„Be transparent about what you do!“

Economy Gears Up for the Future – 10 Experts Assess the Sustainability Reporting Discourse

February 2025

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Introduction

Sustainability reporting—particularly the European Sustainability Reporting Standards—is under significant pressure due to claims that its more than 1,000 data points create excessive bureaucracy. However, this argument does not hold up when considering the pure bureaucratic cost index, which remains below the level of the founding year 2012 despite these reporting obligations. In February and March, concrete decisions will be made through the so-called omnibus procedure. At a minimum, this is expected to lead to a delay, and potentially even a significant reduction, in reporting requirements.

The current panic is driven less by bureaucratic costs and more by economic weakness and the unstable political situation in key countries like France and Germany. What is being overlooked is that Europe has established itself as a global leader in sustainability— a position that is now being abandoned. The first companies that had adapted to the new reality have already had to file for insolvency, particularly in the renewable energy sector.

Regardless of this, the climate continues to heat up. Since global temperature records began, this January was the warmest the world has ever experienced. In 2024, the 1.5-degree threshold above pre-industrial levels was exceeded for the first time. Rarely have there been as many extreme weather events as in the past year.

All of this poses a risk to people, animals, nature, and businesses. Banks and insurance companies must take this risk into account when granting loans and providing insurance coverage. If companies fail to disclose their climate resilience, they will have to pay higher interest rates or premiums. From a risk perspective, financial institutions are even obligated to do so.

In this compilation of comments from experts, it is explained why good sustainability reporting is important. Prof. Schwintowski from Humboldt University Berlin outlines the legal context. According to him, citizens have the right to protection from climate change, as the signatory countries of the Paris Climate Agreement have committed to this. Inaction is not an option.

Prof. Günthert from the Bundeswehr University Munich highlights the dangers of climate change on water management and the need for adequate reporting to motivate companies to reduce CO2 emissions.

Philippe Diaz from Bend Not Break and a member of the Sustainability Reporting Technical Expert Group of the European Financial Reporting Advisory Group (EFRAG) notes that with the introduction of the European Sustainability Reporting Standards (ESRS), the drastic loss of species in recent decades and the status of ecosystems suddenly became a top priority for corporate boards through the ESRS Standard E4. This dynamic must be maintained, especially since nature forms the foundation for economic activities as well.

Matthias Hasenheit, partner at Sustainable Natives and CEO of Sustentio, emphasizes the importance of the double materiality analysis, even for small and medium-sized enterprises. He regrets its omission in the VSME standard of EFRAG, as this analysis helps companies focus on what truly matters.

Dr. Katharina Reuter, managing director of BNW e.V., states that companies investing in sustainability reporting are better prepared for climate risks and geopolitical risks. This also gives them an advantage in refinancing and insurance.

Dr. Helge Wulsdorf, head of sustainable investments at the Bank for Church and Caritas e.G., sees harm in the efforts of the EU Commission and the federal government to dilute sustainability reporting. This leads to stagnation and uncertainty among companies, institutions, and employees. Ultimately, those who have already made efforts to adapt to the CSRD requirements will be penalized. This also affects institutions in the social economy sector.

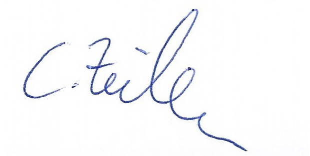
Florian Freiherr Tucher von Simmelsorf, CEO of the investor M&P Group, advocates for opening the audit market beyond just auditors. Countries such as Denmark, France, and Lithuania have taken this path, leading to significantly greater acceptance of the implementation of the CSRD in these countries.

Prof. Dr. Hans-Wilhelm Zeidler, among other things, former board member of sales at Zürich Insurance, emphasizes that over 90% of insurance customers in retirement planning fundamentally want sustainability to be considered. He introduces the new DIN Sustainability Score, which, like the Nutri-Score in the food industry, enables simple labeling.

Prof. Mosbrugger from the Senckenberg Institute in Frankfurt appeals for the inclusion of natural resource consumption in the evaluation of companies. The reporting should not be overwhelming, but should primarily focus on the influence or "impact".

I myself, Dr. Carsten Zielke, managing director of Zielke Research Consult GmbH and Zielke Rating GmbH, point out that capital costs increase when companies report poorly. We have conducted calculations on this based on financial institutions. Since the regulatory authorities EIOPA and EBA want climate risks to be assessed, and this also has financial implications, as accounting standards IFRS 9 and 17 also require this integration, all stakeholders have an interest in good sustainability reporting.

I wish you much enjoyment while reading!



