biodiversity and ecosystems
- Resource use and circular economy

4 x Social
- Own workforce
- Workers in the value chain
- Affected communities
- Consumers and end users

1 x Governance
- Business conduct

Overview of ESRS

ESRS 1

General Requirements

10 Objectives incl:

- **Double Materiality**
- **Value Chain**
- **Preparation and presentation of sustainability info**
- **Structure of sustainability statement**
- **Appendices**

ESRS2

General Disclosures

4 Objectives incl:

- **Preparation**
- **Governance**
- **Strategy**
- **Impact, risk and opportunity**
- **Appendices**

ESRS

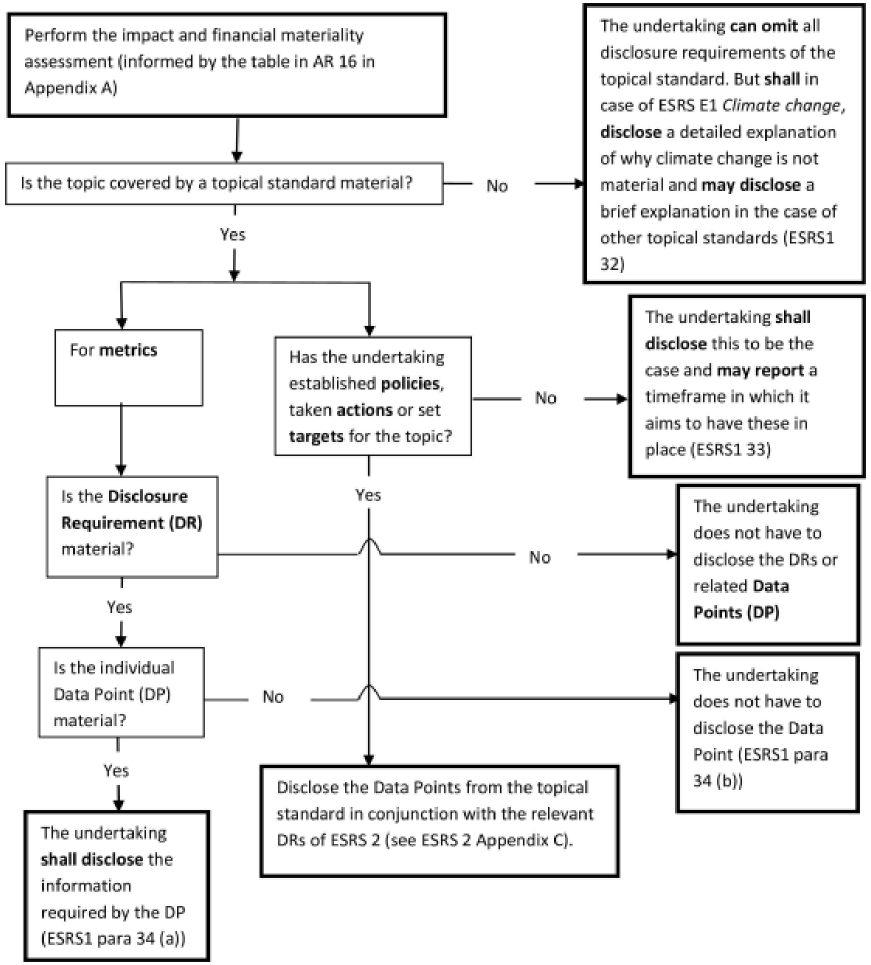
E1-5 Environment

S1-4 Social

G1 Governance

enhesa.

