

# Sustainability trends – A hoax or relevant for your business?

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Romania Forum 2019

Bucharest

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# 5 Theses for Sustainability on Corporate Level

- EU Non-Financial Reporting Directive (NFRD) improved corporate sustainability reporting
- Responsibility for sustainability will be transferred into supply chain
- Climate Crisis has tackled Board Members
- Ongoing trend for standardizing sustainability
- Sustainability is/will be a revenue game (changer)

# Thesis 1: EU Non-Financial Reporting Directive (NFRD) improved corporate sustainability reporting

## Positive aspects

Increasing relevance for sustainability topics

Better transparency

Learning process

Regulation improved reporting process

## Additional findings

Sustainability Reports improved quality of information for investors

Number of large public entities should be extended

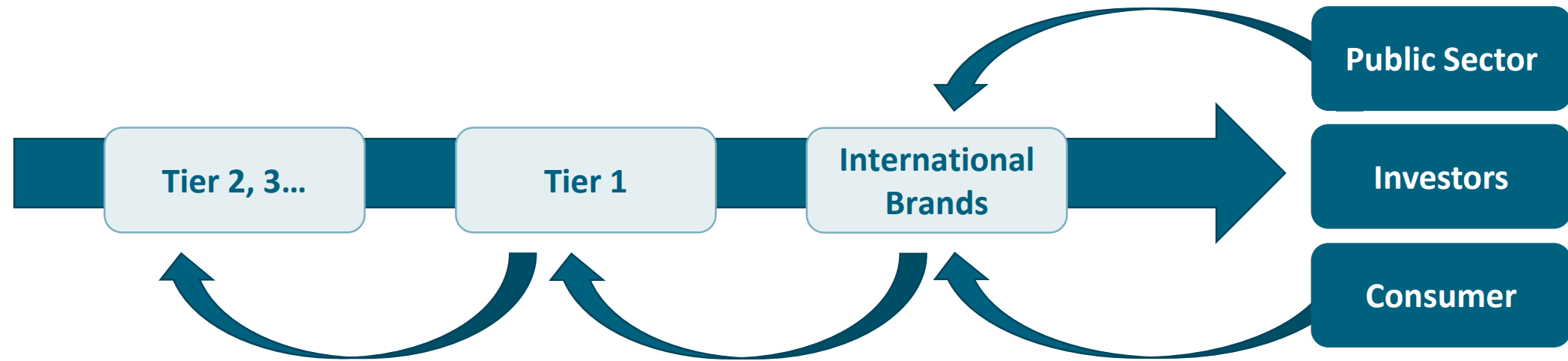
➔ Systematic discussion of sustainability topics throughout the company

➔ Hassle often turned into personal interest

# Thesis 2: Responsibility for sustainability will be transferred into supply chain

Governmental rules with respect to sustainability

**Sustainable Public Procurement in Europe:** Scandinavia, GB, Benelux, France; EU-Directive



Raw materials, capital goods...  
Industry Expectations, regional factors ,  
media attention

**Sustainable procurement**  
from **Tier1-suppliers by default**

**Lifestyle of Health & Sustainability**

**Key products** like nutrition, products for children, apparel...

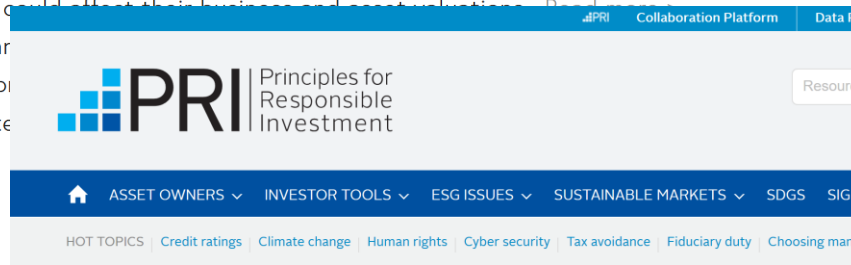
**Medial attraction** on topics like Marine Littering, Food Waste, Water, Insects, Climate Crisis, human rights

