



Green FIB

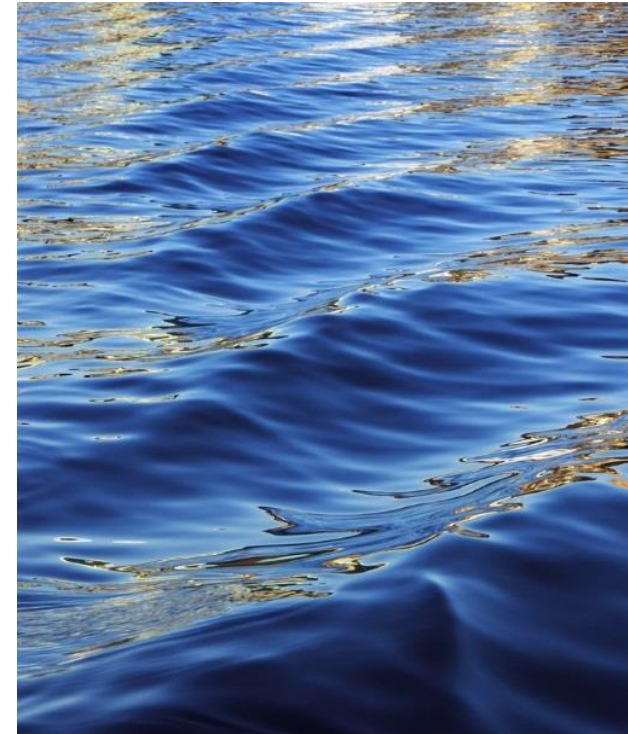


ESG innovations and challenges in Albania and Region

*Enhancing knowledge of EU green finance policies in insurance