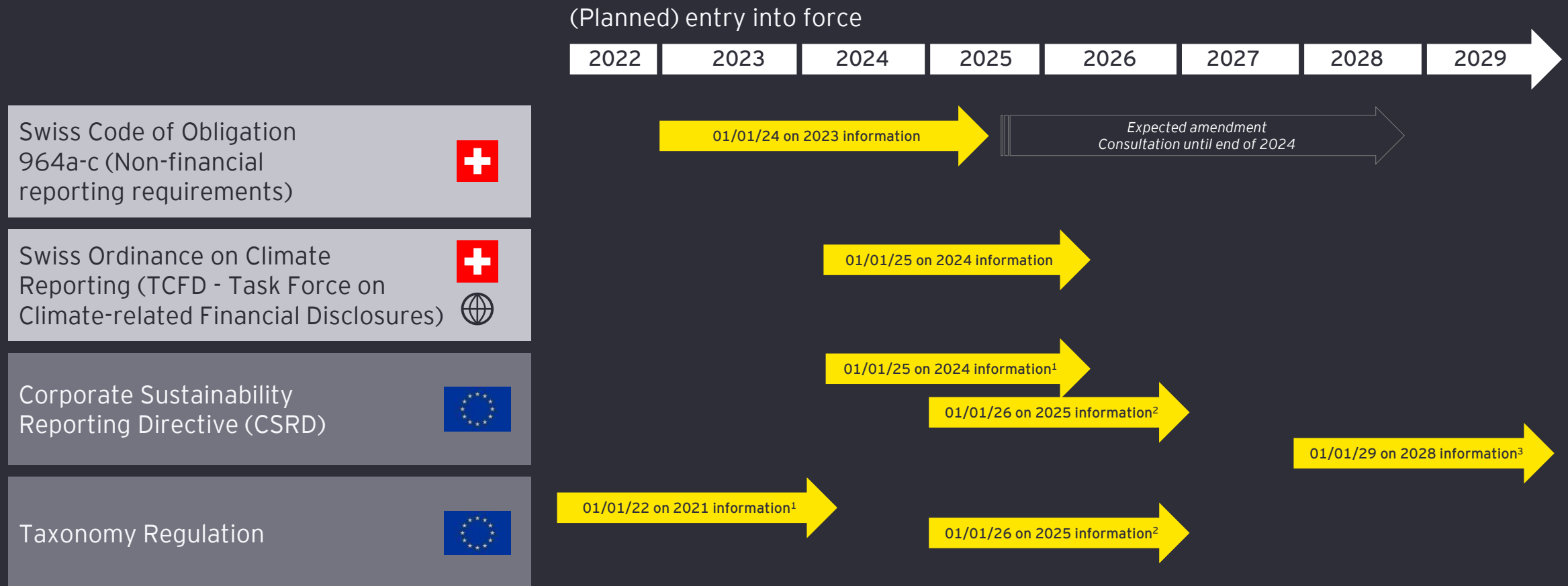


# CSRD: Zentrale Ansätze aus Sicht einer Beratungs- und Wirtschaftsprüfungs- gesellschaft

*Mark Veser, Partner, Head Climate  
Change and Sustainability Services*

3. September 2024

# Major sustainability frameworks to foster transparency and enable the financing of the transition towards a sustainable economy



1: For companies in scope of the current EU Non-financial reporting directive (EU PIEs, >500 employees)

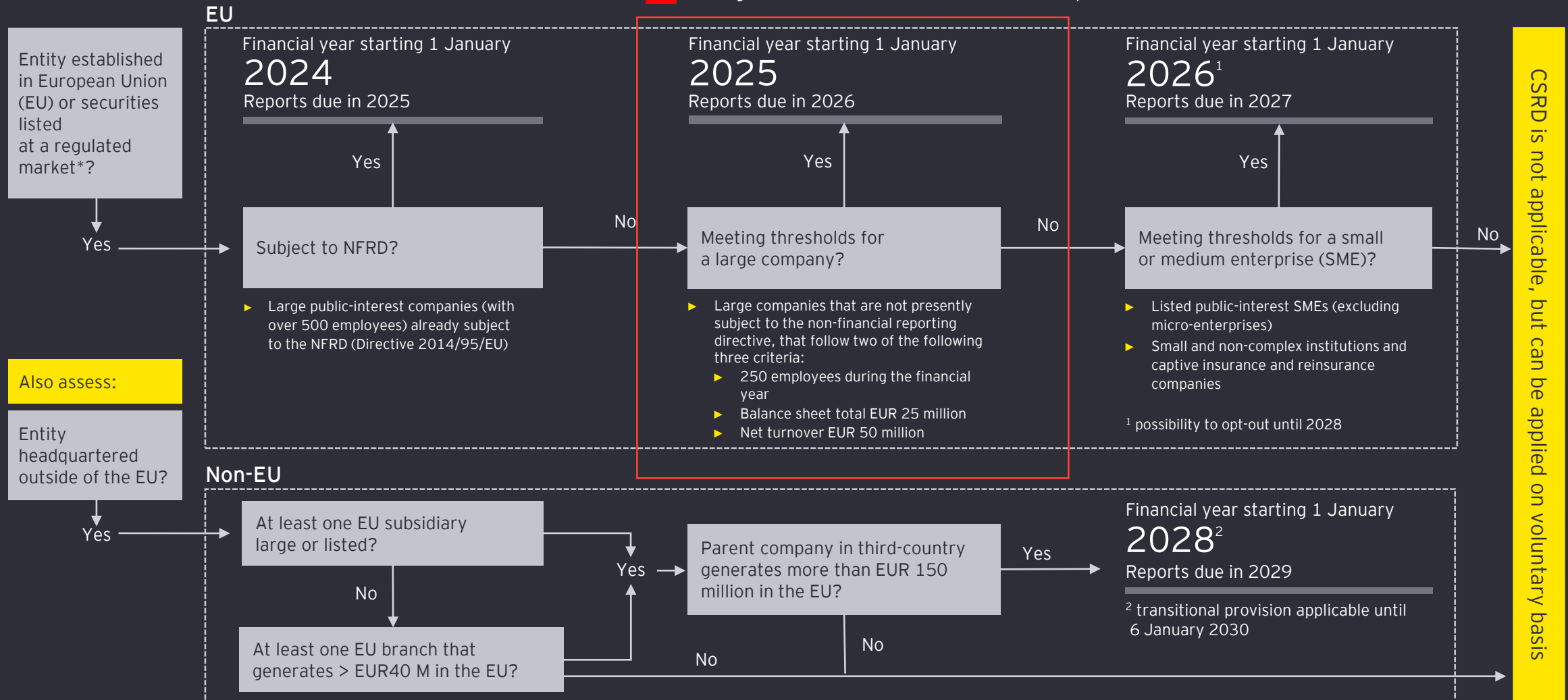
2: For companies in scope of the Corporate Sustainability Reporting Directive (>250 employees, €50m turnover, €25m total assets; listed SMEs)

3: For non-EU companies with €150m turnover and branch or subsidiary with net turnover >40 mEUR



# Are you subject to the Corporate Sustainability Reporting Directive (CSRD)?

**+** Timing relevant for **most** affected Swiss parents



\* If the non-EU company has issued securities at a regulated market in the EU it is in scope of the transparency directive and therefore required to prepare a sustainability report under Art. 19b or 29b of the accounting directive. The reporting periods are in line with the above, if the company fulfills two of three criteria in two consecutive years.