ESRS 1: Flowchart for Determining Disclosures

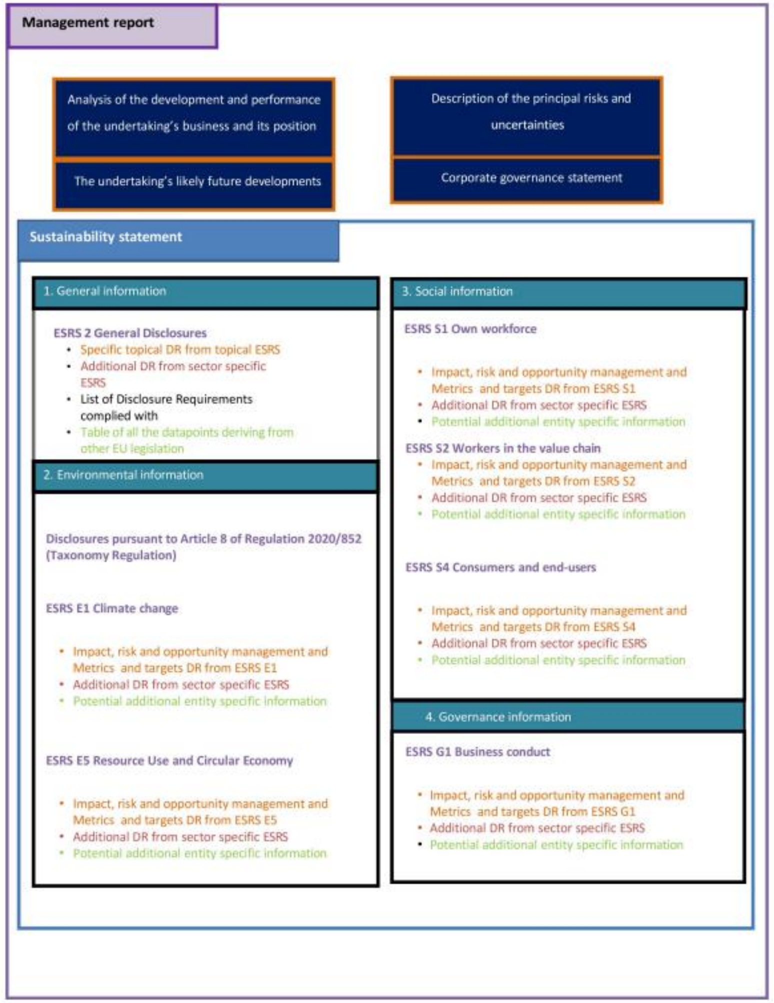


Appendix E

Flowchart for determining disclosures under ESRS

Materiality assessment is the starting point for sustainability reporting under ESRS. This appendix provides a non-binding illustration of the impact- and financial materiality assessment outlined in chapter 3. IRO-1 in section 4.1 of ESRS 2 includes general disclosure requirements (DR) about the undertaking's process to identify impacts, risks and opportunities and assess their materiality. SBM-3 of ESRS 2 provides general disclosures requirements on the material impact, risks and opportunities resulting from the undertaking's materiality assessment. The undertaking can omit all disclosure requirements in a topical standard if it assessed that the topic in question is not material. In that case it may disclose a brief explanation of the conclusions of the materiality assessment for that topic but *shall* disclose a detailed explanation in the case of ESRS E1 climate change (IRO-2 ESRS 2). ESRS set disclosure requirements, not behavioral requirements. Disclosure requirements in relation to ***action plans***, ***targets***, ***policies***, ***scenario analysis*** and ***transition plans*** are proportionate because they are contingent on the undertaking having these, which may depend on the size, capacity, resources, and skills of the undertaking. *Note: The flowchart below does not cover the situation in which the undertaking assesses a sustainability matter as material but it is not covered by a topical standard, in which case the undertaking shall make additional entity specific disclosures (ESRS 1 (30 (b)).*

ESRS 1: Example of Structure of ESRS Sustainability Statement



Appendix F

Example of structure of ESRS sustainability statement This appendix complements ESRS 1. It provides a non-binding illustration of the structure of the sustainability statement outlined in section 8.2 of this Standard. In this illustration, the undertaking has concluded that biodiversity and ecosystems, pollution, and affected communities, are not material

3. Transpositions of CSRD - from initiatives to instruments

5 Transposition instruments **<u>adopted</u>** *(France, Hungary, Finland, Romania, and Czech Republic)*

Several Consultations held/draft **<u>proposals</u>** issued *(incl. Norway, Sweden, Latvia, Ireland, Spain, Netherlands, Luxembourg)*

Takeaways

Takeaways

- Guidance provided by EFRAG
- Guidance provided by ESRS 1 and ESRS 2
- Data management, taggable
- Scrutiny and Assurance

Questions?

More food for thought? Scan the QR code to download.

Whitepaper: leverage EHS for sustainability reporting
Author: Mary Foley


Thank you!
enhesa.

Questions & Issues on completing CSRD from a FVL port operator perspective

Fanni Arvai

ECG Business Intelligence

ICO INTERNATIONAL CAR OPERATORS

Demystifying ESG reporting, ensuring CSRD compliance

ECG Webinar

27/03/2024

Fanni Arvai

Innovation & Sustainability Manager

Innovation
- Operationele proces verbetering
- Digitale technologieën

Sustainability
- CSRD
- Duurzame strategie koppelen met bedrijfsstrategie
- Duurzame imago
- 1 contactpersoon

CSRD CHALLENGES

- No standardization
- First-time reporting
- Generalist and complex legislation
- Interpretation vs comparability
- Problem of data sharing & transparency
- High costs & effort
- Expertise required
- Company vs group level reporting

How can we make sure to have comparable & compatible reporting throughout the supply chain?

Avoid repetative supplier reporting for clients

Call out for cooperations to create standard in data & data sharing methods / platforms

Can we share framework and knowledge preparations (guidelines, trainings etc) to share costs?

View on how to best develop CSRD compliant ESG disclosures

Robert Adamczyk, Senior Environmental Adviser, European Bank for Reconstruction and Development (EBRD)

Agenda

- EBRD who we are
- EBRD approach to due diligence
- EBRD PRs
- ESG and Reporting
- EBRD approach to Financial Intermediaries
- EBRD Risk management of E&S issues
- Case study

Multilateral Development Banks

- **Multilateral development banks, or MDBs, are supranational institutions set up by sovereign states, which are their shareholders. Their remits reflect the development aid and cooperation policies established by these states.**

- **They have the common task of fostering economic and social progress in developing countries by financing projects, supporting investment and generating capital for the benefit of all global citizens.**

- The African Development Bank (AfDB)
- The Asian Development Bank (ADB)
- The European Bank for Reconstruction and Development (EBRD)
- The European Investment Bank (EIB)
- The Inter-American Development Bank (IADB)
- The Islamic Development Bank (IsDB)
- The World Bank Group (WBG)

EBRD: Who We Are

- Established in 1991 to help with transition to market economies in CEE
- It is owned by 71 counties (plus EU and EIB) and invests approx. 10 bln EUR per annum in the region
- Bank has since expanded to cover Central Asia, Turkey and N Africa (SEMED)
- Focus is shifting with key policy drivers to facilitate Transition to Green Economy
- <u>**Bank will help in rebuilding of Ukraine and supporting CEE including supporting private sector in Poland and the region**</u>