and business valuation  
-Green FIB-*



**Co-funded by  
the European Union**



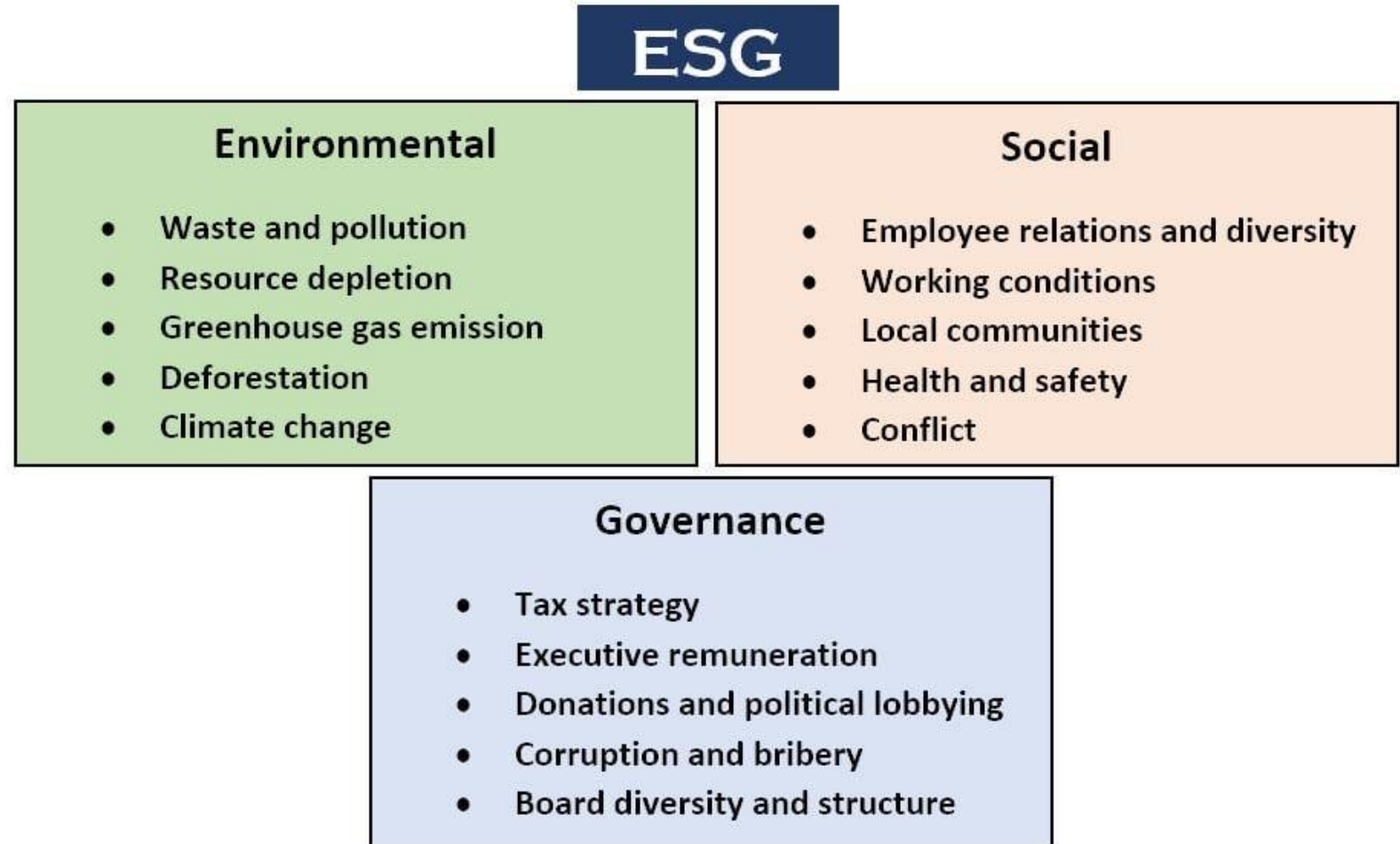
# Non-Financial or Sustainability Reporting