# Corporate Sustainability Reporting Directive (CSRD)

## Overview of requirements

- ▶ Triggers sustainability reporting from currently ~11'000 up to **~49'000 companies**:
  - ▶ EU PIEs > 500 employees
  - ▶ Large undertakings, meeting 2 out of 3 criteria:
    - ▶ >250 employees
    - ▶ € 50m turnover
    - ▶ € 25m total assets
  - ▶ Listed SMEs
  - ▶ Non-EU companies with € 150m turnover in EU
- ▶ **Limited assurance required**
- ▶ Expected to move to reasonable assurance at a later point in time
- ▶ **Digital tagging** (machine-readable format)



- ▶ Mandatory sustainability reporting
- ▶ **Reporting in accordance with European Sustainability Reporting Standards (ESRS) and EU Taxonomy Regulation**
- ▶ Reporting must be part of the Management Report
- ▶ **Double materiality assessment covering inside-out and outside-in impacts** defines mandatory reporting content

# Overview of European Sustainability Reporting Standards (ESRS)

## 4 reporting areas

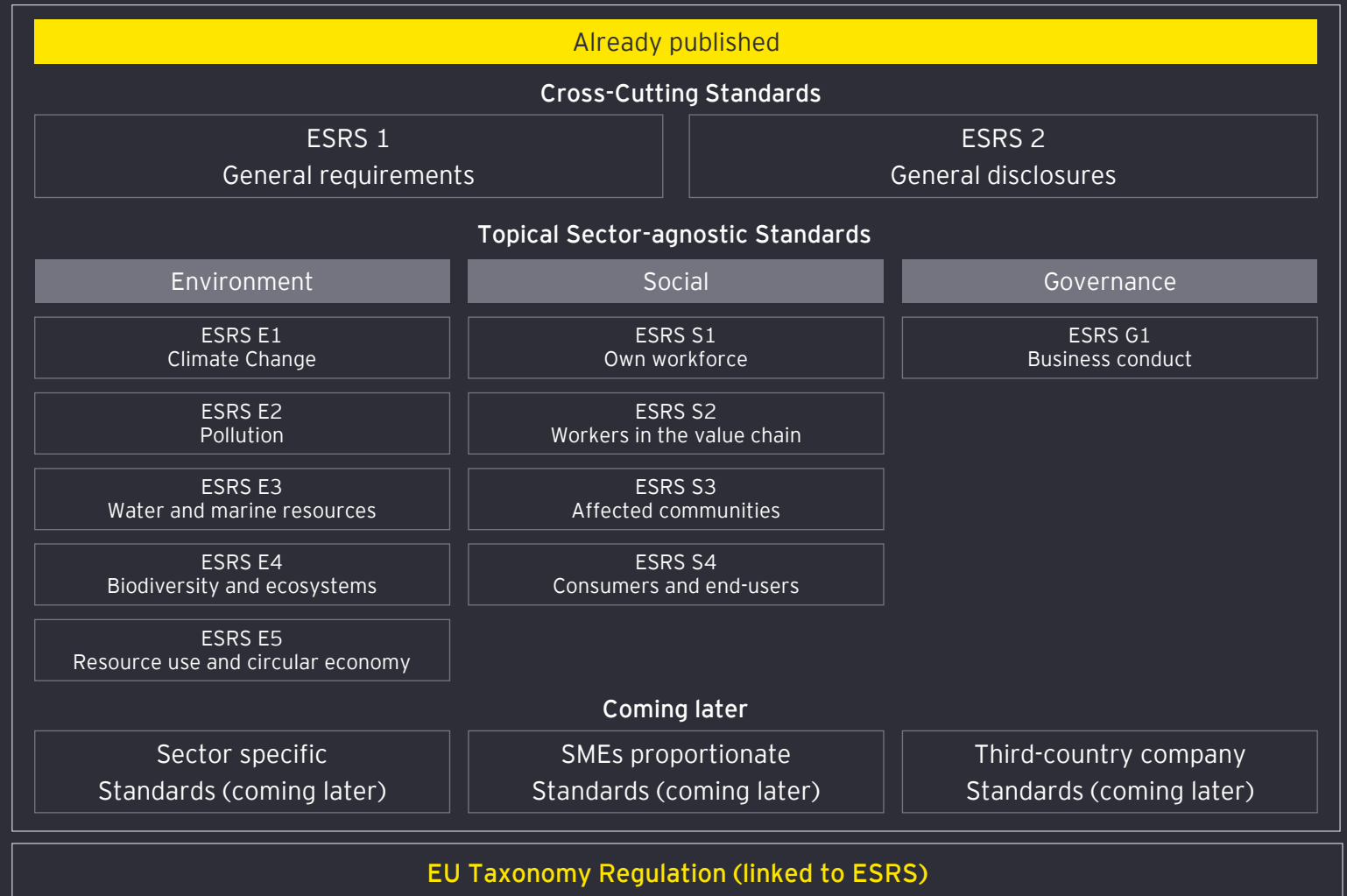
- 01** Governance
- 02** Strategy
- 03** Impact, risk and opportunity management
- 04** Metrics and targets

## 3 topics

Environment Social Governance

## 3 layers of reporting

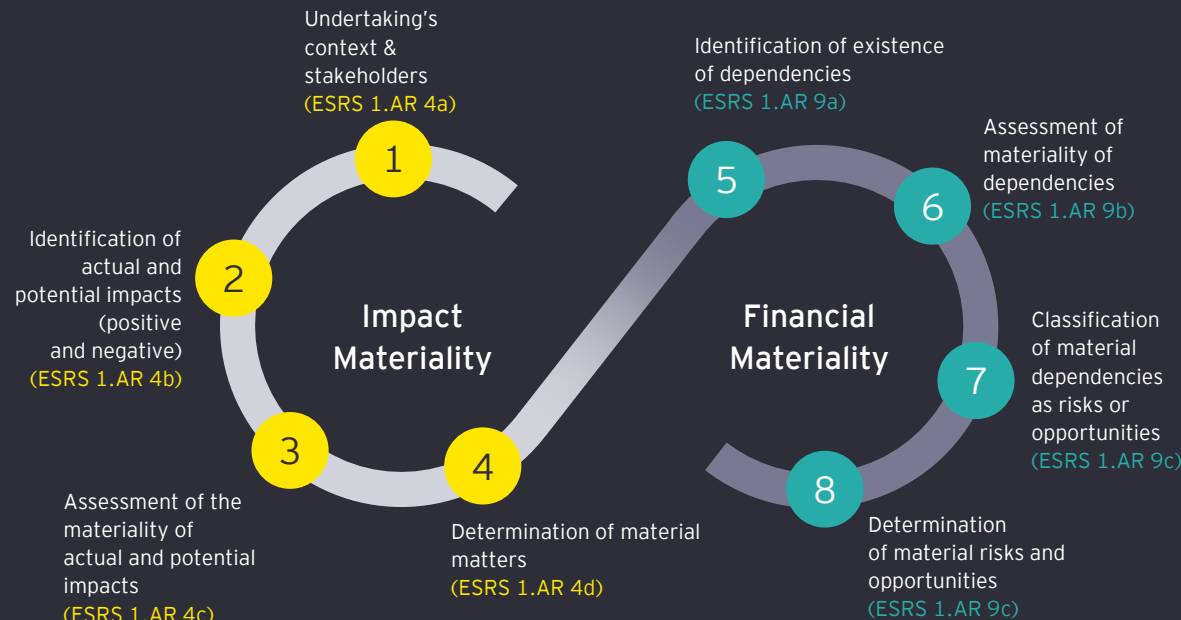
- 01** Sector Agnostic
- 02** Sector Specific
- 03** Entity Specific