Yours, Dr. Carsten Zielke

Key Message I: Inaction – No Legal Alternative

Prof. Dr. Hans-Peter Schwintowski, Humboldt University Berlin, Advisory Board of Zielke Research Consult GmbH

In 2016, the Paris Agreement came into force. With this, the 1.5-degree target was legally enshrined under international law. This refers to halting global warming at a maximum of 1.5 degrees above the average temperature of the pre-industrial era (1850). The Paris Agreement was ratified by both Germany and the EU. As a result, the Paris Agreement is legally binding in Germany. Article 25 of the Basic Law (GG) states:

„The general rules of international law are part of federal law. They take precedence over national laws and directly create rights and obligations for the residents of the federal territory.“

This direct effect of the Paris Agreement for the residents of the federal territory creates legal obligations. The Federal Constitutional Court also explicitly pointed this out in its climate protection ruling of March 24, 2021 (1 BvR 2656/18). The Paris Agreement enforces the duty to protect the natural foundations of life through Article 20a of the Basic Law (GG), which states:

The state also protects, in responsibility for future generations, the natural foundations of life and animals within the framework of the constitutional order, through legislation and in accordance with law and justice, through executive power and the judiciary.“

This means that all three branches of government are legally obligated to implement and enforce the 1.5-degree target. This goal binds the legislature, the executive, and the judiciary equally.

The same principles apply across Europe. "The requirements of environmental protection must be integrated into the establishment and implementation of Union policies and measures, particularly to promote sustainable development," as stated in Article 11 of the Treaty on the Functioning of the European Union (TFEU). This idea is further elaborated in Article 191 TFEU. The environmental policy, it states, contributes to the preservation and protection of the environment, the improvement of its quality, and especially to combating climate change. These goals are directly part of German law because, under Article 23 of the Basic Law (GG), we have transferred sovereign rights to the European Union. This means that European environmental and climate protection goals take precedence over conflicting German laws, and the European Commission, as well as other member states, have the right to sue the Federal Republic of Germany before the European Court of Justice (ECJ) if they believe that a commitment under the treaties, for example, the obligation to adhere to the 1.5-degree target, has been violated (Article 258 TFEU). If the ECJ finds that Germany has violated a treaty obligation, the court will determine what measures must be taken to remedy the situation. If the member state refuses, the ECJ can impose significant fines on the unlawfully acting member state (Article 260 TFEU).

What follows from all of this, with regard to the measures a state must take to achieve the 1.5-degree target of the Paris Agreement before crossing the tipping point?

First and foremost, it follows that the state will and must be held accountable for its inaction. If the Federal Republic of Germany does not take the necessary measures to achieve the 1.5-degree target, the Federal Constitutional Court – as already done in the climate protection ruling – will legally oblige the state to take the required and appropriate measures. This cannot be otherwise, as the state is directly bound by the climate protection goals under Article 20a of the Basic Law (GG).

Furthermore, in this case, the European Commission would, as described earlier, initiate a breach of contract procedure against the Federal Republic of Germany, and the ECJ would impose measures on Germany that would enable the achievement of the 1.5-degree target. If Germany were to refuse these measures, it would be taught a lesson through painful fines.

Ultimately, Germany's inaction in achieving climate and environmental protection goals would result in the country being legally compelled to act through both national and European law.

Because this is the case, the focus must be on which measures should sensibly be taken to achieve the 1.5-degree target before crossing the tipping point. Which measures are compatible, suitable, and ultimately appropriate? Do the measures of the six goals of the Taxonomy Regulation fall under this? These include climate protection and climate change, circular economy, marine and air pollution, and biodiversity. Additionally, Article 157 TFEU ensures equal opportunities and equal treatment for men and women. This is reaffirmed through Article 23 of the European Charter of Fundamental Rights. Furthermore, the principle of equality and the prohibition of discrimination (Article 2 TEU and Articles 16/21 of the European Charter of Fundamental Rights) ensure good governance within companies.

This means that for the three main goals of the Taxonomy Regulation – Environment-Social-Governance (ESG) – there are relevant legal foundations not only in national law but also in European law.

Nevertheless, one can of course ask whether the transformation goals that Europe and Germany have set in light of the 1.5-degree target could perhaps be achieved through a path that is simpler and more targeted. This question should be posed by all legislative bodies in Germany and Europe, not only from the perspective of political expediency but also because the constitutionally guaranteed principle of proportionality requires legislators and all constitutional bodies to consider it. According to this principle, all laws and administrative measures should only be taken if they are necessary, appropriate, and suitable for achieving the goal. This means that the simplest, most efficient, and least bureaucratic way to achieve a goal must be chosen constitutionally, as it would be incompatible with the principles of economy and efficiency to choose a path that either does not lead to the same result or is much more expensive.