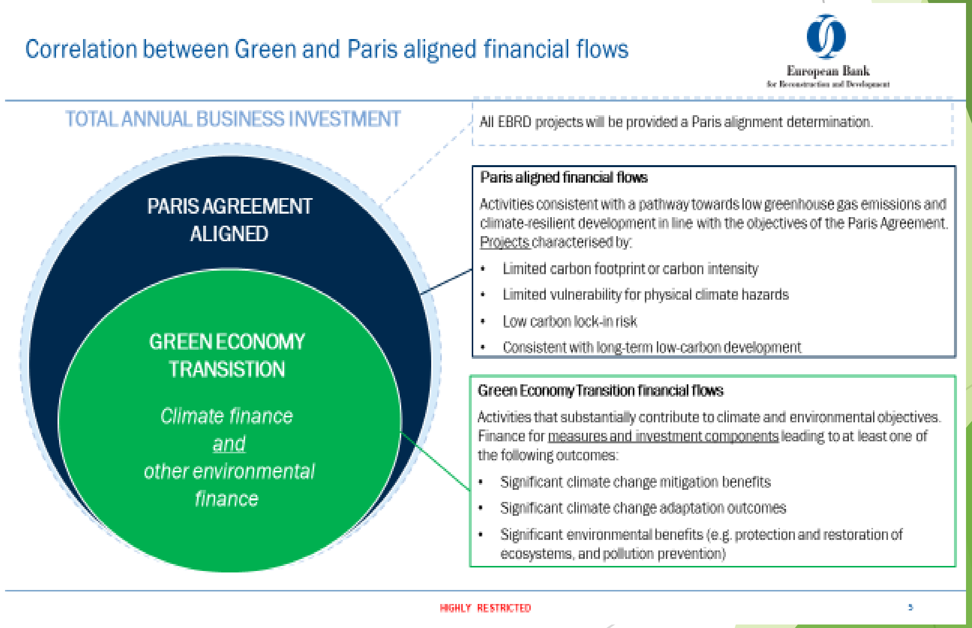
ESG & the EBRD

- The *Agreement Establishing the EBRD* commits the Bank:
- *“To promote in the full range of its activities environmentally sound and sustainable development.”*

- ESG issues are at the heart of the Bank’s approach to ESG through our approach to sound Banking, Transition, Sustainability and Additionality criteria. The Bank has been doing ESG for (nearly) 30 years.

- EBRD **Green Economic Transition (GET) approach** aims to increase the financing of projects that advance the transition to an environmentally sustainable and low-carbon economy. GET 2.1 under development and aim for 50% of all Projects to attain GET qualifying principles and criteria.

- All Projects to be Paris Aligned



Environmental and Social Risks & Opportunities

- **Traditional environmental risks** eg. Pollution (air water, soil), impact on public health (health impairment cost) and associated compensation, fines, litigation and reputational damage etc. Need for provisions contingencies and insurance. Environmental cost can impact the P&L.
- **Social impacts**, H&S, stakeholder opposition, delays in development of projects, reputational issues, labour disputes, livelihood and resettlement
- **New challenges**
  - **Climate: Mitigation and Adaption** – impact on future operations, supply chains, and costs of operations (permits, emission trading, taxes etc.
  - **Social issues** such as diversity, **human rights** etc.
  - Impact on **Nature** and biodiversity, Gender
  - **Supply chains (value chains)** – governance issues, human rights, nature etc.

Challenges

- Past
  - High pollution – need for CAPEX, compliance issues and H&S; stop Eco dumping and modernization of old facilities – privatization challenges
- Present
  - Social issues, land acquisition, No Net Loss (biodiversity), Reporting standards how they are applied. Overall Do no Significant harm
- Future
  - More emphasis reporting disclosure, verification and monitoring.
  - DNSH - challenges with climate and nature – how to have a positive impact.
  - Avoid some sector and projects due to PA, Taxonomy etc
  - Supply chain – scope 3 emissions and impact of human rights and nature

Lender Finance - why does it matter

- All Project need to secure financing, this will often include combination of debt and equity. This applies for both public and well as private sector Projects. Some sources of financing can be:
  - Multilateral Development Banks (MDBs) – EBRD/IFC/World Bank/EIB/AIIB etc.
  - National development Agencies or State Development Banks (kfw, DEG, JBIC, US OPIC etc.)
  - Private sector banks
  - Investors and private equity, etc.

- Most financial investors will apply environmental and social standards and safeguards, MDBs and Development Banks will finance projects in the form of long-term loans at market rates, very-long-term loans below market rates, and through concessional grants.

  - IFC Performance Standard (PS) commonly used (EBRD Performance Requirements (PRs) – akin to IFC but EU focused). Many commercial Bank's have signed up to Equator Principles.
  - International standards on reporting (SFDR, CSRD, ISSB etc).
  - Investors are developing Green Financing tools and reporting and disclosing Environmental and Social Governance (ESG) information.

- Overall increasing pressure on disclosure and reporting and investors will shy away from risky project or project that can have a negative impact on reputation etc