# Performing the Double Materiality Assessment (DMA)

## Impact Materiality

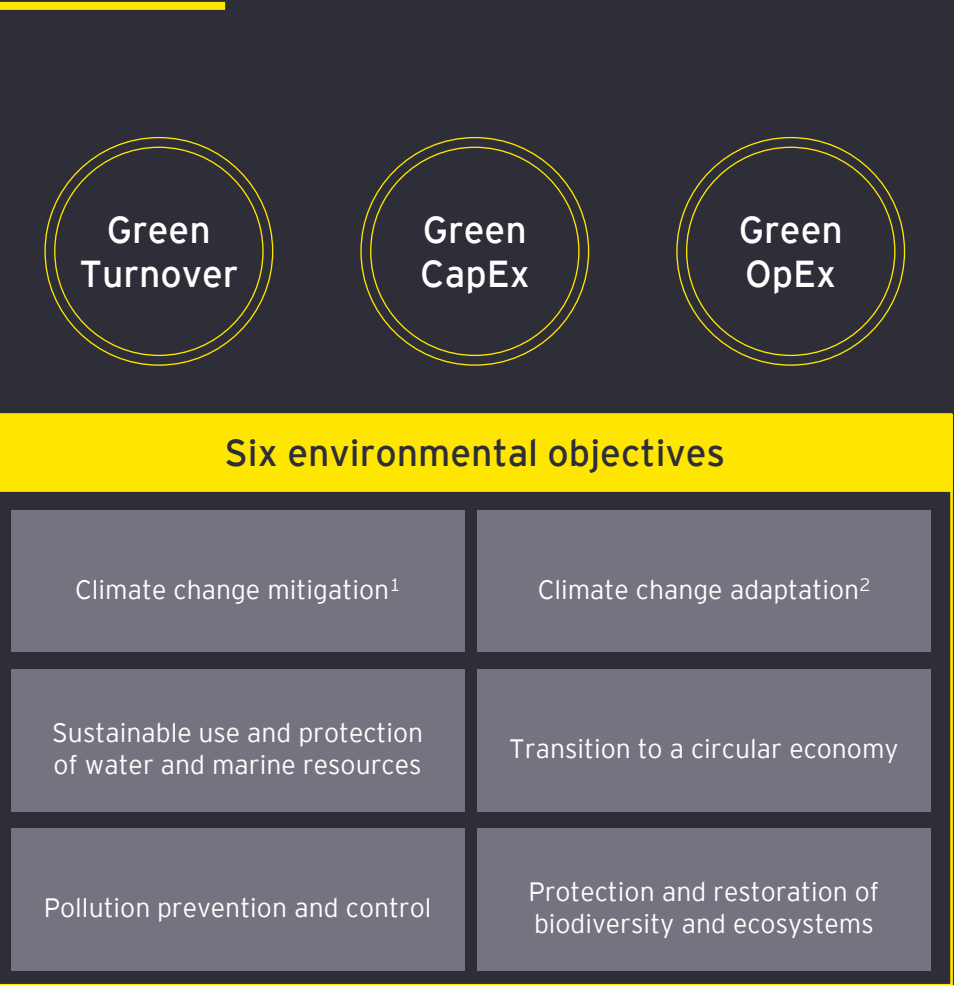
- 1 Identify the context landscape including its activities, business relationships, sustainability context, stakeholders
- 2 Identify actual and potential negative and positive impacts through engaging with relevant stakeholders and experts
- 3 Assessing the materiality of actual and potential positive and negative impacts for own operations and the (whole) value chain
- 4 Determination of material matters based on adopted thresholds



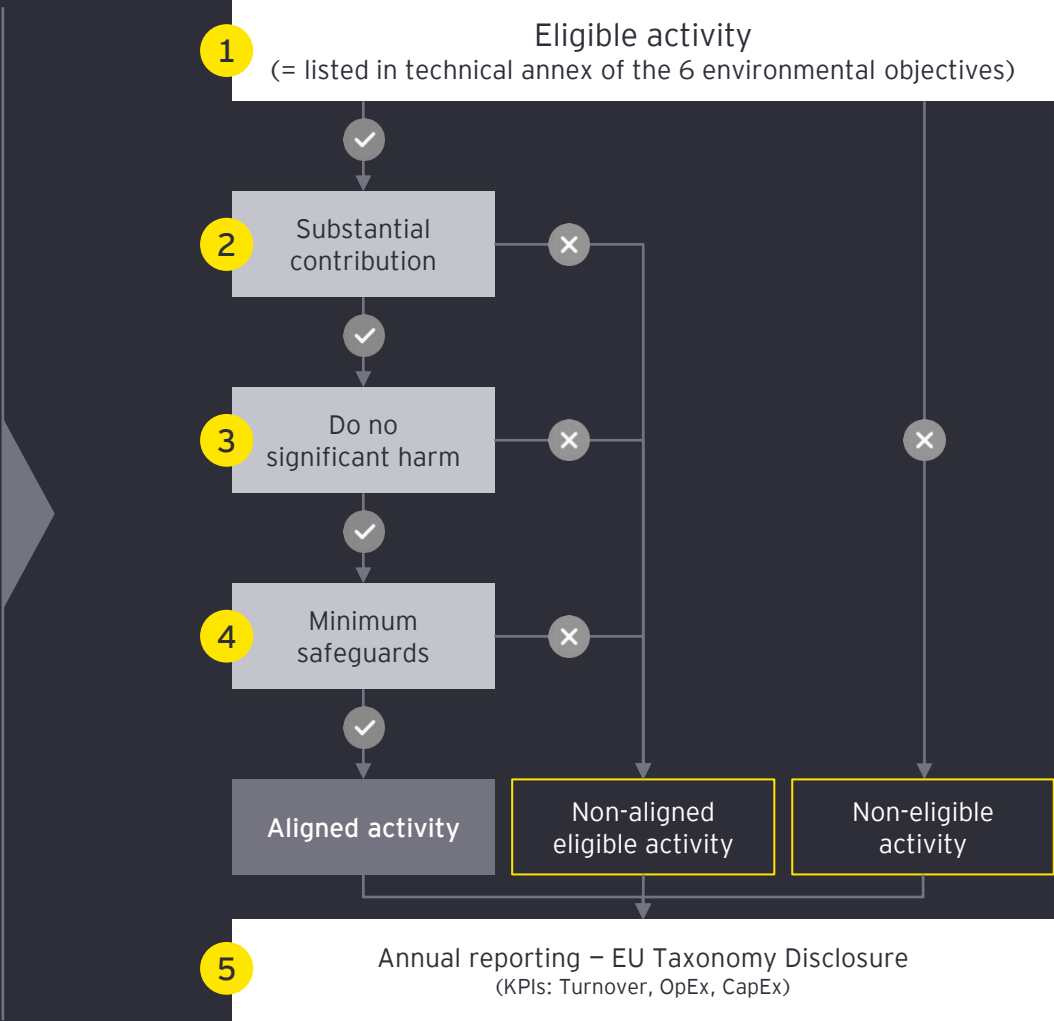
## Financial Materiality

- 5 Existence of dependencies from natural and social resources as sources of financial effects
- 6 Materiality of these dependencies as sources of financial effects
- 7 Classification of material dependencies as risks or opportunities
- 8 Determination of material risks and opportunities based on appropriate thresholds reflecting likelihood of occurrence and potential size of effects

# EU Taxonomy – a classification tool for environmentally sustainable activities



<sup>1</sup> Net zero by 2050, 60% reduction by 2030  
<sup>2</sup> Build capacity and increase resilience



# Key questions

## Strategy

- ▶ What is your ambition in regard to sustainability?
- ▶ How are you linking your sustainability agenda with your business case and strategy?
- ▶ Which benefits and opportunities do you see from sustainability management and reporting?

## Governance

- ▶ Which ESG regulations are applicable to you?
- ▶ Who is driving the sustainability agenda, and what is your governance model?
- ▶ What is the role of your finance team in sustainability reporting?

## Operations

- ▶ Which reporting standards besides CSRD/ESRS do you plan to apply?
- ▶ How is sustainability embedded into your ongoing risk management and due diligence processes?
- ▶ How do you avoid greenwashing?



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ED None

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# CSRD @ Swisscom

Implementation of the CSRD/ESRS Reporting Requirements starting FY 2025

03.09.2024

Peter Burkhalter, Head of Accounting

Anica Götte, Project Lead ESG Reporting (CSRD/ESRS)








# CSRD / ESRS Sustainability Reporting

## Implementation of new ESG Reporting Standards



### CSRD/ESRS Reporting Standards: Overview

General disclosures			
ESRS 1 General requirements		ESRS 2 General disclosures	
Topical standards			
 Environment		 Social	
		 Governance	
ESRS E1 Climate change	ESRS S1 Own workforce	ESRS G1 Business Conduct	
ESRS E2 Pollution	ESRS S2 Workers in the value chain		
ESRS E3 Water and marine resources	ESRS S3 Affected communities		
ESRS E4 Biodiversity and ecosystems	ESRS S4 Consumers and end-users		
ESRS E5 Resource use and circular economy			
≈ 1'200 data points			

### Ambitions & Integration of subsidiaries

Swisscom is preparing **consolidated group-wide sustainability reporting** in accordance with EU CSRD and ESRS regulations for the first time for the **2025 financial year**, with recognized auditing standards (**limited assurance**).