*Lecturer:* **Brikena Leka**

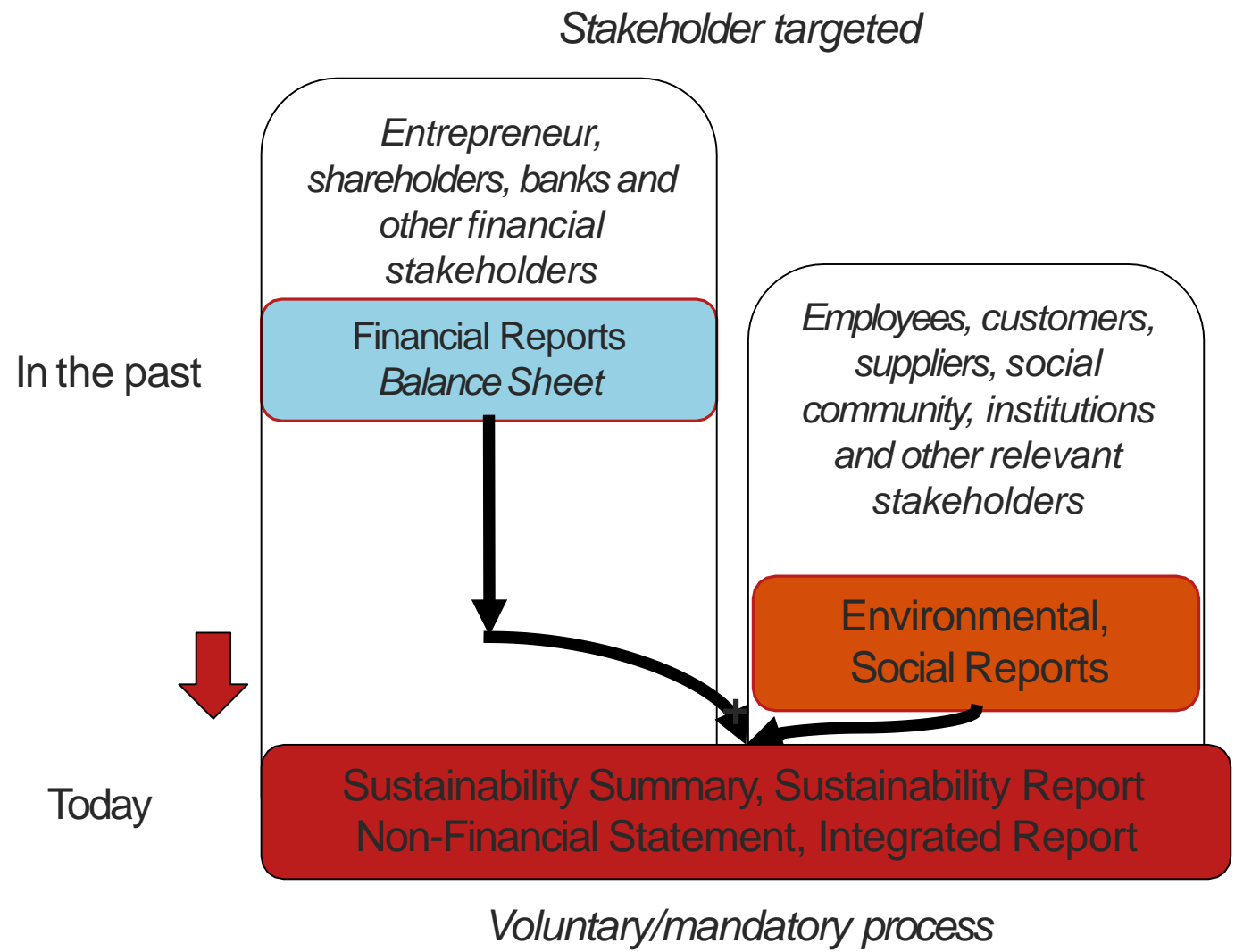


# Sustainability and ESG

ESG-s refers to a collection of Corporate Performance evaluation criteria that assess the robustness of a company's governance mechanisms and its ability to effectively manage its environmental and social impacts.



# Evolving trends in corporate reporting



# Non-financial Reporting

Sustainability reporting is a process carried out by companies to provide evidence to Stakeholders of their economic, social and environmental performance

Non-Financial  
Information  
Reporting

Environment,  
Social and  
Governance  
Reporting

Corporate  
Social  
Responsibility  
Reporting

Extended  
External  
Reporting



# Sustainability Reporting

*Sustainability reporting is the practice of measuring, disclosing and reporting to internal and external Stakeholders on organizational performance toward the goal of sustainable development.*

*It involves reporting on how an organization considers sustainability issues during the execution of its operations and its environmental, social and economic impacts.*

*A sustainability report also presents the values and the organization's governance model and demonstrates the link between its strategy and its commitment to a sustainable global economy.*