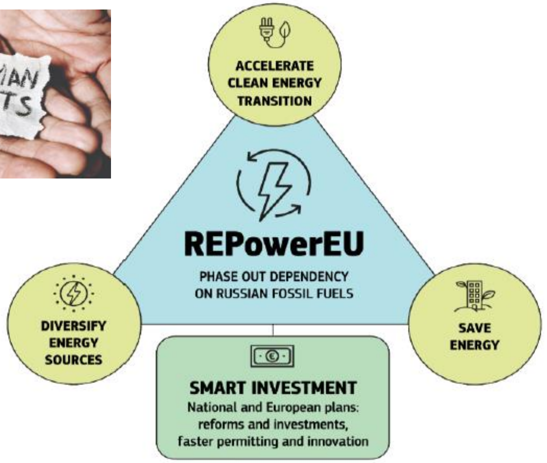
How We Approach Projects

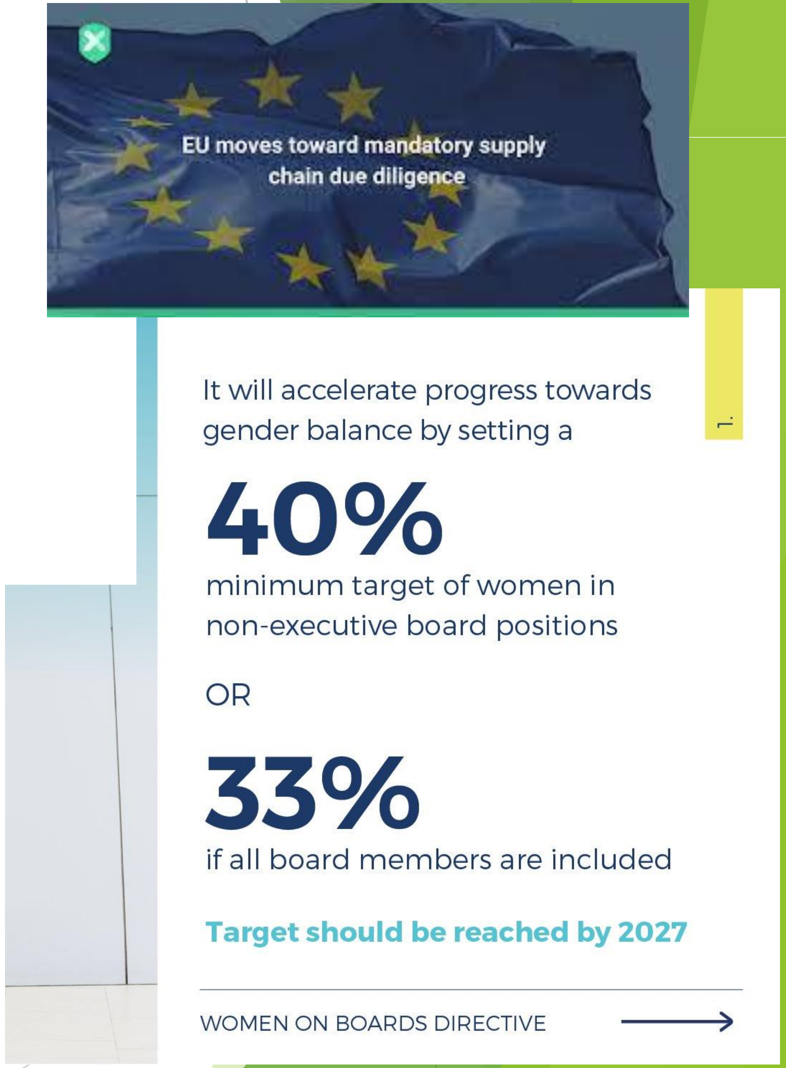
- We finance Project developed by Sponsors (Clients), often permitted and sometimes providing finance to existing Clients (i.e. for existing portfolio).
- For each Project we undertake an Environmental and Social Due Diligence to ascertain compliance with National law and our PR/PS.
- Projects are screened based on sensitivity and risk
- As part of agreement, an Action Plan (ESAP for EBRD) is agreed with client and part of financing agreement.
- All Projects should have a monitoring program in place.
- The Bank is providing specific assistance in terms of climate reporting and new TC to assist Clients in developing and implementing climate governance

The EBRD's Environmental and Social Policy (ESP) is based on the "Do-no-significant-harm" principle, which is enshrined in the concept of the mitigation hierarchy. It applies broadly to environmental (including climate, biodiversity etc.) and social issues

Some issues to consider

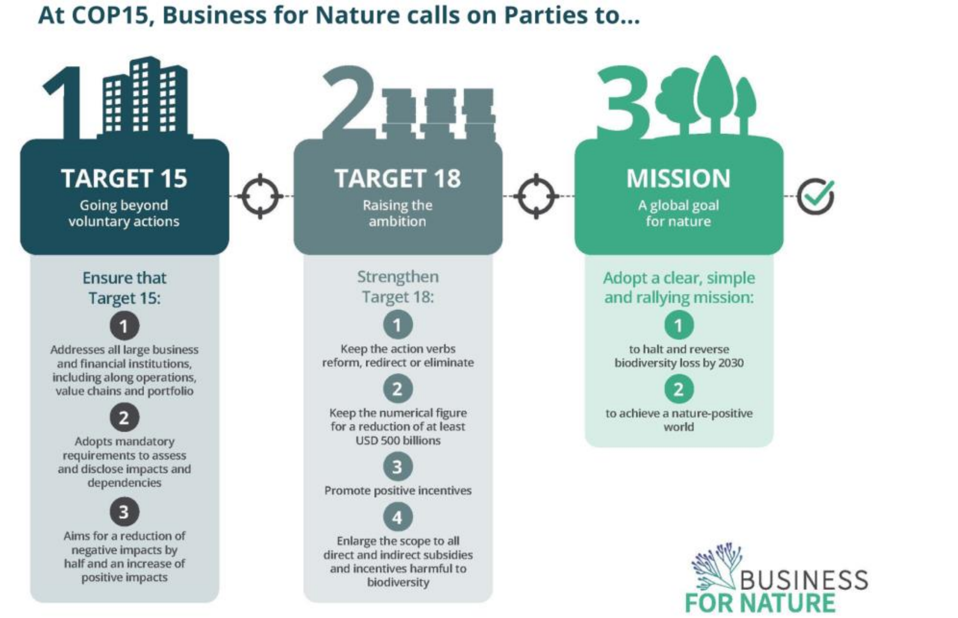
- Impacts of climate change
- Biodiversity and nature risk
- Demographics in CEE
- Social pressures
- Gender Balance – why is it important
- Future Energy Supply