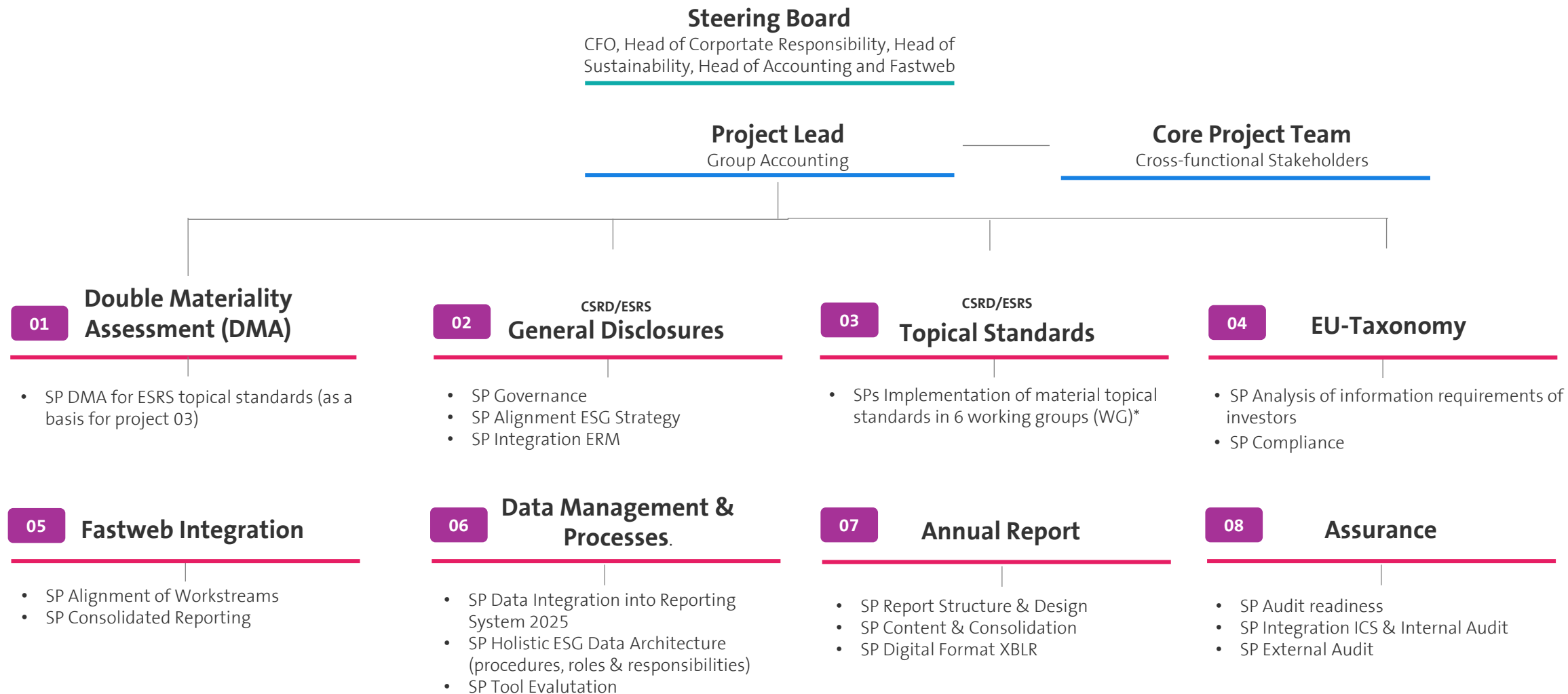


#### Integration of Italian subsidiary Fastweb

- Fastweb will publish its **own CSRD Report** for FY2025 including the EU Taxonomy Regulation for its stakeholders.
- Swisscom will publish a **consolidated group-wide CSRD Report** for FY2025, which implies the development of a group ESG strategy and group-wide policies, measures and KPIs in 2025.
- Due to different business environments and priorities, the materiality of ESG topics will differ between the companies, requiring a **deep alignment of methodologies** and hereby laying the foundation for a clean consolidation of results.
- The **project set up for the collaboration** in 2025 and the consolidation on group-level are currently taking place with involvement of the auditor.



# Overview CSRD Project @ Swisscom



Further key project leads are to be defined at a later planning stage of the project. Sub projects (SP) will require the involvement of topical experts but also aim to facilitate a divers cross-functional involvement of stakeholders across the company (e.g. Controlling, finance, legal, investor relations, supply chain, business, CR).

\*WG E1 (Climate Change), WG E2-4 (Pollution, Water & Biodiversity), WG E5 (Circular Economy), WG S1 (Own Workforce), WG S2-4 (Affected communities & end users), WG G1 (Business Conduct)

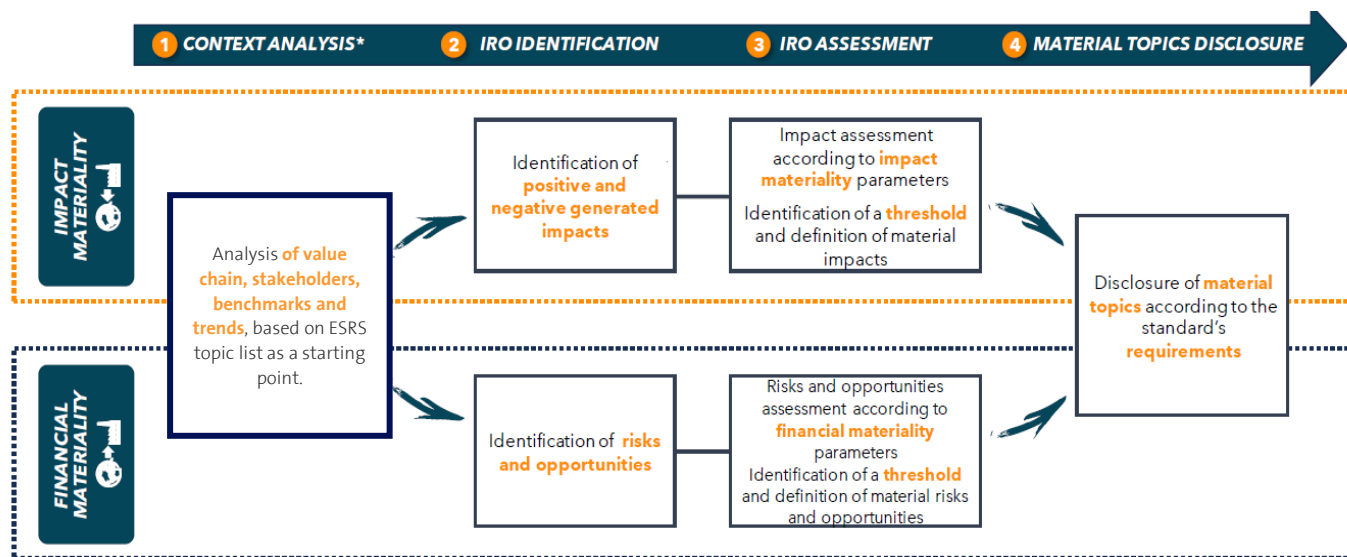


01

# Double Materiality Assessment (DMA)

## Partial dependency of required disclosure of datapoints on DMA

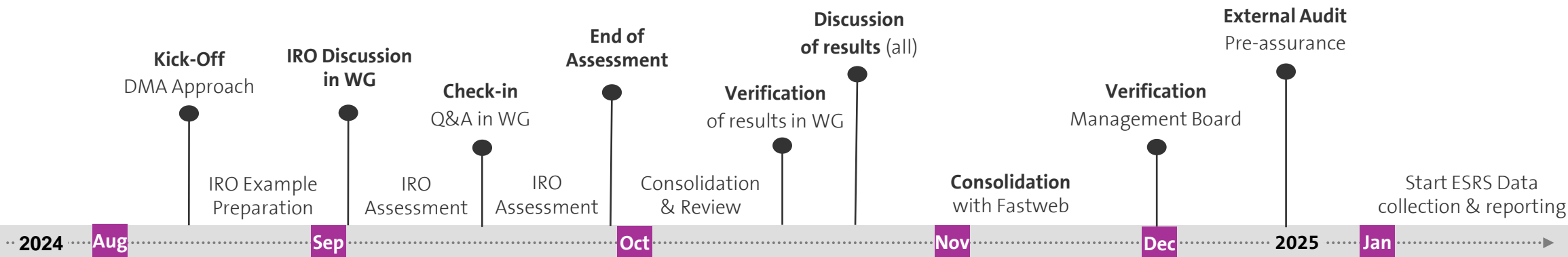
Approach to Double Materiality according to ERS standards:



### DMA Parameters

- **Scope:** own operations (OO) and value chain (VC) for products, services and business relationships
- **Positive and negative** impacts (risks and opportunities) as well as **actual and potential** impacts
- **Impact criterias:** Scope, Scale, irremediable character
- **Financial criterias:** Effect on EBITDA, Opex, Capex, Reputation, Legal and Operations
- **Likelihood** of impact in percentage (0-100%)
- **Time horizons** (short-, mid-, long-term)
- **Scoring:** Materiality will be assessed using scoring from 1-4 depending on the severity of the impact (low – very high). This approach is aligned to ERM processes.

ESG Reporting







# ESRS – Topical standards | Organization of Working Groups (WG)

Topical standards and corresponding datapoints will be delivered **in working groups**, composed of **experts** from relevant departments. Each working group has a **topic owner**, responsible for general coordination and deliverables within the group.

## 1. Environment

WG 1: Climate Change (ESRS E1)	Topic Owner
Core Team: Responsible experts for <b>climate change, energy, avoided Emissions &amp; innovation, supply chain</b>	
WG 2: Pollution, Water & Biodiversity (ESRS E2-4)	Topic Owner
Core Team: Responsible experts for <b>pollution, biodiversity, water, radiation, facility management</b>	
WG 3: Resources & Circular Economy (ESRS E5)	Topic Owner
Core Team: Responsible experts for <b>circular economy, logistic, waste, network and product management</b>	

## 2. Social

WG 4: Own Workforce (ESRS S1)	Topic Owner
Core Team: Responsible experts for <b>diversity, attractivity, stress, resiliency, education, employee engagement, accessibility and safety</b>	
WG 5: Workers in value chain & communities (ESRS S2-3)	Topic Owner
Core Team: Responsible experts for <b>supply chain and society</b>	
WG 6: Consumers & endusers (ESRS S4)	Topic Owner
Core Team: Responsible experts for <b>youth, media competency, data security), B2C and B2B</b>	

## 3. Governance

WG 7: Business Conduct (ESRS G1)	Topic Owner
Core Team: Responsible experts for <b>business ethics, public affairs, compliance and supplier management</b>	
Review Team	Project Lead
Representatives from <b>Accounting, Corporate Responsibility, Risk Management, Investor Relations and Controlling.</b>	

*Extended Team: Each Team has its core members and extended members - experts delivering specific expertise demanded from data points.*



## Responsibilities



# XBRL TAXONOMY

[Get Started](#)[Learn More](#)

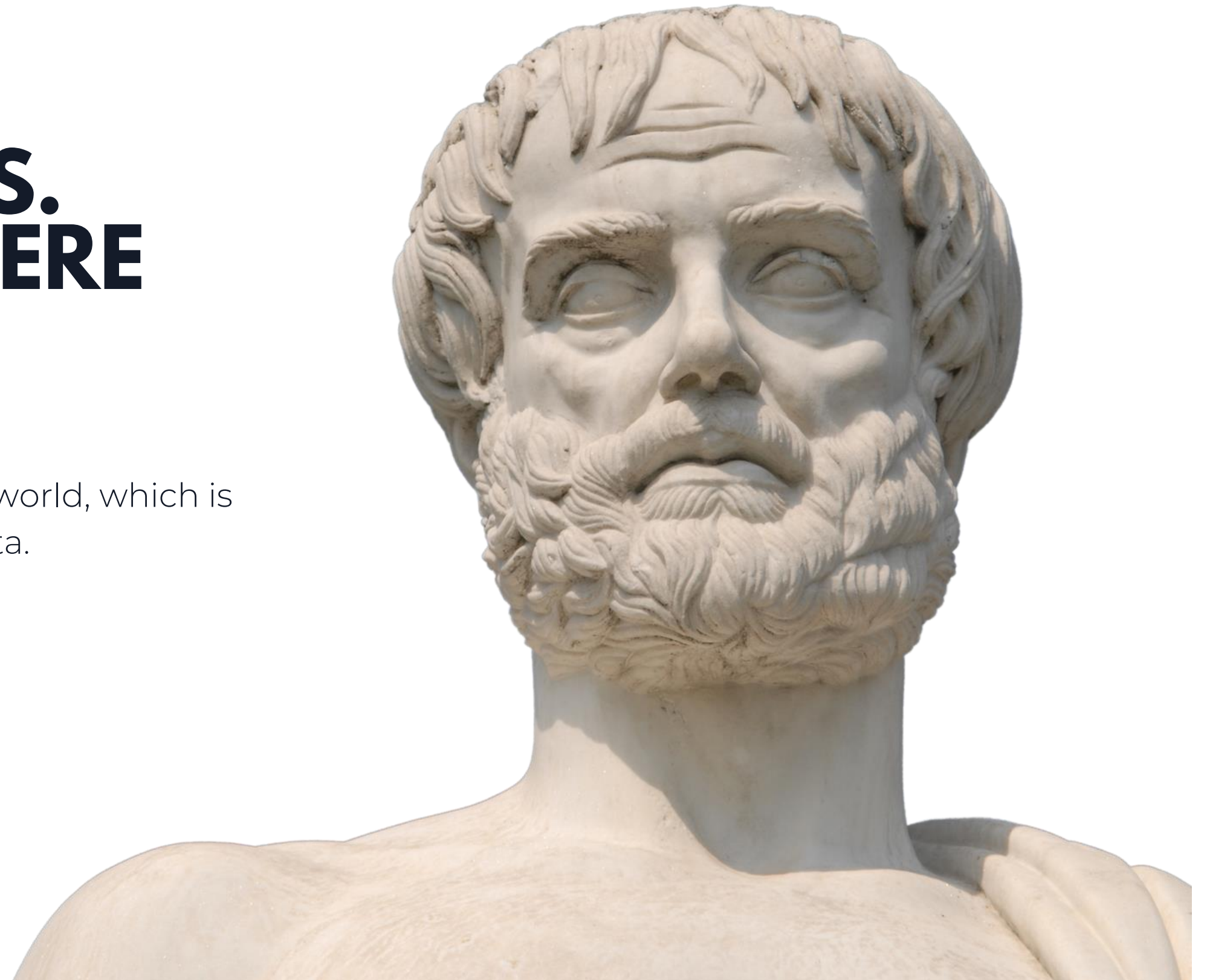
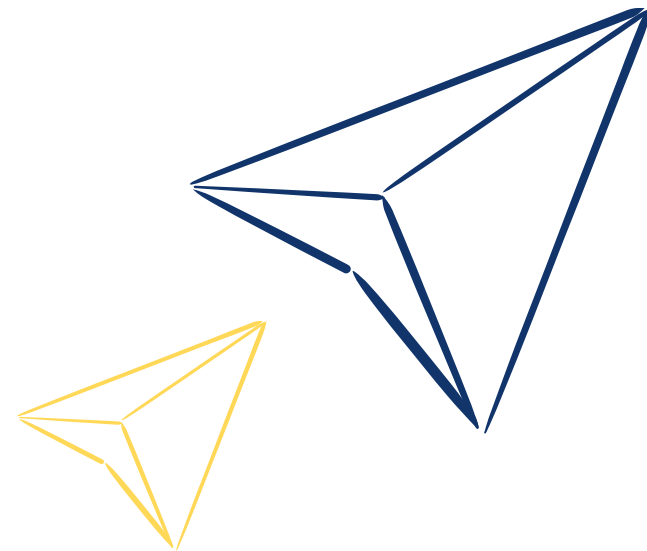


