WP2 | Preparation, Review and Improvement of ISPs

ISP Urbino | September 3rd

ASSET

Accounting for Sustainability,
Social and Environmental Transparency

TM 1- Disclosing business value through sustainability and ESG Reporting

TASK 2 - Evaluating and using sustainability reports

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TEACHING MODULE 1

Objectives

01

Know sustainability reporting

Enable students to know what sustainability report is and learn about the current European discipline.

02

Understand a sustainability reporting

Develop students' ability to read, interpret and gain meaning from sustainability reporting

03

Know how to evaluate a sustainability report

Develop students' ability to critically evaluate companies' sustainability reports and their consistency with European and national legislation.

04

Know how to use a sustainability report

Develop students' skills in making decisions about a company based on the information available in a sustainability report

BACKGROUND

The Growing Importance of Sustainability Reporting

- Compliance with EU regulations (EU Directive Timeline (CSRD implementation on January 5, 2023)
- Transparency for stakeholders and shareholders.
- Mitigating risks and identifying opportunities.

The Role of Banks in Sustainable Finance

European Banking Authority's (EBA) role in encouraging sustainable finance:
- Integration of ESG Criteria in financial services.
- Support for sustainable economic growth through green loans, investments, etc.
- Banks' responsibility to align their practices with sustainability goals.

https://www.eba.europa.eu/about-us/sustainable-eba

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Roles of banks in the CSRD:

01 Sustainability Reporting

02 Transparency and disclosure

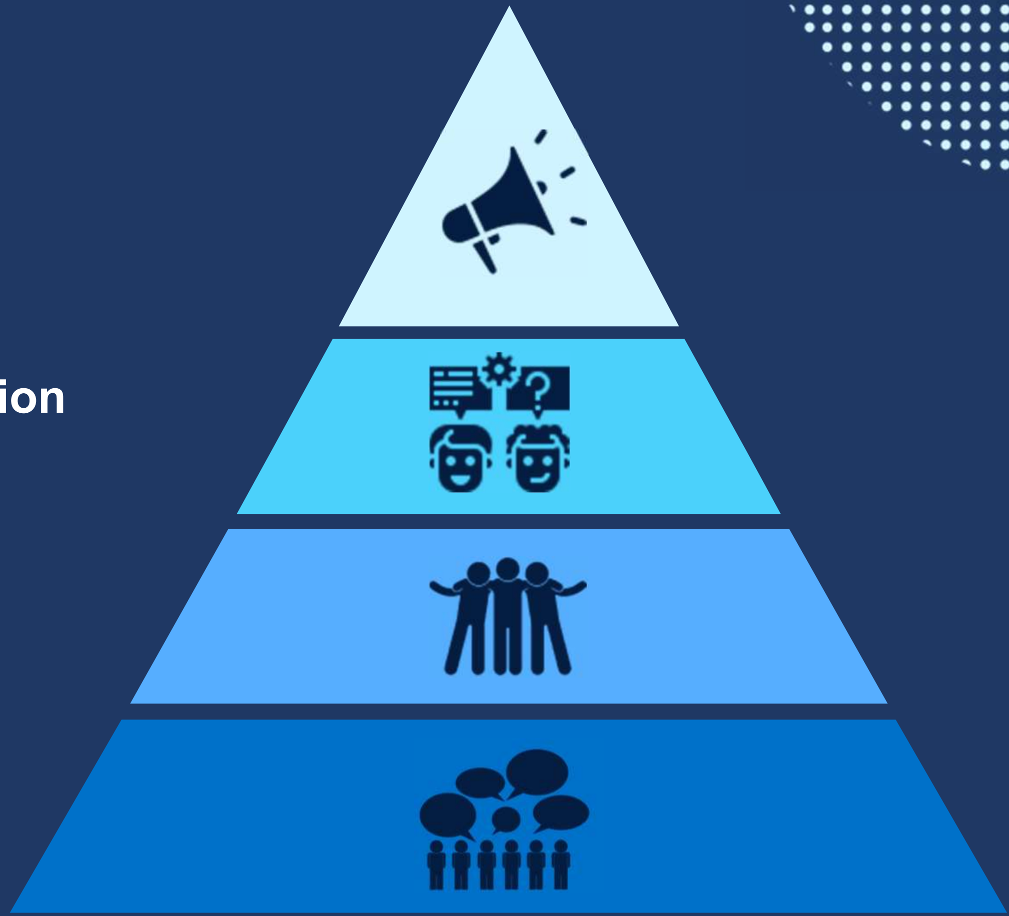
03 Double materiality

04 Alignment with Taxonomy Regulation

05 Data collection and analysis

06 Role in Financing the Green Transition

07 Stakeholder engagement



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BANKs

06

Role in Financing the Green Transition

- As financial institutions, banks play a crucial role in financing projects that support the transition to a sustainable economy.

- They are expected to increase their green financing activities and support clients in aligning with sustainability goals.

- Banks must report on how their lending and investment portfolios are contributing to sustainability objectives.

