



Key European sustainability reporting themes for the financial sector and beyond that will shape the reporting landscape in 2025

Nataliya Ponomaryova

Tashkent

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WHAT IS ESG?
SUSTAINABILITY FRAMEWORK USING ENVIRONMENTAL,
SOCIAL AND CORPORATE GOVERNANCE FACTORS



**CORPORATE
GOVERNANCE**



ENVIRONMENT



SOCIAL



Europe has long been a leader in sustainable finance regulations, but 2025 is a pivotal year for its regulatory approach. **The EU's Omnibus Bill** aims to streamline key reporting frameworks, including the Corporate Sustainability Reporting Directive (CSRD), the EU Taxonomy, and the Corporate Sustainability Due Diligence Directive (CSDDD). Policymakers are seeking to reduce duplication and increase efficiency in a push to boost Europe's global competitiveness.

Despite these efforts at simplification, Europe is unlikely to relinquish its role as a sustainability reporting leader. Even if the changes proposed in the Omnibus Bill are adopted, the CSRD is likely to still remain the most comprehensive sustainability reporting framework globally. Firms operating in the EU should prepare for continued high standards.

Европа уже давно является лидером в области регулирования устойчивого финансирования, но 2025 год станет поворотным годом для ее подхода к регулированию. Сводный законопроект ЕС направлен на оптимизацию ключевых систем отчетности, включая

- * Директиву о корпоративной отчетности в области устойчивого развития (CSRD),
- * Таксономию ЕС и

- * Директиву о комплексной проверке корпоративной устойчивости (CSDDD).

Директивные органы стремятся сократить дублирование и повысить эффективность в стремлении повысить глобальную конкурентоспособность Европы.

EU reporting frameworks

Regulation	Purpose	Content	Objective	Target Audience	Enforcement Date
SFDR (Sustainable Finance Disclosure Regulation) Financial sector	To improve transparency in the market for sustainable investment.	Requires financial market participants and advisers to disclose how they integrate ESG factors into risk processes and investment decisions.	To prevent greenwashing and ensure that investors have clear, comparable information on the sustainability of investments.	Financial market participants and financial advisers	March 10, 2021
EBA Pillar 3 Disclosures Financial sector	Part of the Basel III framework. Aims to enhance the transparency and comparability of banks' risk exposures and capital adequacy.	Requires banks to disclose information on risk management, capital position, and risk exposure.	To strengthen market discipline by providing market participants with key information on a bank's risk profile and capital adequacy.	Banks and investment firms	Requirements have been phased in, with updates in 2021 following Basel III framework.
Benchmark Regulation Financial sector	To ensure the accuracy and integrity of benchmarks used in the EU financial markets.	Governs the provision, contribution to, and use of benchmarks in financial instruments, contracts, and investment funds.	To protect investors and consumers by ensuring benchmarks are reliable and not subject to conflicts of interest.	Administrators of benchmarks, contributors to benchmarks, and users of benchmarks	January 1, 2018
EU Taxonomy Regulation Financial sector Corporate	To establish a classification system for sustainable activities.	Provides criteria for determining whether an economic activity is environmentally sustainable.	To facilitate sustainable investment by defining what constitutes as sustainable. Focus on a transition to a low-carbon, sustainable economy.	Financial market participants offering financial products in the EU, and large companies subject to CSRD.	July 2020, with application January 2022.
CSRD (Corporate Sustainability Reporting Directive) Corporate	To improve and increase the sustainability reporting by companies.	Expands the scope of sustainability information that companies are required to report, including ESG factors.	To provide stakeholders with more comprehensive and reliable information on companies' sustainability.	All large companies and all companies listed on regulated markets (except listed micro-enterprises) in the EU.	Applies to financial years starting on or after January 1, 2024.
CSDDD (Corporate Sustainability Due Diligence Directive) Corporate	To promote sustainable and responsible corporate behavior throughout global supply chains.	Requires companies to identify, prevent, mitigate, and account for adverse impacts of their activities on human rights and the environment.	To ensure companies address the negative impacts of their operations and supply chains on human rights and the environment.	Large EU companies and certain non-EU companies with substantial activity in the EU market.	Proposal made in 2022; the directive is not yet in force
VSME & LSME (Draft) Voluntary ESRS for SMEs and Listed SMEs Corporate	To promote sustainable and responsible corporate behavior and to support lenders and banks in reporting	Requires SMEs to report their ESG-metrics with reference to SFDR, EBA and Benchmark	To provide stakeholders with more comprehensive and reliable information on sustainability.	SMEs in the EU and in non-EU countries	(Draft). Expected to turn into force in 2028

Key ESG regulatory deadlines in 2025

esgbook

ESMA FUND NAMING GUIDELINES

Application date for pre-existing financial products.

May 21, 2025:

EU TAXONOMY

2025: Large companies report alignment on all six environmental objectives for 2024.

2025: Financial entities may include estimates on DNSH and third-country exposures.

EUROPEAN GREEN BOND REGULATION (EUGBR)

March to June 2025: A public consultation on remaining technical standards.

May 21, 2026: End date of the transition period.

CALIFORNIA CLIMATE DISCLOSURE LAWS

On or before January 1, 2026: Climate-Related Financial Risk Act (SB 261) (litigation pending)

2026: Climate Corporate Data Accountability Act (SB 253) (litigation pending) (for information from FY 2025).

SFDR

June 30, 2025: Principal Adverse Impact (PAI) disclosures for 2024.

Mid-2025: Planned review of SFDR Level 1 (L1).

ISSB

First reports on S1 and S2 due in **2025** for the 2024 financial year.