Quote by Aristotle

# ORDER IS THE FIRST PRINCIPLE OF THINGS. WITHOUT ORDER, THERE IS CHAOS

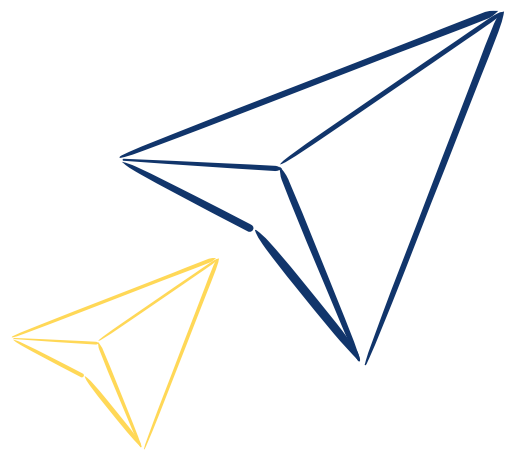
This principle is particularly relevant in our modern world, which is characterized by a multitude of information and data.

All About...





# ORDER IS THE FIRST PRINCIPLE OF THINGS



## The Power of Taxonomies

Taxonomies play a crucial role in organizing and classifying information. By establishing clear categories and relationships, they bring order to the data landscape, enabling us to manage and utilize information more efficiently.



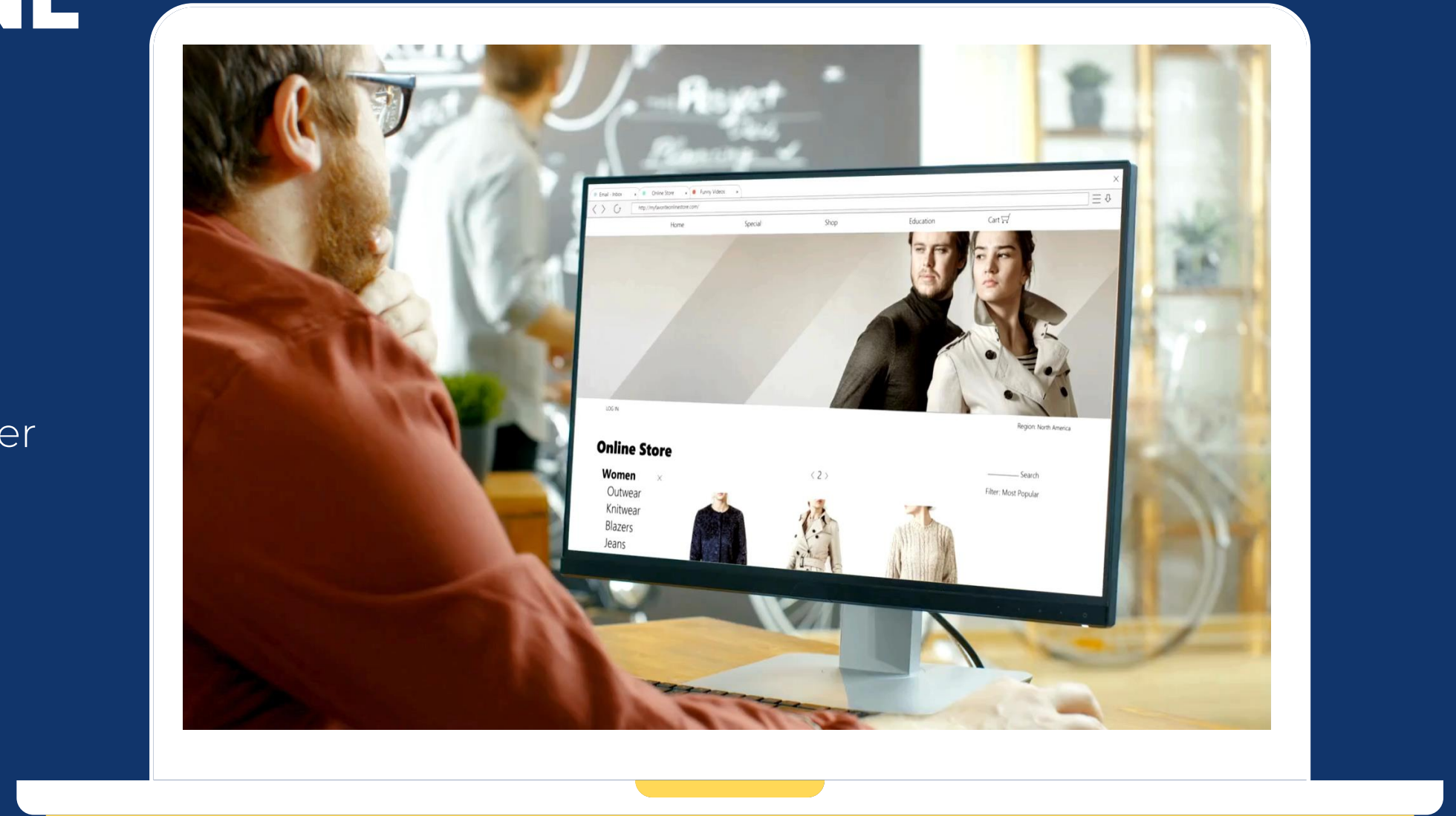
Example

# TAXONOMY IN ONLINE RETAIL

Product	SAMPLE - Shirt
Color	Light Blue
Material	72% Cotton, 28% Polyester
Article Number	MI221E0DT-X12

## Benefits

- Structured information exchange
- Increased efficiency
- Improved information retrieval



From Structure to Language

# XBRL TAXONOMY



XBRL

## eXtensible Business Reporting Language

- International standard language
- Electronic exchange of business data
- Structured data format
- Easily processed by computers
- Enables automated data processing



Taxonomy

## Taxonomy as Guidance

- Guide / rulebook for data presentation
- Human-readable standards into digital format
- Uniform terms and definitions
- Increases data comparability