# Thesis 3: Climate Crisis has tackled Board Members

## Vanguard, BlackRock, HSBC call for climate risk disclosure

Katie Kross · November 13, 2017

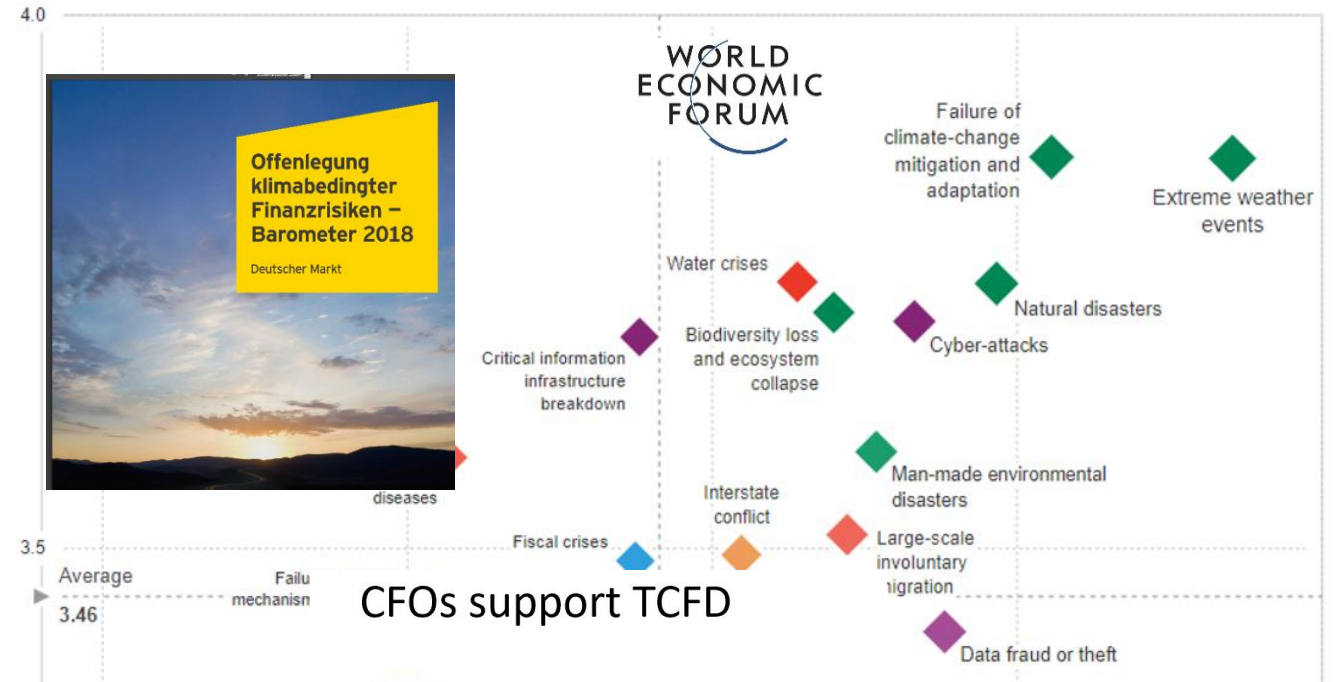
- **BlackRock**, the world's largest asset manager, called for investors to factor climate change risk into investment decisions in a much publicized move in 2016. [Read more >](#)
- **Vanguard Group** announced in Aug. that it is urging companies to disclose how climate change could affect their business and construction. [Read more >](#)
- In Nov., **HSBC** announced that it is urging companies to disclose how climate change could affect their business and construction. [Read more >](#)



### NEWS AND PRESS

## TCFD-based reporting to become mandatory for PRI signatories in 2020

18 February 2019



FSB TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES  
**CFO STATEMENT OF SUPPORT**

# Reporting Example - OMV AG

## Climate risk management

### Integration into Enterprise Wide Risk Management

Wide Risk Management (EWRM) process aimed at identifying, assessing, and managing business-related risks. The short- and medium-term risks are analyzed for their impact on the Company's three-year financial plan. The effects of long-term risks are evaluated based on a semiquantitative analysis, taking into account a wider range of uncertainty. We see climate change to have a limited impact on our business plans and objectives in the medium term. However, management pays close attention to climate-change-related long-term risks and opportunities and takes these into account in strategic decision-making.