BENCHMARK REGULATION (BMR)

End of 2025: Transitional provision for third-country benchmarks ends.

CORPORATE SUSTAINABILITY DUE DILIGENCE DIRECTIVE (CSDDD)

2024-2026: EU members states transpose CSDDD into national law, deadline July 26, 2026.

CORPORATE SUSTAINABILITY REPORTING DIRECTIVE (CSRD)

2025: Reporting for 2024 fiscal year (for companies already under NFRD).

2026: Reporting for 2025 fiscal year (for companies not previously under NFRD).

2027: Reporting for 2026 fiscal year (for listed SMEs, excluding micro-enterprises, small credit institutions, and captive insurance).

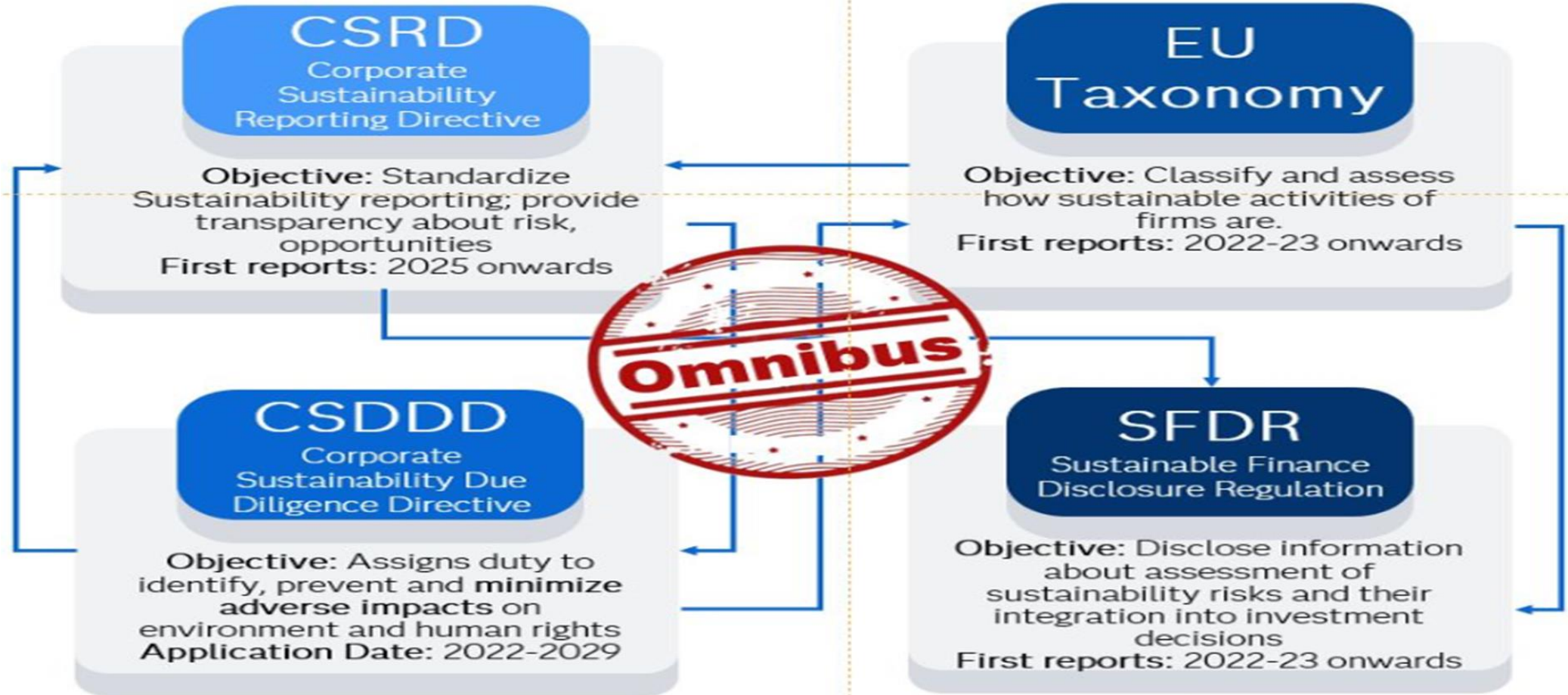
2025

2026

2027



EU ESG MANAGEMENT & DISCLOSURES LANDSCAPE



ESG Control team

Omnibus changes also affect the CSRD beyond scoping

	Current requirements by the CSRD	Proposed key adjustments by the Commission
 Sector-specific information	Mandatory sector-specific reporting standards	Removal of mandatory sector-specific standards
 Reporting of value chain information	Companies required to obtain data from all suppliers	Cap on value chain information to avoid "trickle-down"
 ESRS	Full set of ESRS (subject to materiality)	Planned revision of ESRS: fewer data points, focus on quantitative data, data points to be made voluntary
 Standards for small and medium enterprises (SMEs)	<ul style="list-style-type: none"> – Non-official or -binding voluntary SME (VSME) standard provided by EFRAG – Listed SME standards for companies in Wave 3 	<ul style="list-style-type: none"> – Revised VSME to be adopted as a Delegated Act; Commission to issue recommendation on voluntary reporting as soon as possible – LSME standards removed
 Double materiality assessment	Required (both financial and impact materiality)	Remains required
 Assurance obligations	<ul style="list-style-type: none"> – Limited assurance required – Plans to transition to reasonable assurance – Adoption of standards for sustainability assurance by 2026 	<ul style="list-style-type: none"> – Limited assurance requirement remains – Reasonable assurance requirement removed – Targeted assurance guidelines to be provided by 2026, encompassing standards to follow