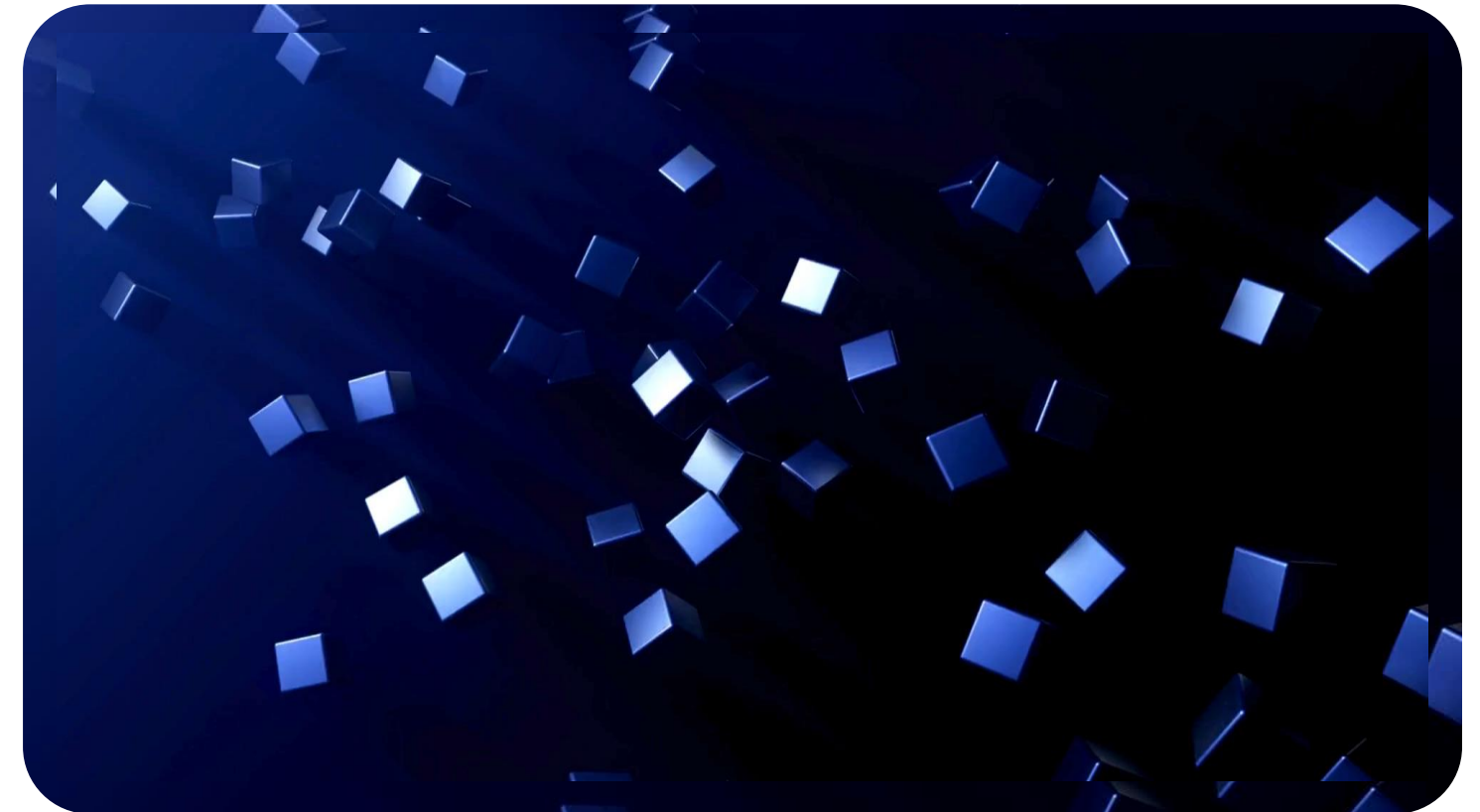


Excursus: eXtensible Business Reporting Language

# THE CORE OF XBRL'S POWER AND FLEXIBILITY

## Extensibility

XBRL is an open, freely accessible reporting standard whose extensibility makes it particularly powerful and flexible.



### Adaptability & Flexibility

- Customizable taxonomies
- Diverse reporting needs
- The framework is scalable and applicable to various types of business data



### Future-proofing & Interoperability

- Platform independence
- Taxonomies can be updated to reflect new requirements and evolving standards



### Multilingualism

- Global adoption
- Taxonomy Translations
- Easy comparison of reports from different countries and in different languages



## XBRL Taxonomy Process

# BUILDING BRIDGES



### XBRL Taxonomy

- Uses standardized tags for company information
- Provides structured guidance for labeling and reporting company information
- Based on XML, allowing for flexible and structured data representation

### Tagging Process

- Application of specific XBRL tags to relevant data and information based on the predefined XBRL taxonomy
- Enables uniform data structuring

### The Power of XBRL

- Versatile data format
- Machine- and human-readable
- Increased efficiency, transparency, accuracy, and comparability
- Improved data quality and accessibility

## Excursus: EU & XBRL Taxonomy

# BRIDGING THE GAP

## Differences & Connections

The EU Taxonomy serves as a policy instrument centered on sustainability criteria, whereas the XBRL Taxonomy functions as a technical framework for organizing and exchanging business information.



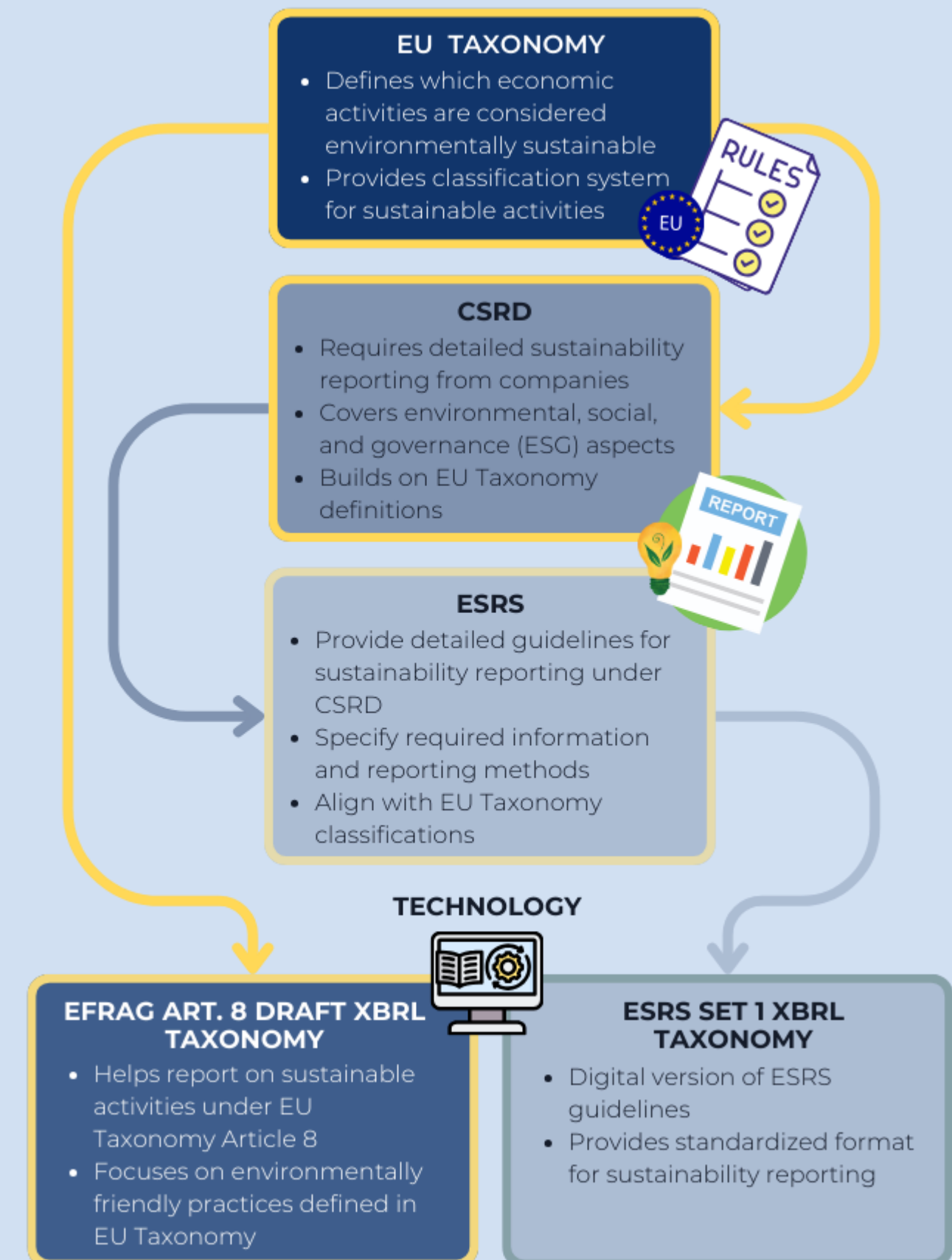
### Function

The EU Taxonomy provides a framework for what is considered sustainable, whereas the XBRL Taxonomy provides the technical means to report this information in a standardized digital format.



### Integration

XBRL can be used to meet EU Taxonomy reporting requirements, enabling companies to efficiently report their alignment with sustainability criteria in a standardized, machine-readable format.