Next issue after TCFD – TNFD - Nature

- TNFD – nature related financial disclosure – some key elements in ESRS E4
- COP 15 – biodiversity and nature protection
- The highest-profile target seeks to ensure the effective conservation and management of at least 30% of terrestrial, inland water, and coastal and marine areas by 2030



ESG Risks & Investments

So What Does This Mean

- **Risk aversion is a key aspect of risk management**, and therefore investors will focus on best projects. In times of financial stress this will be felt in the market
- **Compliance today, future proof for future compliance**
  - Clients in EU will need to report on SFDR and CSRD from 2022-4
  - Clients with interest in EU will need to report
  - Compliance in EU and EU Accession
- **Global standards and how companies will need to report internationally.**
  - Consider Carbon Adjustment Mechanism (EU) and work on Corporate Sustainability Due Diligence directive focused among others on supply chains. This will require more internal audits and future verification.
- **Challenges**
  - SFDR and CSRD aim to address sustainability risk avoid greenwashing and help with access to information and transparency.
  - We need to future proof projects and investments

The Cost of Inaction

Environmental:

- Environmental remediation liabilities: e.g. spills, remediate pollution or contaminants in soil, sediment, ground- or surface water (when it occurs).
- Asset retirement obligations (ARO): retirement of a long-lived asset: e.g. landfill closure, underground storage tank removal, treatment of contamination occurred over the course of the normal operation of the asset (future site restoration).
- Climate risks: site/asset damage from flooding or extreme weather events.

Social:

- Common impacts of conflict on investments:
    - project delays.
    - cost overruns.
    - project / site redesign.
    - relocation or cancellation.

Responsible Investing (ESG) Trends

- **More ESG - related regulation especially in the EU.** EU Taxonomy Framework and Reporting Frameworks (CSRD and SFDR).

- **Higher Demand** for Responsible Investing (ESG) investments by Institutional, Retail and Asset Owners (https://on.ft.com/2LEQ0dy). We observe a growth in the value of ESG related AuM, a growing number of ESG related funds and products, and an increase of PRI Signatories (including PE Funds) in the last years.

- **Greater integration.** More Investors tend to adopt ESG factors, few even across the entire portfolio.

- **Greater engagement.** Asset Managers & PE Funds tend on working more closely with shareholders, such as in filing/co-filing resolutions - shareholder activism (e.g. proxy voting) with corporate leaders (e.g. support the company in their portfolio to become signatory in ESG relevant initiatives), to accelerate action.

- **More ESG Reporting.** It is expected from investors to report more on their investments decisions and strategies due to good international best practices followed by market leaders, due to market driven self regulatory initiatives etc.

- **More divestments.** Investors apply exclusion strategies, therefore they divest from specific sectors, such as nuclear weapons, tobacco, alcohol, coal etc.

Main Responsible Investing (ESG) Investment Strategies

Strategy	Explanation
Negative	Exclusionary Screening: The exclusion of certain sectors from investors" portfolios based on specific ESG criteria.
Positive	Best in Class Screening: Investment in sectors, companies or projects selected for positive ESG performance relative to industry peers.
Norms based screening	Screening of investments against minimum standards of business practice based on international norms.
Integration of ESG factors	The systematic and explicit inclusion by investment managers of environmental, social and governance factors into financial analysis.
Sustainability themed Investing	Investment in themes or assets specifically related to sustainability (for example clean energy, green technology or sustainable agriculture).
Impact Investing	Targeted investments, typically made in private markets, aimed at solving social or environmental problems, and including community investing, where capital is specifically directed to traditionally underserved individuals or communities, as well as financing that is provided to businesses with a clear social or environmental purpose.
Corporate Engagement and Shareholder Action	The use of shareholder power to influence corporate behavior, including through direct corporate engagement (i.e., communicating with senior management and/or boards of companies), filing or co-filing shareholder proposals, and proxy voting that is guided by comprehensive ESG guidelines.

Environmental and Social Requirements of International Financial Institutions

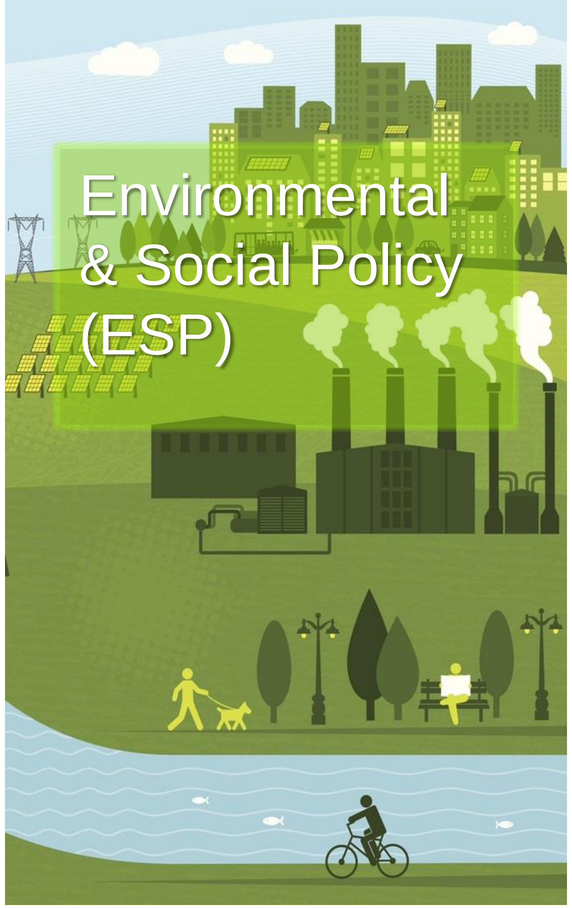
Environmental and Social Policies

The ESPs help the banks achieve their commitment to promoting "environmentally sound and sustainable development" in the full range of their activities.