Proposed changes of CSDDD are significant in nature

Proposed key adjustments by the Commission

Part of „Stop the clock“ proposal



Initial application

Delay of first application by one year to July 2028 (only two instead of three waves)



Chain of activities

Limitation of due diligence obligations and in-depth assessments to tier 1 business partners, as a general rule. Due diligence on indirect business partners subject to plausible information suggesting adverse impacts



Civil liability

Removal of harmonized civil liability regime in favor of national law



Penalties

Removal of explicit link of penalties to worldwide turnover (deletion of 5% minimum cap)



Guidelines

General guidelines advanced by six months to July 2026, timing of detailed and sector-specific guidelines unchanged (January – July 2027)



“SME shield”

Information requests to companies with fewer than 500 employees limited to VSME standards



Termination of business

Suspension rather than termination of business relationship as measure of last resort



Stakeholder engagement

Limitation of definition to workers, their representatives and individuals/communities who could be affected by company, its subsidiaries or business partners. Focus of consultations with “relevant” stakeholders



Frequency of assessments

Periodic assessments to be performed every five years (reduced from yearly)

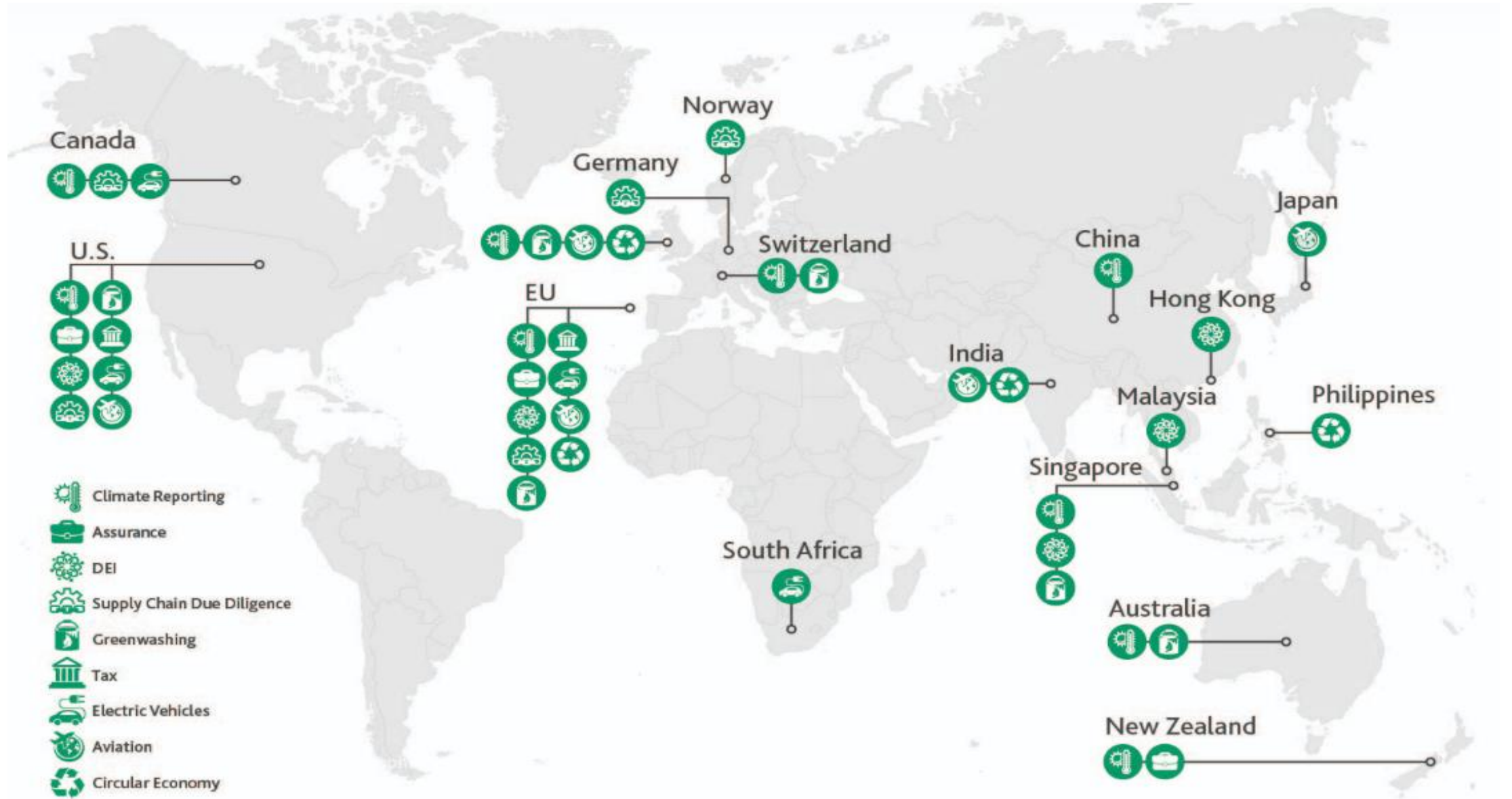
Omnibus Changes to European Sustainability Reporting