## EU XBRL Taxonomy Status & CH

# EUROPEAN UNION AND SWITZERLAND



European Union

### ESRS Set 1 XBRL Taxonomy

- EFRAG released the XBRL Taxonomy for ESRS Set 1 on August 30, 2024, enabling digital tagging of ESRS.
- This taxonomy will guide ESMA in developing RTS for the ESRS.
- The EC will adopt the final RTS via a Delegated Act amending the ESEF Regulation.
- Digital tagging will be mandatory once the EC incorporates the XBRL taxonomy into the ESEF RTS.

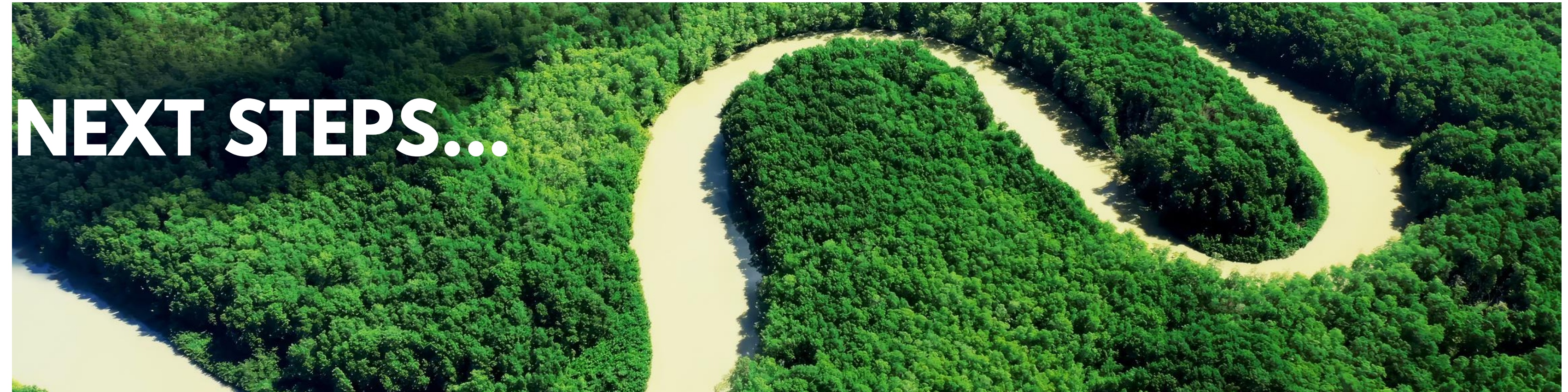


Switzerland

### Code of Obligations

- The Federal Council plans to implement stricter sustainability reporting rules and opened a consultation on amendments to the Code of Obligations on June 26, 2024.
- Swiss firms can choose to report under EU standards or equivalent national/international standards, with external verification required
- The consultation period for ends on October 17, 2024





### 01. Regulatory Analysis

Review and understand the regulatory requirements for XBRL and the XBRL taxonomy.



### 02. Infrastructure & Process

Compare current systems and processes to XBRL requirements and identify necessary changes.



### 03. Cost Planning

Budget for software, training, and external consultants, while considering long-term costs.



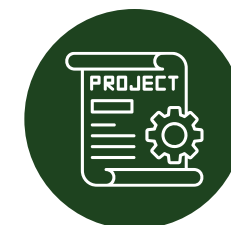
### 04. Software Selection

Test different XBRL solutions and choose the right software.



### 05. Employee Training

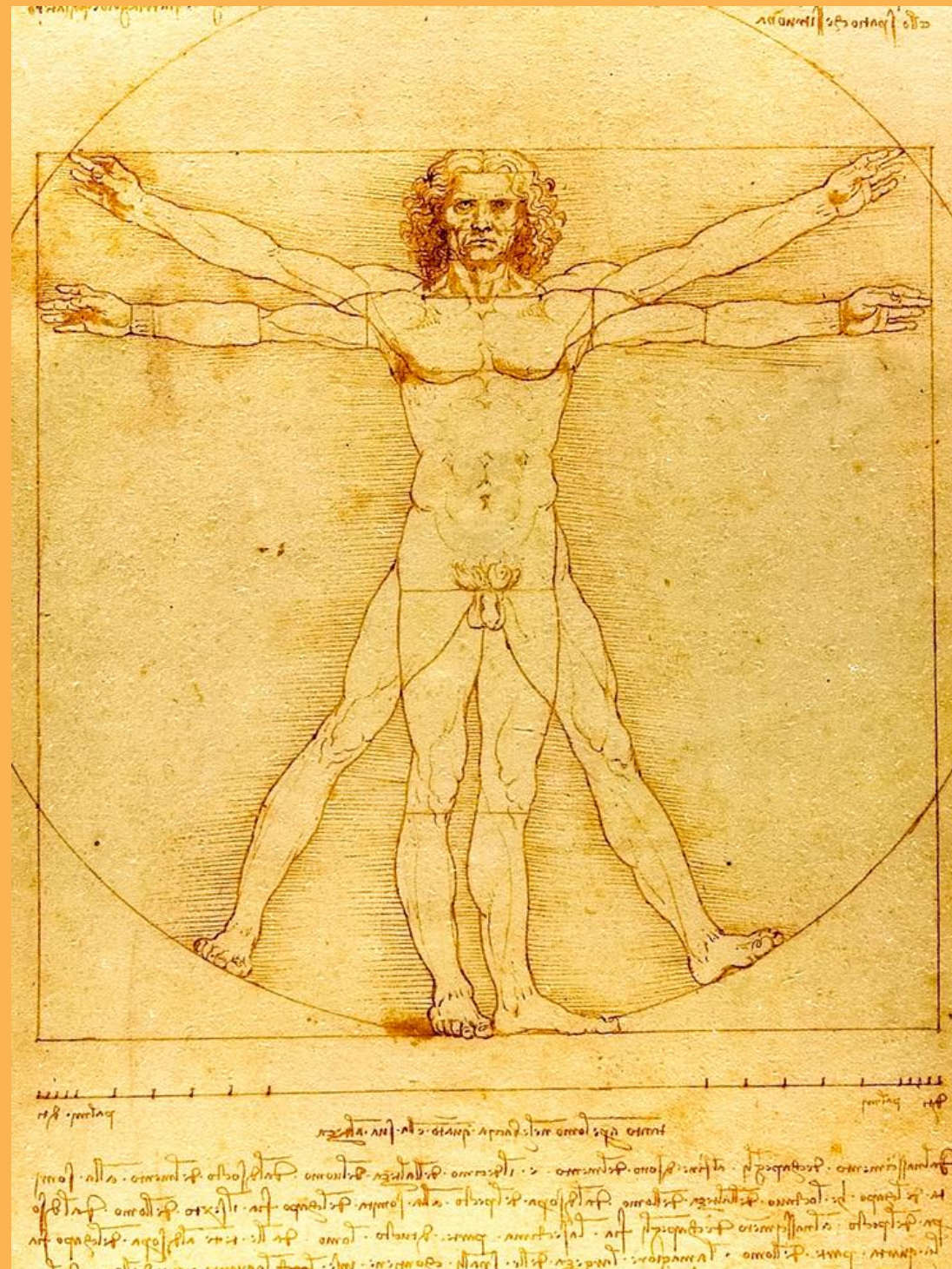
Provide comprehensive training for effective XBRL use.



### 06. Pilot Project Launch

Select a small reporting area for initial XBRL testing.





XBRL

# THE SOPHISTICATION OF SIMPLICITY

XBRL reduces complexity and increases transparency as well as efficiency.

By understanding and applying XBRL, regulatory requirements can be transformed into strategic opportunities.

The challenge lies in overcoming the perceived complexity and recognizing both the simplicity and the added value of XBRL.



“Simplicity is the ultimate sophistication.”  
- Leonardo da Vinci

# CONTACT US

MDD is an independent Swiss software developer specializing in the digitization of the report creation process, with over 20 years of experience. Our MDD Platform, a SaaS solution, streamlines the creation of financial, sustainability, and regulatory reports in (i)XBRL, as a standalone website and PDF.

**Management Digital Data AG**



Re-thinking  
corporate reporting

Who we are



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