## Climate Risks in CDP reporting (e.g. regulatory stops for flaring)

### Most relevant risks:

- **Acute physical risks:**  
extreme weather events
- **Chronic physical risks:**  
lack of water
- **Transition risk I:**  
EU ETS
- **Transition risk II:**  
Zero flaring regulations

**Full stop of crude oil production in  
Tunisia and Romania for 6 months  
Potential financial impact:  
425,000,000 = 2% of group revenues**

## Disclosures shown in TCFD index

### TCFD Recommendations Index

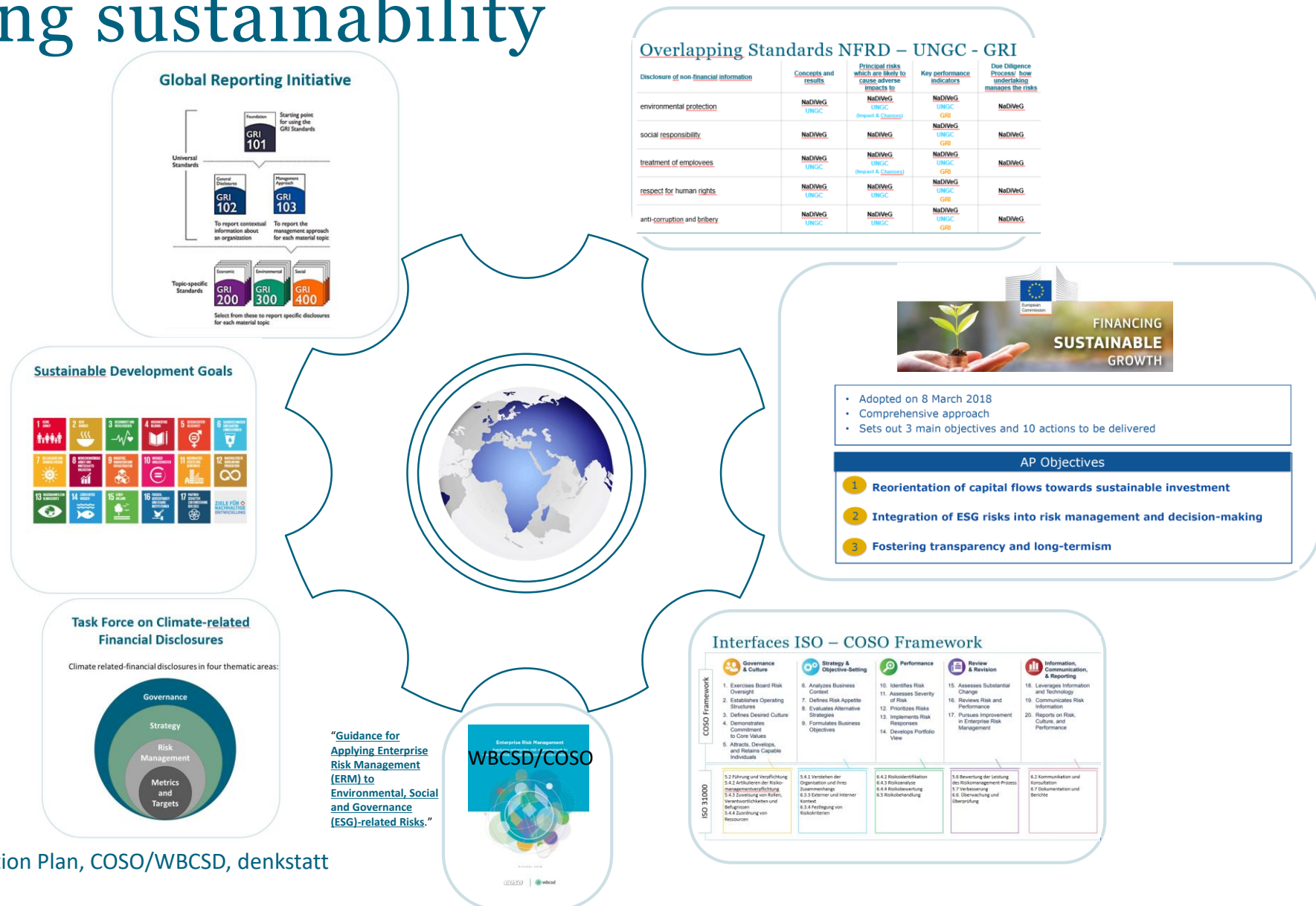
This TCFD Recommendations Index lists references to the publicly available information in the Sustainability Report 2018 and CDP Questionnaire that is consistent, fully or partially, with the recommendations for reporting of climate-related