	Element	Prior Requirement	Omnibus Revision
CSRD/ESRS	CSRD Firm Size	Companies with 250+ employees and EUR 50m turnover	Only companies with >1,000 employees and either EUR 50m turnover or EUR 25m balance sheet total remain in scope.
	CSRD Number of Companies Covered	>50,000	<7,000
	CSRD Third-Country Undertaking Threshold	EUR 150m turnover	Raised to EUR 450m turnover
	CSRD Value Chain Reporting	Companies required to obtain data from all suppliers where feasible and reasonable	Not required to obtain data from non-CSRD companies. Limitations placed on data requests for SMEs connected to the voluntary SME reporting standard.
	CSRD Assurance	Limited assurance required, with plans to transition to reasonable assurance	Remains limited assurance; reasonable assurance requirement removed
	CSRD Reporting Deadlines	Set deadlines for first disclosures and audits	Delays of up to two years for wave 2 and 3 companies
	Double Materiality	Required (both financial and impact materiality)	Retained in the Omnibus
	ESRS Sector-Specific Standards	Mandatory sector-specific reporting standards to be introduced	Scrapped

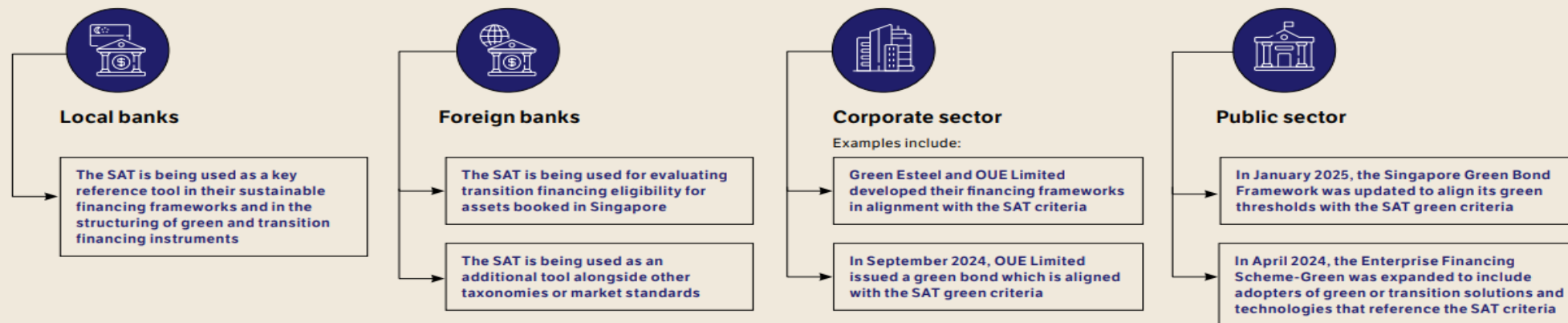
CSDDD	CSDDD Scope	Covers entire value chain	Limited to direct suppliers only
	CSDDD Supplier Risk Assessment	Assessment included indirect suppliers	Only direct suppliers assessed unless plausible information suggests risk
	CSDDD Supplier Monitoring	Annual monitoring	Reduced to once every five years
	CSDDD Contract Termination	Companies required to terminate contracts for non-compliant suppliers	No longer required
	CSDDD Civil Liability	Companies could face civil liability for non-compliance	Civil liability provisions removed
	CSDDD Transition Plans	Mandatory implementation of transition plans	Companies only need to adopt plans, not implement them
	CSDDD Downstream Due Diligence	Due diligence requirements for financial institutions were under consideration	These requirements are removed
	CSDDD Penalties	Maximum penalties not less than 5% of global turnover	This provision is removed
	CSDDD Harmonization	Member states could impose stricter requirements in certain areas	Stricter national due diligence requirements may no longer be allowed in key areas such as risk assessment, value chain due diligence, and penalties. Moves toward greater harmonization across EU member states, limiting flexibility.

EU Taxonomy	Taxonomy Regulation	Mandatory reporting under Taxonomy rules	Only companies >1,000 employees and EUR 450m turnover must report full Taxonomy-alignment. Companies >1,000 employees but <EUR 450m turnover can report voluntarily.
	Taxonomy Partial Alignment Reporting	Not previously specified	Companies can report partial Taxonomy alignment
	Green Asset Ratio (GAR)	Banks must include all exposures in GAR denominator	Banks can exclude companies outside the future scope of the CSRD from GAR denominator
	Taxonomy DNSH (Do No Significant Harm) Rules	Strict DNSH criteria	Simplified: Materiality threshold applies, DNSH reporting burden reduced by 70%
CBAM	CBAM Importer Threshold	Applied to all importers	New 50-ton annual exemption, removing CBAM obligations for 90% of importers
	CBAM Full Implementation Date	2026	Delayed to 2027
	CBAM Product Coverage	Applied to iron, steel, cement, fertilizers, aluminum, hydrogen, electricity	No expansion yet, may extend to ETS sectors, indirect emissions, and downstream goods in 2026
	Emissions Tracking Process	Detailed emissions tracking requirements	Simplified process, reducing compliance complexity



Application of the Singapore-Asia Taxonomy in the financial and corporate sectors