In addition, the ESP:

- Helps banks anticipate risks and liabilities that could have significant impact on project costs and schedule.
- Protects banks from reputational risk by anticipating risks and ensuring that projects are structured to properly manage environmental and social risks and engage with stakeholders.
- Aligns with bank's other commitments including those related to green transition, climate change, gender and inclusion.
- Provides additionality to clients in their approach to sustainability by committing them to good international practice.

ESP – Key Requirements



Definition of Project limited to the use of the Bank's proceeds, the PRs apply to the project only, although E&S Appraisal must consider Associated Facilities and other aspects.

Associated Facilities limited to “new facilities or activities: (i) without which the project would not be viable, and (ii) would not be constructed, expanded, carried out or planned to be constructed or carried out if the project did not exist”, only the objectives of the PRs apply to the AFs.

E&S appraisal and monitoring will be ‘commensurate with risk’

Projects will be structured to meet the requirements of the PRs within a reasonable time frame through ESAP

Projects are structured to meet EU environmental principles, practices and substantive standards, where these can be applied at the project level, regardless of their geographic location

Environmental and Social Requirements/Standards

1 - ENVIRONMENTAL AND SOCIAL POLICY (ESP)

- Purpose, principles & commitments
- Integrating E&S considerations into projects
- Public reporting and accountability

Bank Responsibility

PR 1
Assessment & Management of Environmental and Social Impacts & Issues

PR 2
Labour and Working Conditions

PR 3
Resource Efficiency and Pollution Prevention and Control

PR 4
Health, Safety & Security

PR 5
Land Acquisition, Involuntary Resettlement and Economic Displacement

PR 6
Biodiversity Conservation and Sustainable Management of Living Natural Resources

PR 7
Indigenous Peoples

PR 8
Cultural Heritage

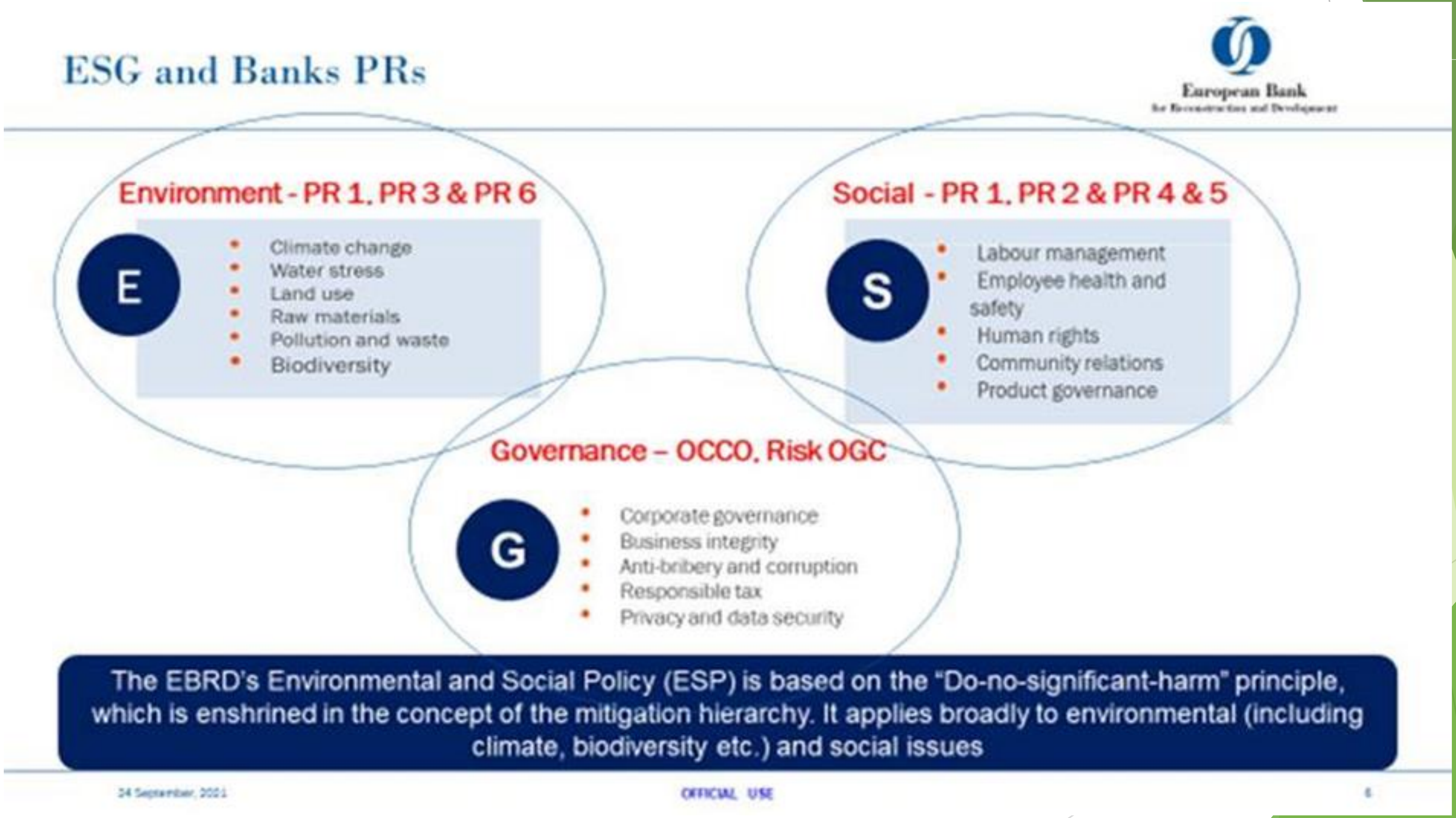
PR 9
Financial Intermediaries

PR 10
Information Disclosure and Stakeholder Engagement

2 - PERFORMANCE REQUIREMENTS (PRs)