financial disclosures. The classification of the Recommendations and Supporting Recommended Disclosures are based on the document "Recommendations of the Task Force on Climate-related Financial Disclosures", June 2017.

| Recommendations   | Supporting Recommended Disclosures   | Reference to the related section of the Sustainability Report 2018 and to the CDP questionnaire  |
|---|--|--|
| <b>GOVERNANCE:</b><br>Disclose the organization's governance around climate-related risks and opportunities.  | a) Describe the board's oversight of climate-related risks and opportunities.  | <ul style="list-style-type: none"><li>➤ CDP: (C1.2a)</li><li>➤ Sustainability Report 2018: Sustainability at OMV &gt; Sustainability Strategy</li><li>➤ Sustainability Report 2018: Sustainability at OMV &gt; Sustainability Governance</li><li>➤ Sustainability Report 2018: Risks and Opportunities Management</li><li>➤ Sustainability Report 2018: Health, Safety, Security, and Environment &gt; Environment</li><li>➤ Sustainability Report 2018: Health, Safety, Security, and Environment &gt; Environment &gt; Water management</li><li>➤ Sustainability Report 2018: Carbon Efficiency &gt; Climate Change Risk Management &gt; Management of carbon efficiency of operations</li></ul> |
|   | b) Describe management's role in assessing and managing climate-related risks and opportunities.                               | <ul style="list-style-type: none"><li>➤ CDP: (C2.2b)</li><li>➤ Sustainability Report 2018: Sustainability at OMV &gt; Sustainability Governance</li><li>➤ Sustainability Report 2018: Risk and Opportunities Management</li><li>➤ Sustainability Report 2018: Carbon Efficiency &gt; Climate Change Risk Management</li></ul>  |
| <b>STRATEGY:</b><br>Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material. | a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term. | <ul style="list-style-type: none"><li>➤ CDP: (C2.1)</li><li>➤ CDP: (C2.3a)</li><li>➤ Sustainability Report 2018: Risk and Opportunities Management</li><li>➤ Sustainability Report 2018: Health, Safety, Security, and Environment &gt; Environment &gt; Water management</li><li>➤ Sustainability Report 2018: Carbon Efficiency &gt; Climate Change Risk Management</li><li>➤ Sustainability Report 2018: Carbon Efficiency &gt; Climate Change Risk Management &gt; Climate-related risks and opportunities</li></ul>   |



# Thesis 4: Ongoing trend for standardizing sustainability



# Thesis 5: Sustainability is/will be a revenue game (changer)

## Green bond market to rebound in 2019 with 20% growth, Moody's says

The harmonization of the global green bond standards could have a significant impact on growth, the report said, citing efforts by the European Commission to establish a green bond label. Investors have complained



C is currently working on a green financial products.