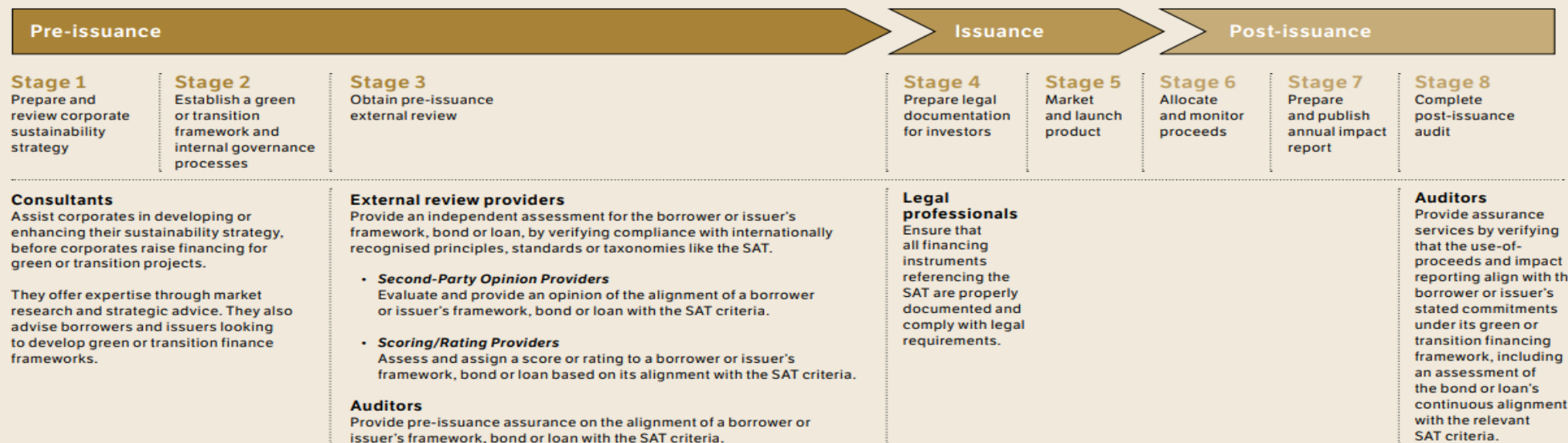
The SAT was launched in December 2023 and provides clear definitions for green and transition activities to mitigate concerns of greenwashing when green and transition financing solutions are structured. Since its launch, the SAT has been used in various ways by multiple users, as illustrated below.



Professional services can spur adoption of the SAT among the financial and corporate sectors

Professional service providers can assist financial institutions, corporates and government agencies in enhancing the credibility of their green and transition financing frameworks and instruments through referencing the SAT.

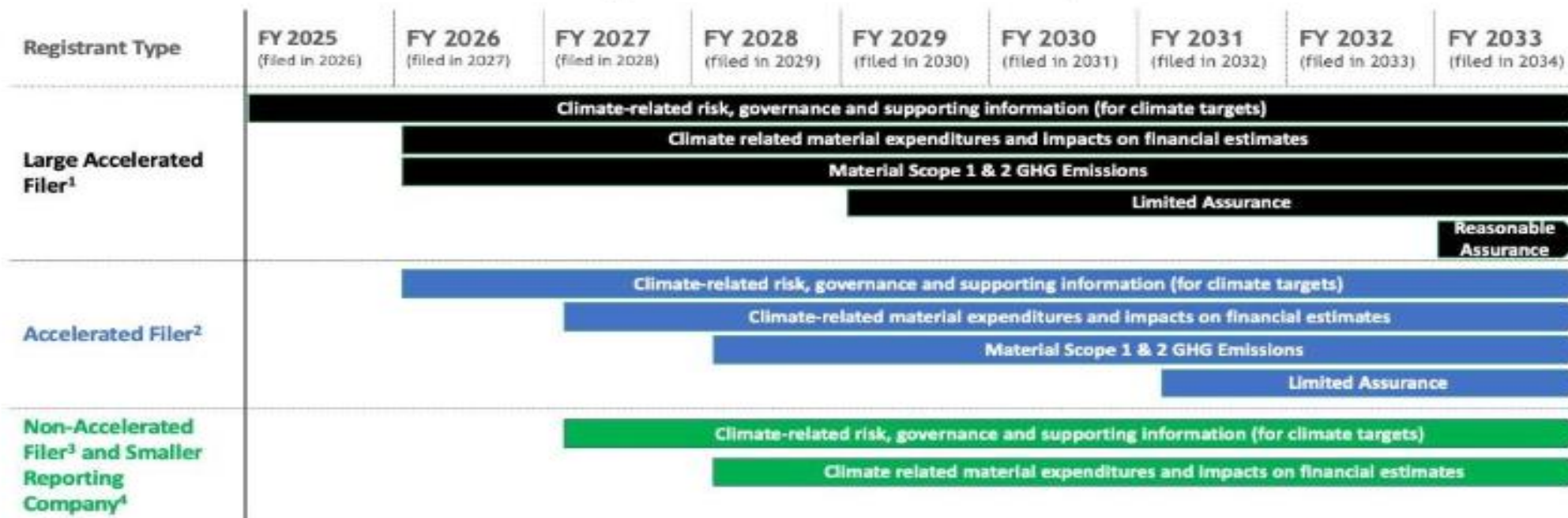
Life Cycle of Structuring a Sustainable Finance Instrument