Client Responsibility

The Bank has an Environmental and Social Policy (2019) and 10 Performance Requirements (PRs)



Project timeline: depends on Category

CAT A

- Projects that could result in potentially significant E&S impacts, including **direct and cumulative impacts**, that cannot be readily identified or assessed and will require the Client to carry out a comprehensive and participative ESIA. ESIA disclosure: 60/120 days

CAT B

- Projects where potential E&S impacts are typically site specific and/or readily identified and addressed through mitigation measures. ESDD: case-by-case.

CAT C

- Projects which are likely to have minimal or no adverse E&S impacts.

IESE – Initial Environmental and Social Examination: to determine project category and scope of appraisal

FI – Financial Intermediaries

How EBRD compares to the peers

- **IFC & World Bank**
  - E&S Performance Standards (2012) IFC
  - Very close match, but global vs. European approach
- **Equator Banks – Equator Principles**
  - Based on IFC requirements but practical implementation varies and restricted to project finance – Many Bank's have Equator Desks that review high risk projects
  - Equator IV 2020 now applies to OECD countries
- **EIB**
  - Similar policy vs European Principles for Environment
  - More decentralised approach
  - Practical application inconsistent
  - Ensure compliance with EU law
- **ECAs**

– 2016 OECD Common Approach for officially supported expert credits and environmental and social due diligence - ECA common approach – based on IFC requirements

Financing a Large offshore wind farm

- Large offshore wind Project
- 3 bln EUR investment
- Environmental and Social impacts can be large
- Consortium of Banks – IFI's and ECAs
- Number of standards applied
- Local permitting
- Category A project
- IFI/Equator/ECA disclosure requirements
- Due diligence
- Future monitoring

Issues facing Power Sector

- Power sector is key to decarbonize and attain Paris Alignment.
  - We will need to work with companies to help them decarbonize. Climate governance and TCFD will be key on many projects - TCFD now part of IFRS S2 and EU CSRD

- Large renewable projects may be A category, and time is required for DD and baseline studies.
  - Avifauna data key, often this is unknow, birds of prey can be very susceptible

- We will need NTS, SEP and ESAP on all projects

- Supply chains review is a material issue – notably for Solar - 80%from China and some is associated with allegations of forced labour. We need to avoid such suppliers

- Time and resources are needed for ESDD

EBRD and Projects

Project Cycle

- Project Identification and development
  - Project screening and scoping and definition of use of proceeds/structure
- Concept approval – and scope out the due diligence needs
- Due Diligence & Negations
- Structural/Final Review and approval (delegated project approach at OpsCom)
  - Negations and development
- Board approval
  - Monitoring
  - Potential for grievance Mechanism and IPAM

Environmental and Social Risk Management Procedure for Active Equity Investing

- **Screen** the company on E&S risks and against exclusion criteria (EBRD exclusion lists) and categorise.
- **Assess** the company for E&S risks and how these are managed.
- **Decide** whether to invest and agree appropriate E&S risk control measures in financial documentation.
- **Monitor** the company for material E&S risk management and any agreed E&S risk control measures throughout the investment period.
- **Review** the performance of your ESMS.
- **Report** key E&S data points to management, EBRD (typically annually) and key external stakeholders were applicable.
- In preparation for **exiting** an investment, consider the company's E&S performance in exit strategy and provide disclosure to potential buyers.

E&S Risk Screening → Assessment → Decision and Control → Monitoring and Review → Report → Exit the investment

Project Due Diligence - issues

- What is the sector
- Sites location
- Use of proceeds and Project Structure
- Associated facilities
- Social issues including labour and subcontractors and Agency workers
- Cat A and Cat B considerations
- Consultant selection – have they got industry and country experience. What about social and labour issues
- Supply chain
- Disclosure and reporting
- Time of due diligence from intention to completion

- <u>Group work</u>

a) Integrated Steel plant
b) Offshore wind
c) Food production plant
d) Financial Insinuation

Assessment of Risk

OFFICIAL USE

Version 1.0 January 2020

Probability
(Capacity and performance)