European Court of Auditors, 2019

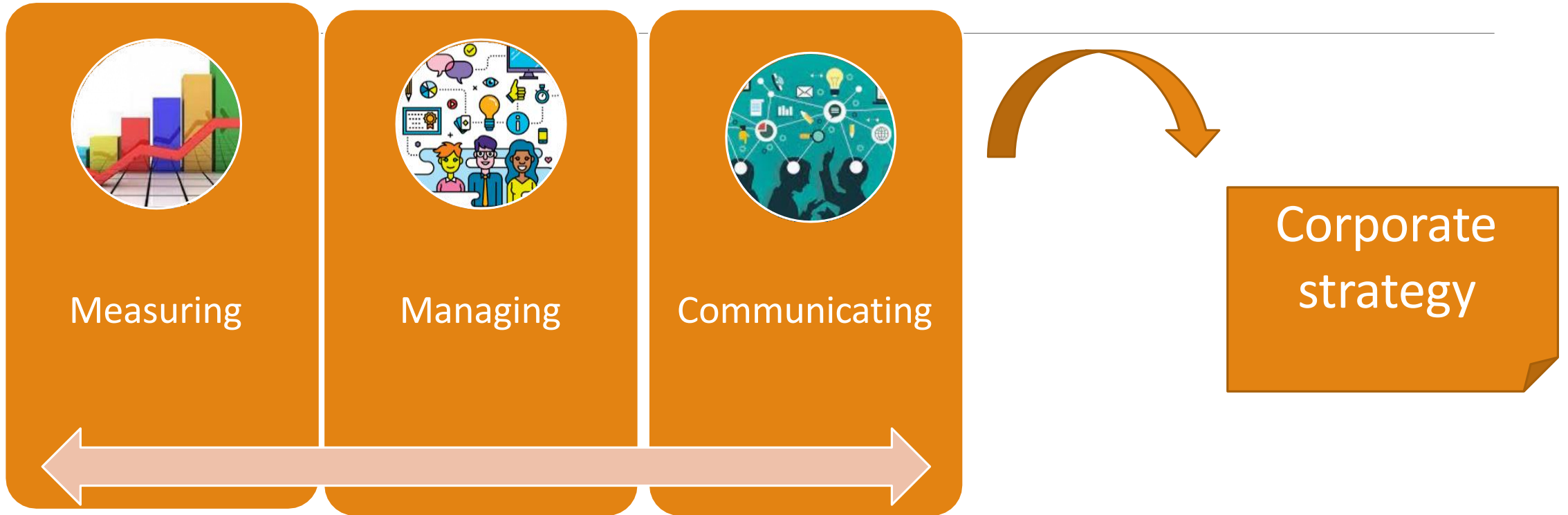
# Non-financial Reporting

It is the key instrument for companies to communicate their **sustainability** performances and how their activities impact the environment and many other aspects of society.



**Sustainability reporting** is the disclosure and communication of environmental, social, and economic indicators and goals—as well as a company’s progress towards them.