THE UNITED STATES SEC CLIMATE DISCLOSURE RULES

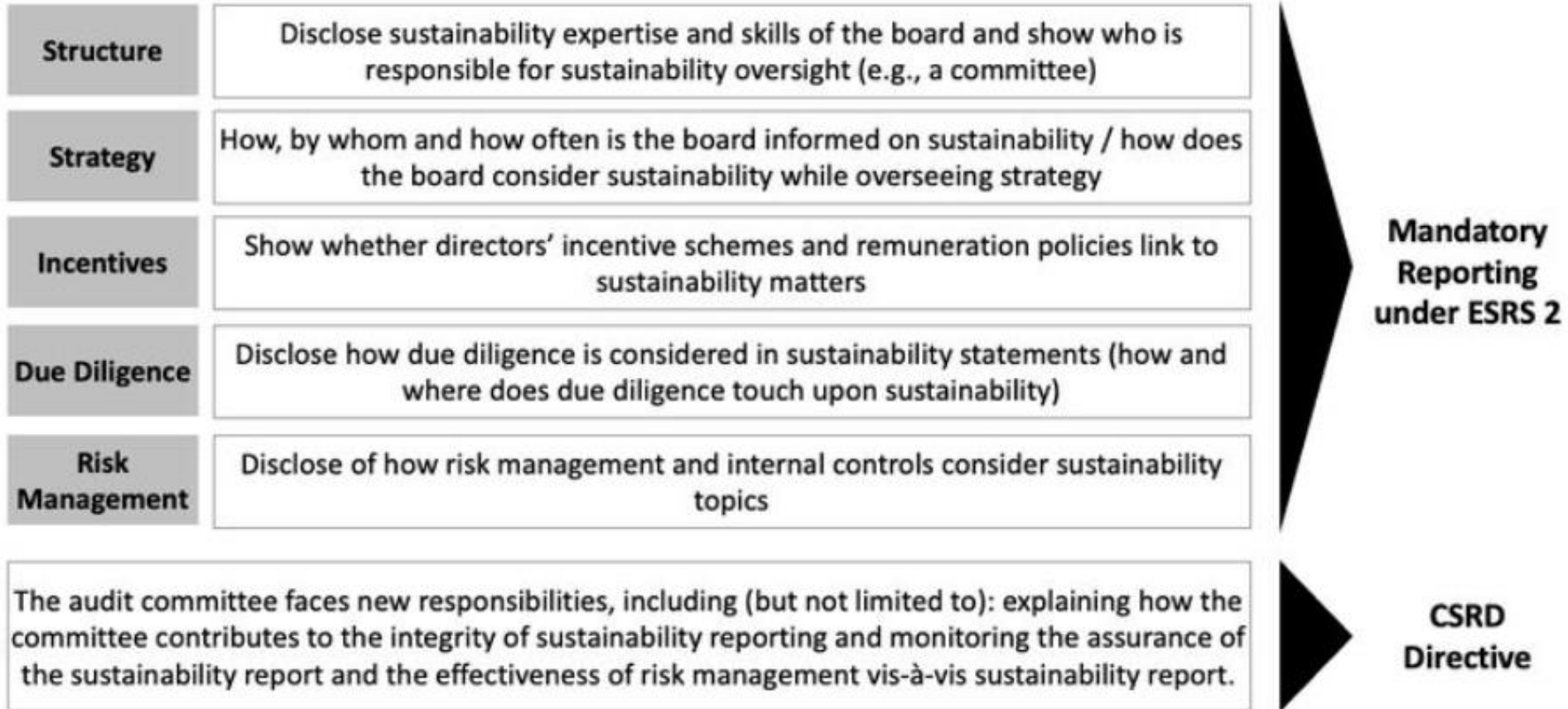
Timeline for meeting each of the requirements



All disclosures must be included in annual 10-K except material Scope 1 & 2 emissions disclosure may be disclosed in Q2 10-Q or 20-F (for foreign companies)

1. Large Accelerated Filers: The issuer has a public float >\$700M (-2,500 companies);
 2. Accelerated Filers: The issuer has a public float between \$250-700M and annual revenue >\$100M (-900 companies);
 3. Non-Accelerated Filers - The issuer has a public float <\$75M or has a public float of ~ \$75M (or more) and <\$100M in revenues;
 4. Smaller Reporting Company: The issuer has a public float of \$75-250M and annual revenue <\$100M

CSRD, ESRS and Boards of Directors



CSRD and ESRS define new transparency requirements and tasks for Board of Directors