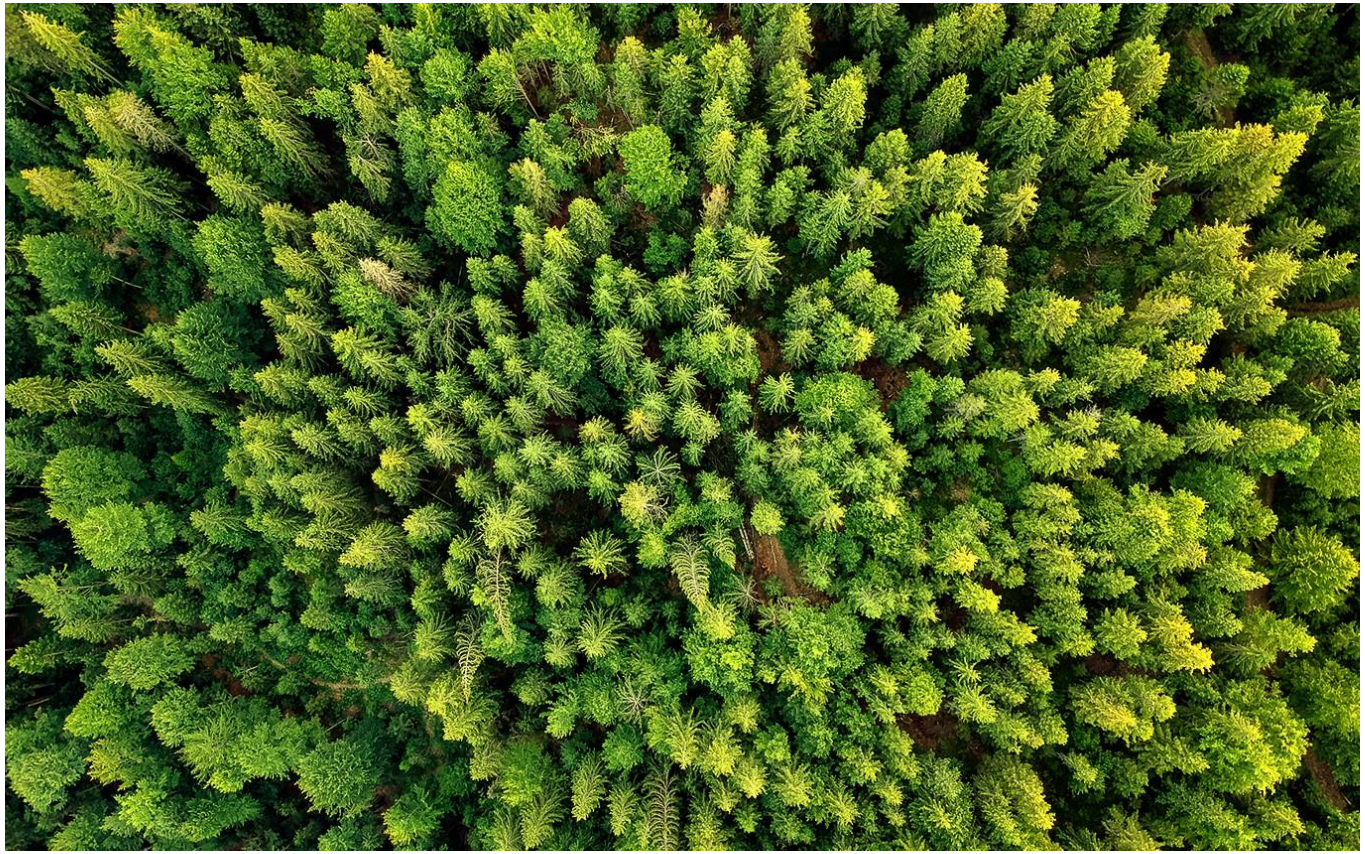
• Lack of capacity, resources and systems to address E&S risks and impacts and comply with PRs. • Significant, unmitigated E&S risks and impacts during Project implementation. • Weak E&S performance. • Significant non-compliances with PRs/ESAP due to a lack of effort/resources. • Significant, unaddressed complaints/lack of engagement.				
• Unknown or some capacity, resources and systems in place to address E&S risks and impacts and comply with PRs. • Some unmitigated E&S impacts during implementation. • Unknown or varied E&S performance with demonstrated effort to improve. • Some non-compliances with PRs/ESAP with demonstrated effort to achieve compliance. • Some complaints management/engagement.				
• Proven capacity, resources and systems in place to address E&S risks and impacts and comply with PRs. • E&S impacts appropriately mitigated and managed. • Adequate E&S performance demonstrated. • Demonstrated compliance with PRs and ESAP. • Appropriate complaints management/engagement.				
• Strong capacity, resources and systems in place to address E&S risks and impacts, comply with PRs and achieve strong E&S performance. • E&S impacts appropriately mitigated and managed. • Strong E&S performance and improvement demonstrated. • Demonstrated compliance with PRs and ESAP. • Exceptional complaints management/ proactive engagement.				
Low Low-Medium High-Medium High	• Existing facilities. • No to limited capital expenditure. • Minimal to no potential E&S impacts. • No E&S sensitivities.	• Existing facilities and limited expansions or upgrades. • Limited capital expenditure. • Some adverse E&S impacts but few in number, site specific and readily addressed. • Limited E&S sensitivities. • Limited economic displacement.	• Expansions, upgrades or greenfield developments. • Adverse E&S impacts, but can be readily addressed. • E&S sensitivities. • Some stakeholder attention. • Some resettlement (physical/economic). • Some climate change risk.	• Significant, greenfield developments or expansions. • High-risk sectors. • Significant, adverse E&S impacts. • Significant E or S sensitivities. • High country labour risk. • Significant and wide ranging negative stakeholder attention. • Significant and large-scale resettlement. • Significant climate change risk.

Impact
(Nature of Project, site sensitivity, consequence)

Sustainable Finance - Discussion

- The aim of EU regulations is to focus financial flows into Green investments
  - To move away from fossil resources into renewable and more reliance on EU resource
  - Financing will be targeted more for Green investments – such as renewable, energy efficiency, circular economy etc
- Number of regulatory and best practise mechanism in place and will increase
  - Legislation at EU level to defined what is Green and ensure transparency
  - Social, Gender, and Governence issues will be high on agenda.
  - International Standards (reporting and defining what is Green or Sustainability Linked bond – raising financing through capital markets will be important).
- We will see more focus from investors on Green assets and investments – as investors will want to see more % of Green in their portfolio.
- Projects will need to be prepared well, and IFIs can help here
- How do we stop Greenwashing and Greenwishing
- EBRD will be a key player in a new Ukraine that will be part of Europe and EU.

Summary & Discussion



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Thank you