# Measuring sustainability performances: why?





# Measuring sustainability performances: how?



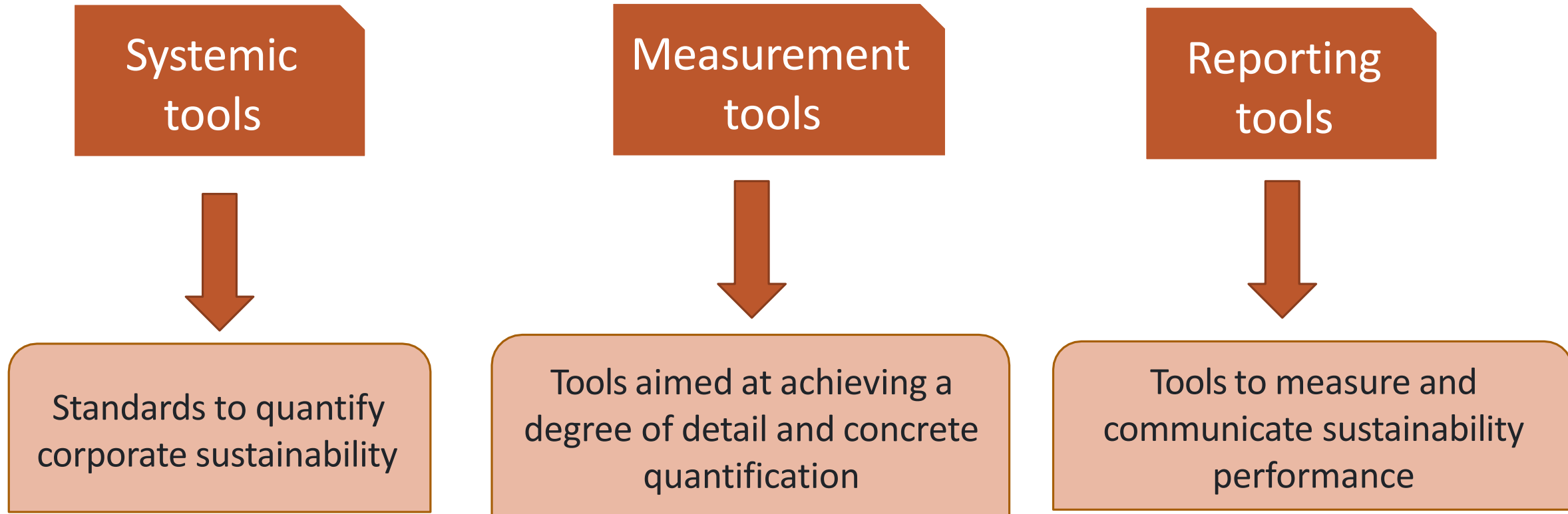
Measuring  
with a set of tools



**You can't manage  
what you can't measure**

*Peter Drucker*

# Measuring sustainability performances: how?



# Measuring sustainability performance: systemic tools

- These are external, standardised tools that aim at objectivity.
- The main ones are:
  - certifications
  - sustainability rating



# Measuring sustainability performance: systemic tools

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- Some examples:

## ISO 9001 For Quality

the pursuit of customer satisfaction with regard to the products and services provided, as well as the continuous improvement of the company's performance, ensuring its customers that the quality of its goods and services is maintained and improved over time



<https://www.iso.org/iso-9001-quality-management.html>

# Measuring sustainability performance: systemic tools

- The advantages of certifications:
  - ❑ they help outline a medium- to long-term sustainability strategy;
  - ❑ they increase awareness of what is being done internally and externally;
  - ❑ they encourage structured monitoring actions;
  - ❑ they drive the involvement of company management;
  - ❑ they trigger the integrated involvement of all actors along the supply chain;
  - ❑ they encourage the adoption of well-defined targets and timeframes;
  - ❑ they combat greenwashing.

# Banks, credit and sustainability ratings

In addition to the traditional economic-financial criteria, banks are increasingly oriented towards socio-environmental evaluation systems for assessing creditworthiness.



# International non-financial Reporting Standards



## IFRS Foundation

- **ISSB** (International Sustainability Standards): IFRS S1, IFRS S2
- **CDSB** (Climate Disclosure Standards Board)
- **VRF** (Value Reporting Foundation): **IR Framework** and **SASB**