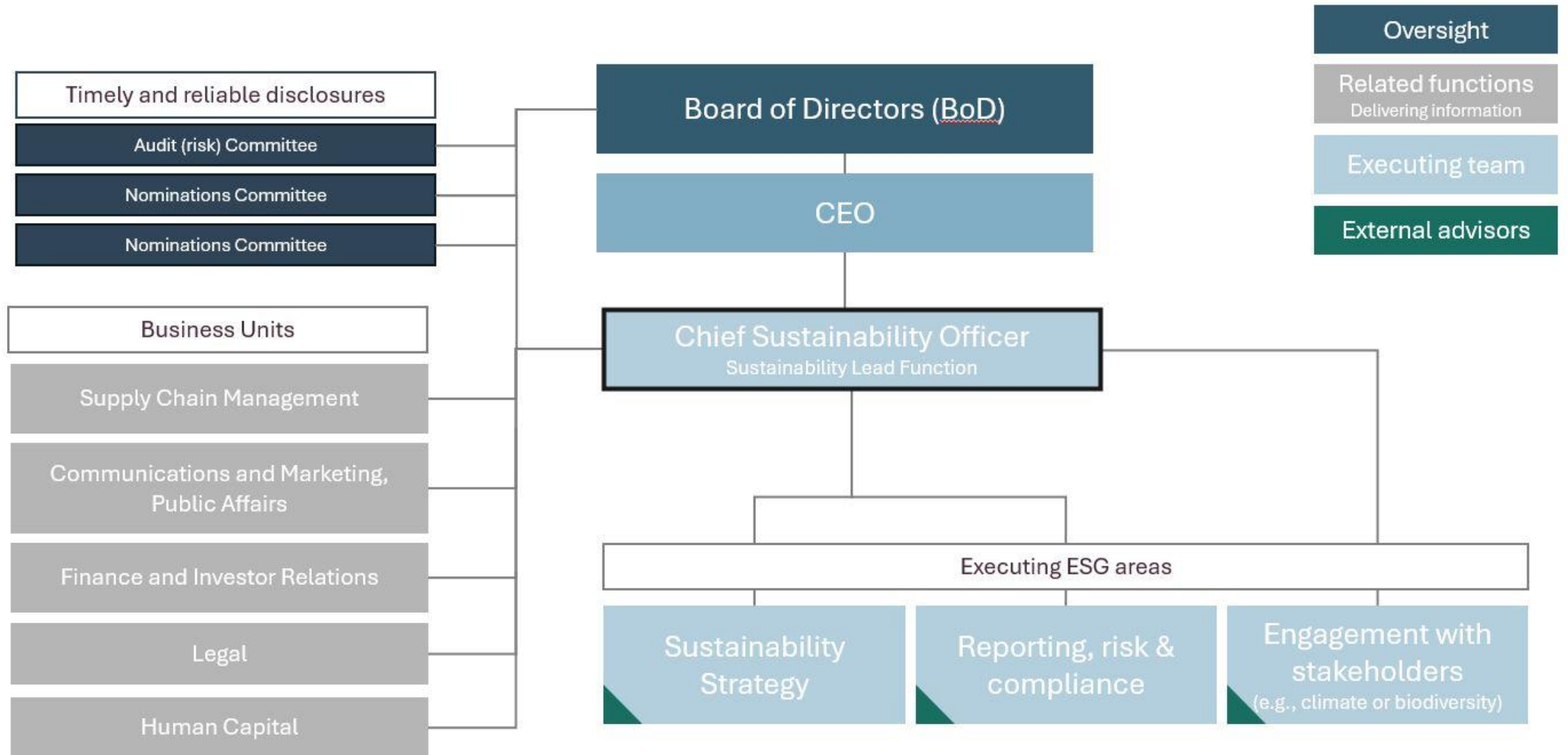
Управление играет важнейшую роль в надзоре и обеспечении интеграции экологических и социальных факторов в бизнес-стратегию компании. Структуры управления сталкиваются с новыми обязанностями и областями надзора, особенно в отношении ESG. Совет директоров (СД) будет играть центральную роль в обеспечении стратегического надзора за усилиями в области устойчивого развития.

Участие в нескольких комитетах указывает на то, что **ESG является не просто изолированной функцией, а имеет важное значение для обеспечения прозрачности и подотчетности.** Своевременное и надежное раскрытие информации, инициированное этими комитетами, имеет жизненно важное значение для поддержания доверия инвесторов и соблюдения нормативных требований.

Управление ESG, в частности через директора по устойчивому развитию (CSO), напрямую затрагивает различные бизнес-подразделения. Эти функции играют важную роль в сборе данных и идей, влияющих на инициативы в области устойчивого развития. **Четкая связь между управлением, стратегией и функциональным исполнением подчеркивает, как цели ESG вплетены в основную операционную ткань бизнеса.**

Устойчивое развитие должно быть стратегическим приоритетом, а не разрозненными усилиями. Согласованность между управлением, бизнес-подразделениями и реализацией ESG гарантирует, что **устойчивое развитие является ключевой частью бизнес-модели,** что приводит к долгосрочной устойчивости и конкурентоспособности. Взаимодействие с заинтересованными сторонами должно быть императивом для бизнеса, поскольку сотрудничество с заинтересованными сторонами позволяет компаниям опережать изменения в законодательстве, предвидеть рыночные сдвиги и внедрять инновации таким образом, чтобы это приносило пользу как бизнесу, так и обществу.

CSRD and ESRS define new transparency requirements and tasks for Board of Directors



Integrating ESG into a Sustainable Business Model for Long Term Value



Understand the Emerging Standards

Address ESG benchmarking & performance

Key Questions:

- ▶ Do we understand all the relevant ESG requirements for my organization?
- ▶ How should we define my ESG strategy?
- ▶ What do we need to report on ESG for my company?
- ▶ What is my company's ESG rating?
- ▶ How do we get confidence on the reliability & fairness of ESG disclosures being made?

Assess the wider Operating Model impacts

Integrating ESG Into Business as Usual

Key Questions:

- ▶ What is my current level of ESG maturity?
- ▶ How do we embed ESG requirements into my business model and my critical supply chains?
- ▶ How do we technology enable ESG management?
- ▶ How do we implement proper ESG data Governance?
- ▶ How do we stay up to date with changing ESG requirements?

Integrate ESG as part of Long Term Strategy

Operating in a more Sustainable Reality

Key Questions:

- ▶ How do we integrate Sustainability into my long-term Strategy?
- ▶ How do we leverage ESG to benefit from Sustainable Finance?
- ▶ How do we integrate ESG into my product and services strategy?
- ▶ How do we align my external ecosystem with my organizations ESG strategy ?