tor confidence, we see the global harmonization," the report

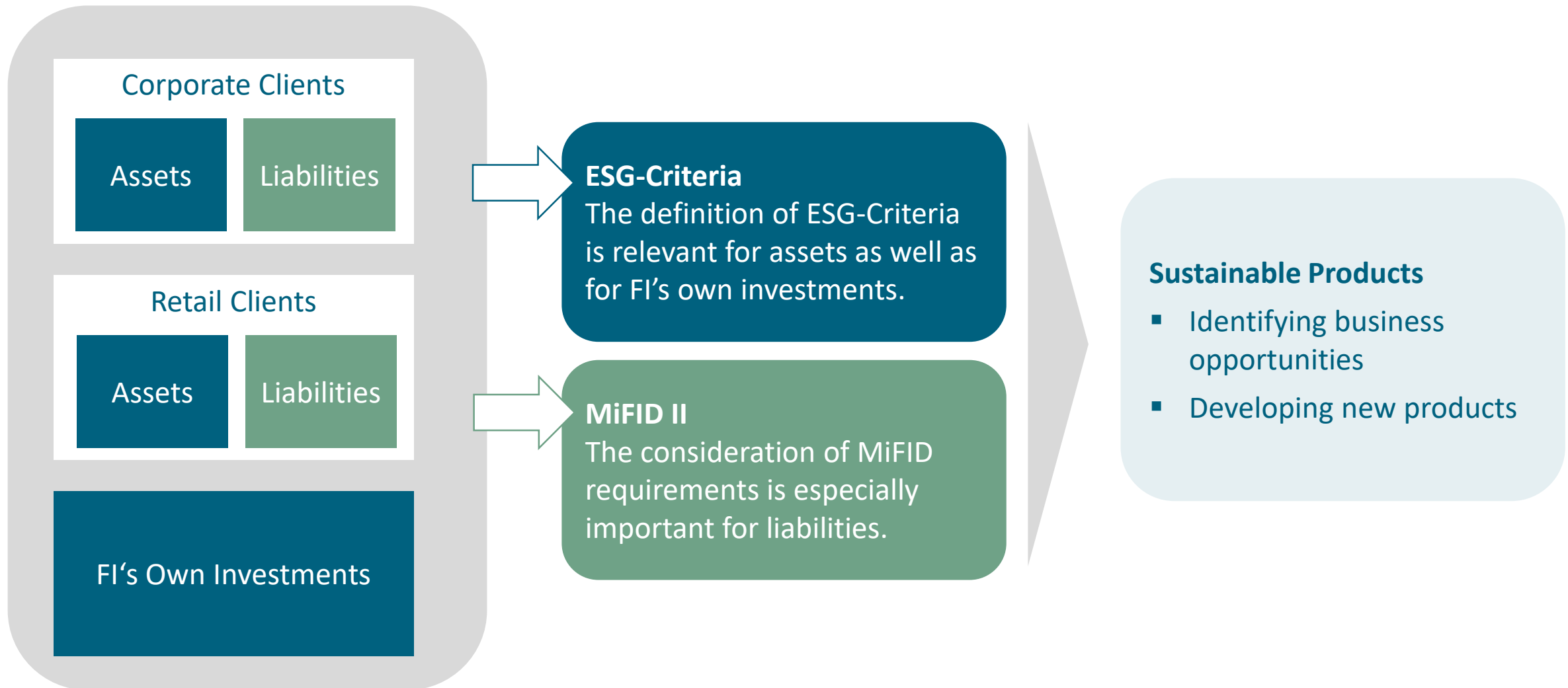


New Business Models e.g. Automotive Industry

ir treffen Bosch-Chef Volkmar Denner zum Interview gerade noch in seinem alten Büro an. Kurz darauf zieht er um, weil die Konzernzentrale bei Stuttgart komplett renoviert wird. Moderner, nafreundlicher sollen Gebäude und Haustechnik werden – wie alles felt. Der weltgrößte Autozulieferer muss sich umstellen: vom Diesel 3-Antrieb. Statt zu bremsen, gehen Konzernchef Denner die Vorgaben jierung und EU für den Klimaschutz inzwischen nicht mehr weit



# Business Impact for Financial Services Industry



# Summary

- EU Non-Financial Reporting Directive (NFRD) improved corporate sustainability reporting
- Responsibility for sustainability will be transferred into supply chain
- Climate Crisis has tackled Board Members
- Ongoing trend for standardizing sustainability
- Disclose non-financial information to your clients (Communication is key!)
- Your not too small to get infected!
- Strategy Review for Business Risks and Opportunities is a MUST!
- Focus on what's important for your business – IMPACT!