**GRI**

# The Global Reporting Initiative Standards (GRI)

The GRI considers the three dimensions of sustainability

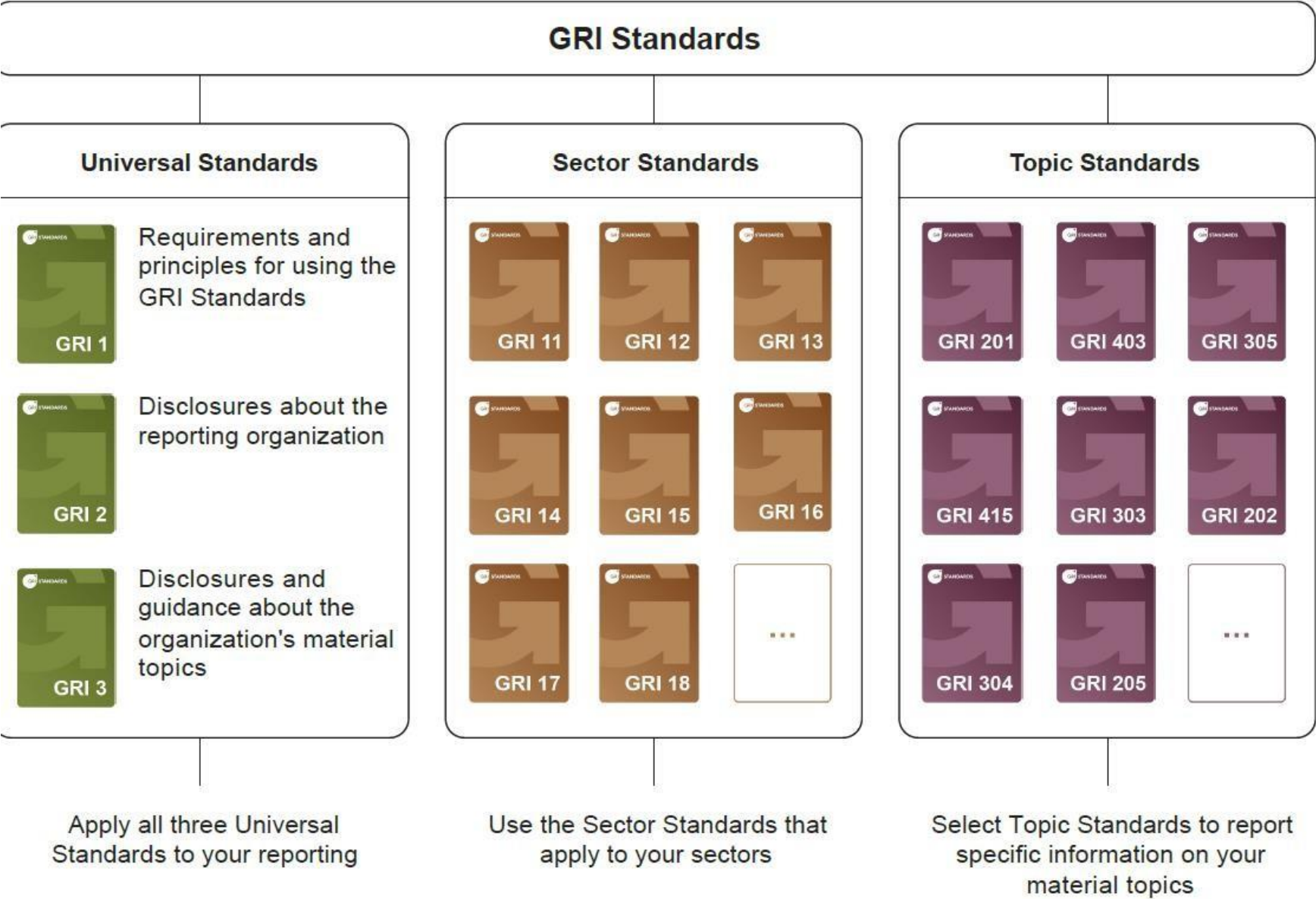
- **economic dimension** (e.g. wages and benefits, supply expenditure);
- **environmental dimension** (e.g. emissions);
- **social dimension** (e.g. occupational health and safety, employment levels, labour rights, human rights).



For each dimension of sustainability, GRI identifies **indicators**.



# The Global Reporting Initiative Standards (GRI)



# International non-financial Reporting Standards

## **EFRAG:**

- Reports on the development of EU sustainability reporting standards
- First set of draft ESRS