ESG Program Capabilities Model

ESG Strategy, Vision and Direction

ESG Governance and Culture

Board and Executive Oversight

Sustainability Vision and Mission

Culture and Capability

Organizational Incentives

ESG Commitments and Targets

ESG risk assessment

Sustainability Strategy

Targets and KPIs

Sustainability Policies

ESG Operating Capabilities

ESG Program and Change Management Capabilities

ESG Programs and Initiatives

Program Risk Management

Enterprise Risk Management

Sector KPIs and Benchmarking

Performance Monitoring

Stakeholder Engagement

Value Chain Management

Product Development

Upstream Supply Chain Management

Downstream Supply Chain Management

ESG Data and Reporting

ESG Data Governance

Sustainability Information Disclosures

Internal Control over Sustainability Reporting

GRC Technology Enablement

ESG Materiality Management

Reporting Management

Policy Management

Risk Management

Internal Controls Management

Third Party Risk Management

ESG Disclosure Management

ESG Monitoring Capabilities

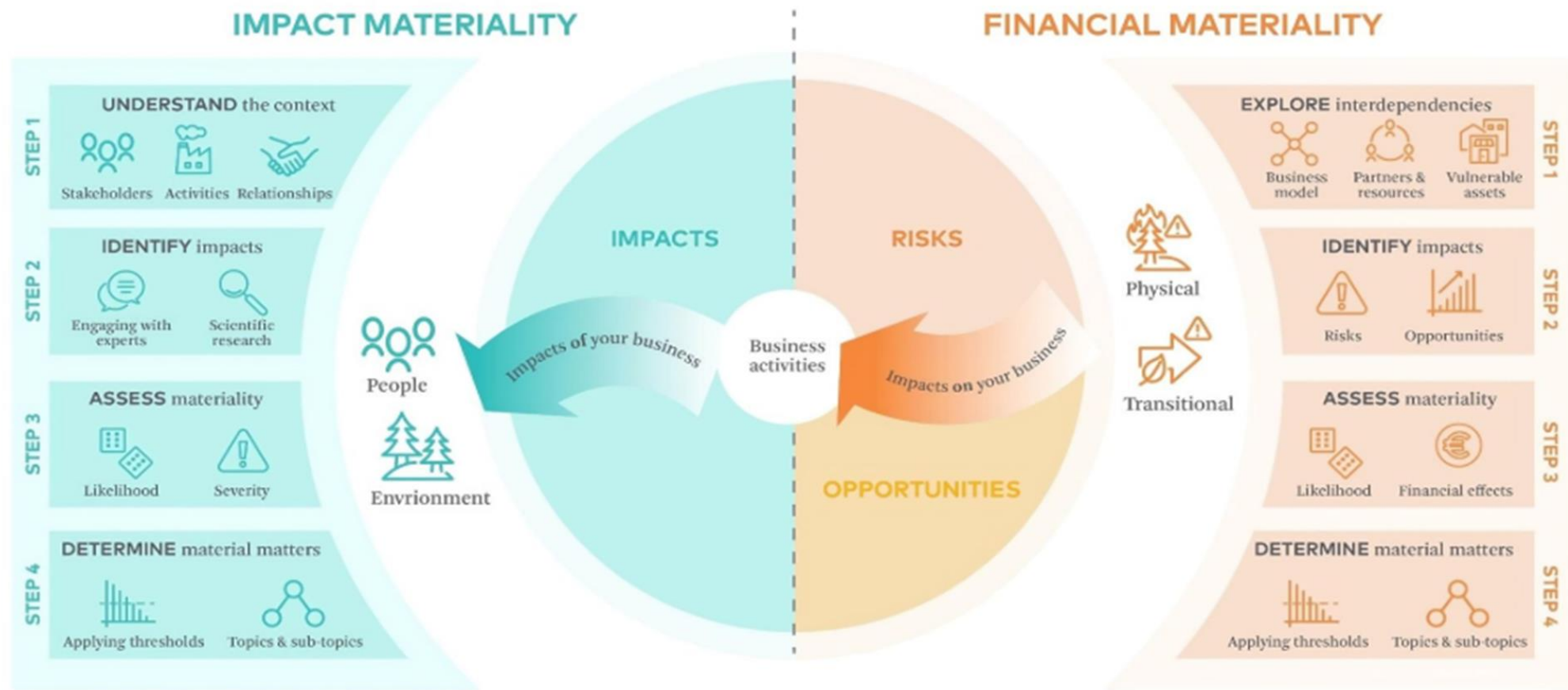
ESG Monitoring

1st Line Self verification

2nd Line Functional Assurance

3rd Line Independent Assurance

External Assurance



How to assess impact materiality

How to assess financial materiality

UK CBAM vs EU CBAM

	UK CBAM	EU CBAM
Sectoral coverage	Aluminum; cement; fertilizers; hydrogen; and iron and steel sectors from 2027. Inclusion of the glass and ceramics sectors at a later date.	Aluminum; cement; fertilizers; hydrogen; iron and steel and electricity sectors.
Scope of emissions covered	Direct and indirect emissions for all covered sectors.	Reporting obligation for direct and indirect emissions for all covered sectors; compliance obligation for indirect emissions for cement and fertilizers sectors only.
Default values	Default values per product. No information on limits.	Default values per product. Use of default values is permitted until Q2 2024 with no quantitative limits; from Q3 2024 until Q4 2025 default values can be used for reporting only up to 20% of embedded emissions.
CBAM rate	Set separately for each CBAM sector; reflects UKA price and Carbon Price Support, to be adjusted on a quarterly basis .	CBAM certificate price; universal across all CBAM sectors; reflects EUA price, to be adjusted on a weekly basis .
Adjustment for third country carbon price	Only explicit carbon prices will be recognized	
Minimum threshold for liable importers	£50,000 over a 12-month rolling period.	If the value of one shipment is equal to or greater than €150.

Periodic Table of Sustainability Certifications

 Animal Welfare	 Climate Action	 Packaging
 Better Textiles	 Fair to Folk	 Regenerative
 Recycling	 Building & Design	 General/Other
 Organic	 Oceans	



See www.thesustainableagency.com/blog/sustainability-certifications-and-ecolabels-guide/ for more info.





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Thank you for your attention!

Nataliya Ponomaryova

Managing Director for ESG SEG Enera

Head of ESG Committee EuroUZ

Contact: Phone Whats up, TG

+1 646 707 2256

E-mail: nymmgnat@gmail.com