07

Stakeholder's engagement

- Banks are encouraged to engage with stakeholders, including investors, customers and regulators to ensure that their sustainability reporting meets expectations and contributes to broader societal goals.

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TM 1-

Disclosing business value through
TASK 2 –
Evaluating and using sustainability reports

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BANK LAB

Objectives

The 2nd task aims to help students develop skills useful for analyzing and understanding companies' sustainability reports.
Students have to evaluate whether the corporate practices described in the sustainability reports are consistent with the new criteria established by the Bank (BankLab) regarding environmental, social, and governance (ESG) sustainability.

Context

Students are divided into groups representing the team responsible for lending to companies within BankLab. The group's task is to evaluate the sustainability reports of three companies in light of the new guidelines communicated by the Bank. These guidelines represent a significant change in the evaluation criteria, emphasizing the importance of sustainability and responsible business practices in grant funding.

Group Assignments:

- **Groups 1 & 2: Food sector**
- **Groups 3 & 4: Clothing sector**
- **Groups 5 & 6: Hotel sector**

Task Instructions:

Report Analysis: Each group will analyze the sustainability reports of three companies within their assigned sector.
Evaluation Criteria: Examine the reports against the new ESG guidelines provided by BankLab, covering Environmental, Social and Governance areas.
Scoring: Use the indicators for evaluation:
0: The company does not provide any information on the topic.
1: The company provides general information but lacks specific details.
2: The company provides detailed and specific information on the topic.

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Task 2 Instructions

01
Introduction

You will overview Task 2 instructions

02
Evaluation

You will evaluate using the designed evaluation form (they are available in the shared folder).

03
Ranking

You will create a slide summarizing the ranking (upload in the shared folders) and prepare for arguments

04
Discussions

Similar sector groups confront their assessments and discuss moderated by a classroom leader to take the bank final decision.

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Email to the Team:

Subject: Important Update - ESG Criteria for Loan Evaluation

Dear Loan Department Team,
BankLab would like to bring to your attention some important changes to our loan evaluation criteria, which align with our commitment to Agenda 2030 and Environmental, Social, and Governance (ESG) principles.
BankLab is implementing new policies to ensure our lending supports companies with strong ESG performance. This means that in addition to traditional financial metrics, we will consider the environmental impact, social responsibility, and corporate governance practices of potential borrowers.
We are therefore asking for your help in assessing the sustainability reporting of three companies. Your thorough assessment will help us determine their ESG scores and inform our lending decisions.
Please carefully review the sustainability reports provided and consider the following issues for each area (environmental, social, and governance).
Your evaluation is crucial in helping us identify companies that align with our commitment to sustainable development. Each group's findings will be invaluable in refining our lending strategy to support responsible and forward-thinking businesses.
Best regards,
Monica Davidson, Head of Loan Department BankLab

BANK LAB

Email to the Team:

Subject: Important Update - ESG Criteria for Loan Evaluation

Sustainability reports

- Loulis_21_22.pdf
- Kempinski_2022.pdf
- Radisson_2022.pdf
- Scandic-annual_2022.pdf
- LVMH_2023.pdf
- HUGO-BOSS_2023.pdf
- OVS_2023.pdf
- Lactalis_2022.pdf
- Ferrero_2022.pdf

ESG CRITERIA FOR LOAN EVALUATION

Area	Action/Metrics
Environmental	Electricity supply with Guarantees of Origin
Environmental	Actions to reduce and/or offset direct/indirect CO2 emissions
Environmental	ISO 14001:2015 - Environmental management systems
Environmental	ISO 50001:2018 - Energy management systems
Social	Support activities to community through donations to non-profit organizations
Social	Employee satisfaction index
Social	Reduction and containment of accidents at work
Social	Job placement of young people
Social	Recruitment of young people
Social	Initiatives to raise awareness of sustainability
Social	Sustainable supply chain
Social	Transparency policies on products and services
Social	ISO 45001:2018 - Occupational health and safety management systems
Social	ISO 9001:2015 - Quality management systems
Social	ISO 37301: 2021 - Compliance management systems
Social	ISO 56002:2021 - Innovation Management systems
Governance	Development of welfare programs for the well-being of employees
Governance	Training for employees on environmental and social sustainability issues
Governance	Employment and inclusion of employees with disabilities and/or belonging to protected categories
Governance	Gender equality on the Board of Directors
Governance	ESG incentive systems
Governance	Social goals in governance
Governance	Sustainability report
Governance	ISO 45001:2018 - Occupational health and safety management systems
Governance	ISO 9001:2015 - Quality management systems
Governance	ISO 37301: 2021 - Compliance management systems
Governance	ISO 56002:2021 - Innovation Management systems

BANK LAB

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Detailed steps for students:

01
Assign roles

02
Individual analysis

03
Group discussion

04
Scoring

05
Report compilation & decision making

06
Presentation & debate

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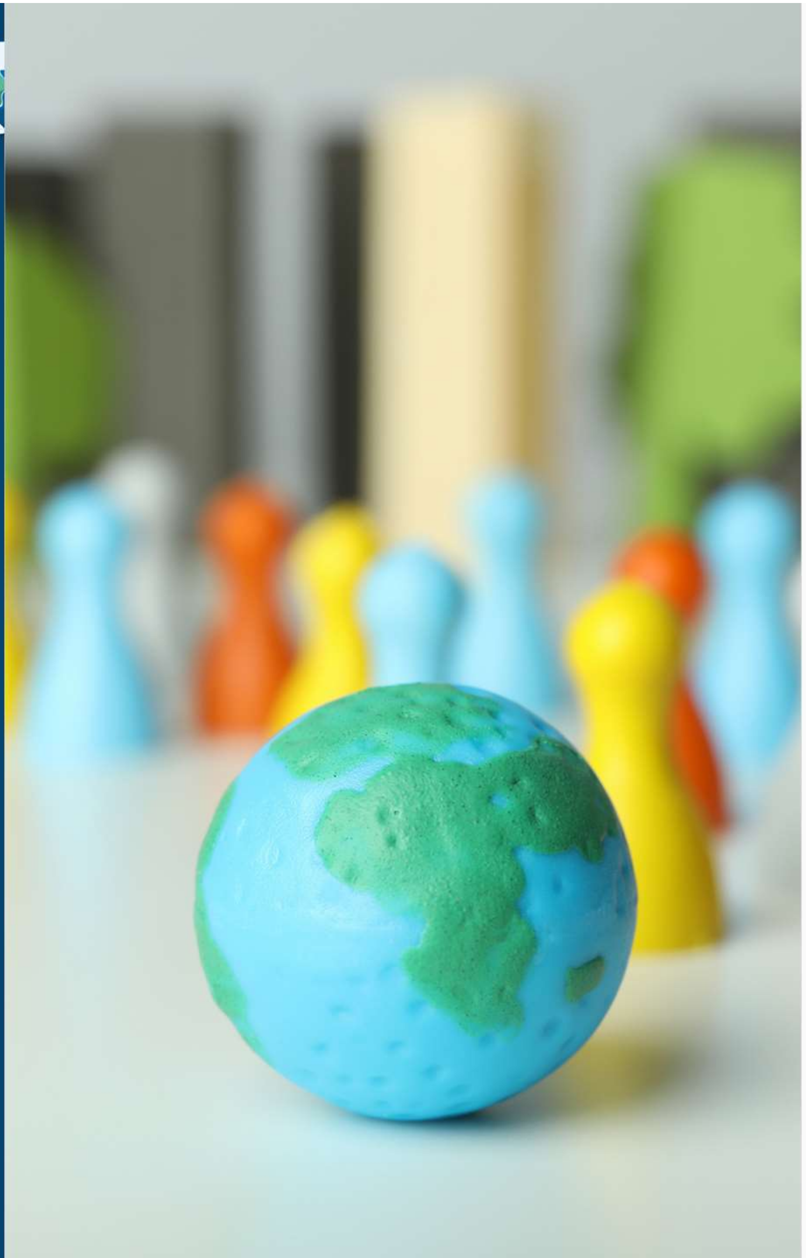
Accounting for Sustainability,
Social and Environmental Transparency

TEACHING MODULE 1

Disclosing business value through sustainability and ESG reporting



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TEAM

Federica Palazzi - University of Ubino Carlo Bo, Urbino, Italy

Denisse Chamochumbi - University of Ubino Carlo Bo, Urbino, Italy

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Valeria Vannoni - University of Ubino Carlo Bo, Urbino, Italy

Annie Olivier - Université Bretagne Sud, Lorient, France

Rodica Blidisel - Universitatea De Vest Din Timisoara, Timisoara, Romania

Dimitris Kourtidis - Democritus University of Thrace, Kavala, Greece

Work plan – task 2

WORK PLAN	STUDENTS' TASKS
TUESDAY, 3rd of September 2024	
09.00 – 09.30	**1: INTRODUCTION TO TASK 2** Overview of Task 2: "Evaluating and Using Sustainability Reports"
09.30 – 11.00	**2: COMPANY EVALUATION** Groups will evaluate three companies using the designated evaluation form.
11.00 – 11.15	*Coffee break*
11.15 – 12.15	**3: RANKING PREPARATION** Continue evaluating the three companies, create a slide summarizing the rankings, and be prepared with arguments to support your evaluations.
12.15 – 13.00	**4: GROUP PRESENTATIONS AND DISCUSSION** Groups analyzing the same companies will meet, present their assessments and engage in a discussion led by the classroom leader.

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Partners

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JKU – JOHANNES KEPLER UNIVERSITY OF LINZ
Austria

UNIVERSITE DE BRETAGNE SUD
France

UNIVERSITATEA DE VEST DIN TIMISOARA
Romania

DUTH - DEMOCRITUS UNIVERSITY OF THRACE
Greece

ISM VADYBOS IR EKONOMIKOS UNIVERSITETAS UAB
Lithuania

INSTITUTO POLITECNICO DO PORTO
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Thank you!