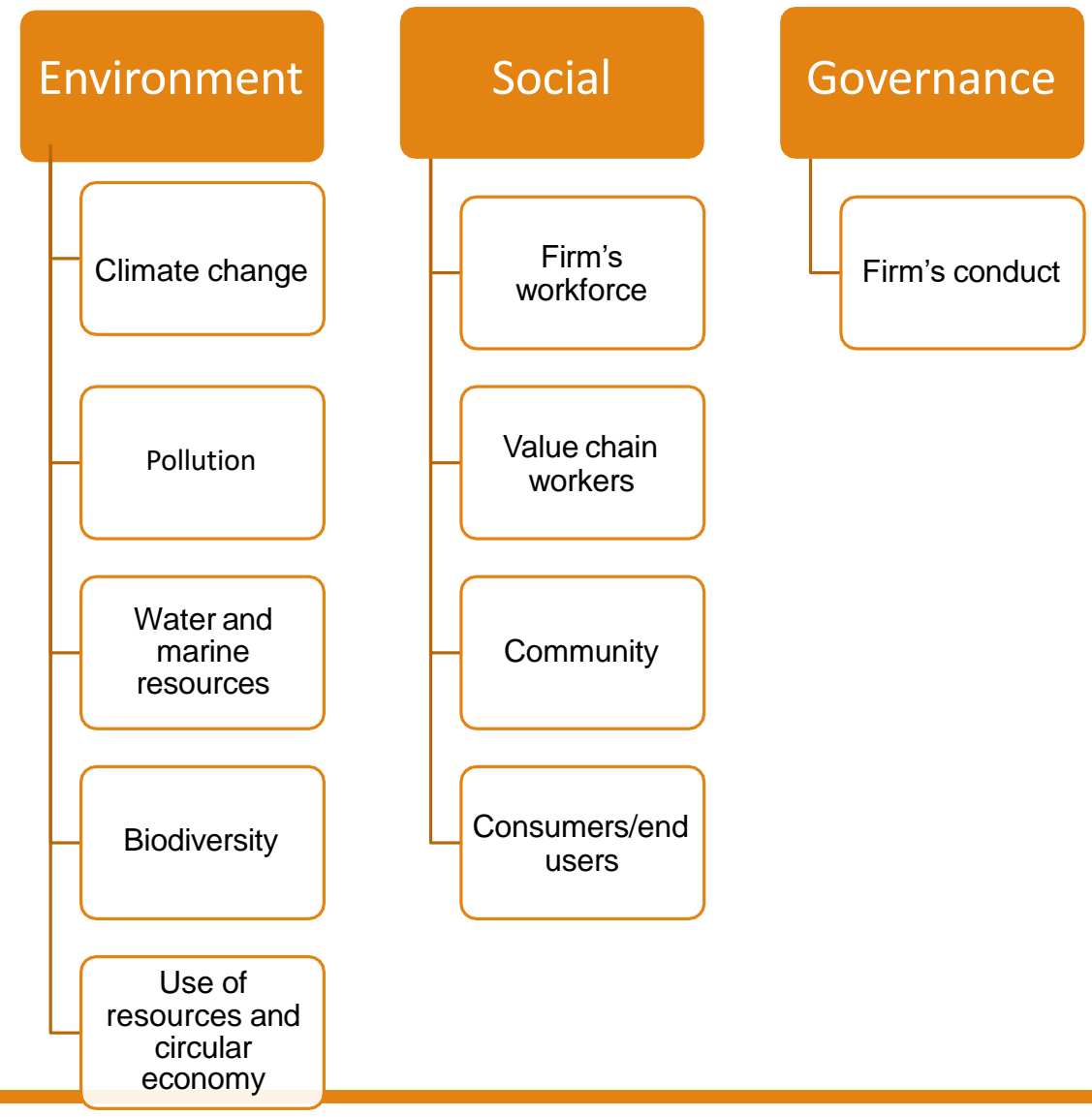


## Environmental performance

- **TCFD** (Task Force on Climate Related Financial Disclosures)
- **CDP**

# The 10 EFRAG Topical Standards

They are divided into 3 topics



# The Sustainability Reporting Process

## Phases (1)



# The Sustainability Reporting Process

## Phases (2)

### SELECTION OF INDICATORS

Sharing and approval of indicators  
Definition of a methodological note with a guideline to follow (e.g. GRI)

### IDENTIFICATION OF ROLES



### STRUCTURE DEFINITION

Identification of objectives to be pursued for each relevant theme (achievable and accountable)  
Possible alignment SDGs, Next Generation EU  
Sharing and approval of table of contents



### MONITORING

Defining the data collection process  
Managing the indicator process

# The Sustainability Reporting Process

## Phases (3)

### REDEFINITION OF OBJECTIVES

Identification of improvement actions  
Possible sharing of new objectives, content and indicators



### REPORT

Writing texts and sharing them  
Defining graphic aspects



### RIELABORATION

Verification of result measures chapter by chapter  
Description of actions taken to achieve objectives



### GOING ON!

Benchmarking with competitors  
And the process starts again!



*Thank you for your attention!*

*Questions and Reflections ???*