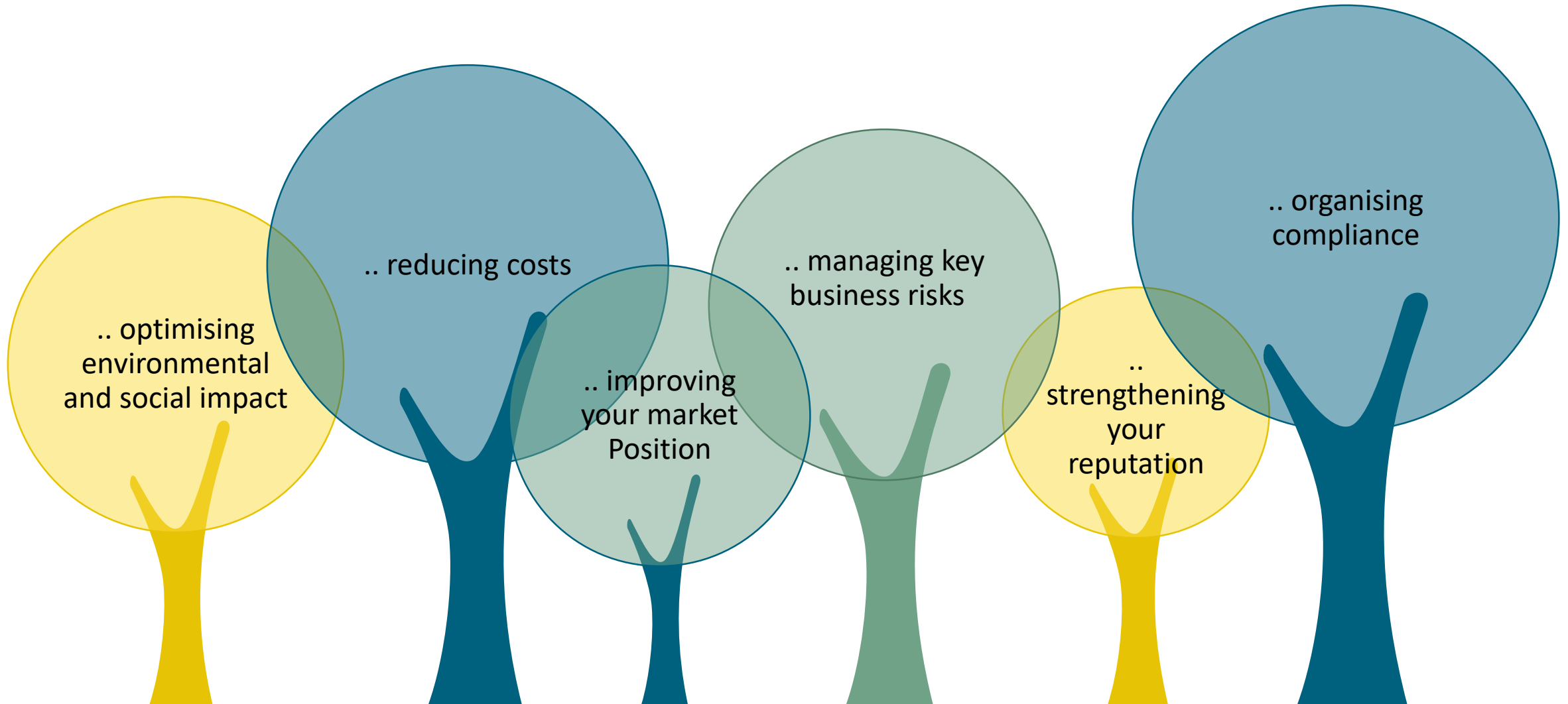
**Sustainability is/will be a revenue game (changer)**

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