This principle of proportionality, which is explicitly anchored in Article 5 TEU for Europe as well, should prompt reflection on whether the path we are currently taking with the Taxonomy Regulation is truly the simplest, most bureaucratic-free, and cost-effective one. Doubts are allowed, because the standards that ultimately determine whether a company or a product of a company is sustainable or less sustainable according to the Taxonomy Regulation are currently to be determined by querying customer sustainability preferences. This means that people who invest in companies are completely overwhelmed. They have no clear understanding of what sustainability means. They also have no precise idea of what their own sustainability goals are or should be. They are – rightly so – of the view that it is the state's responsibility to set sustainability standards and categories, in accordance with the objectives linked to achieving the 1.5-degree target. Only the state can know where it has already taken measures that lead to a reduction in climate-damaging emissions. Only the state can know if its measures are effective. Only the state can know whether measures in the areas of circular economy, air and marine pollution, and biodiversity have been prescribed and will be effective. In other words: How are citizens supposed to know which sustainability activities they should meaningfully undertake in the capital markets to further improve the transformation process in line with the 1.5-degree target?

This means: The problem with the Taxonomy Regulation and the parallel Disclosure Regulation is not in inaction, but rather in the fact that these regulations do not provide citizens in Europe with clear guidelines on when and under what conditions a company and/or a product of a company should be classified as sustainable or not. This cannot and should not be the responsibility of citizens, who are unable to answer this question. It must be precisely specified by the European Union and/or the Federal Republic of Germany under which conditions a product or an entire company should be classified as sustainable, and when this should not be the case.

The legislator can certainly build on the criteria of the Taxonomy Regulation – they just need to additionally specify under which conditions a company or a product is automatically considered sustainable. It would likely be useful to create categories such as "particularly sustainable," "sustainable," or "weakly sustainable." Perhaps golden, silver, and bronze stars could be awarded for these categories. These ratings would apply equally to products and companies.

All of this should be done as quickly as possible from the perspective of the principle of proportionality, so that the transformation process, particularly with regard to climate change, biodiversity, and air and marine pollution, can succeed.

Whether it is wise and reasonable to link the six environmental goals of the Taxonomy Regulation with social goals (such as the prohibition of child labor/gender equality) is a separate question. The same applies to the question of linking them with the prohibition of discrimination and corruption, and thus with the concept of good governance.

What can citizens and companies specifically do to enforce these European legal objectives, which take precedence over national law?

European law, like national law, does not grant citizens a general right to sue – the prohibition of popular actions applies, as it would otherwise overload the judiciary.

However, companies that are required to prepare sustainability reports according to current European and national laws could refuse to produce these reports by pointing out that the legal requirements are completely vague. They could argue that the principle of clarity and determinacy of norms is violated, as well as the principle of proportionality.

No one can be required to produce a report if they don't know how to define terms such as a 'significant improvement' or 'deterioration' in sustainability in concrete terms.

The companies would then be sued for submitting sustainability reports and, within the framework of these proceedings, would request to refer the matter to the European Court of Justice to clarify how the terms of the Taxonomy Regulation should be concretely defined and filled in.

It would be sensible to conduct a process of this kind as a test case for all, so that a clear legal precedent could be set for how the terms of the Taxonomy Regulation should be interpreted and applied across the board.

Even more sensible would be for the European and national legislators to make determinations as quickly as possible, providing citizens and companies across Europe with binding guidelines on what we actually want to understand as sustainability in the future.

One thing is certain: time is running out, and the tipping point at which the 1.5-degree target will be irreversible and no longer achievable is likely to be reached within a few years – probably before 2030. From this follows that we must take action now, quickly, efficiently, cost-effectively, and sustainably, especially to stop climate change. Inaction is not an option from a legal perspective. What is crucial is a target-impact analysis that ultimately leads to the adoption of the necessary, suitable, and appropriate measures through legal means to still achieve the 1.5-degree target before the tipping point is crossed.

What is missing is the goal-means analysis with regard to the specific measures that need to be taken. The legislator should change this as quickly as possible. If they do not, they will be compelled to do so by the

European Court of Justice and the Federal Constitutional Court in a very short time. However, this will be more painful and costly than it would have to be.

Key Message II: Contribution to the CSRD Report

Prof. Wolfgang Günthert, Chairman of the German Expert Council for Environmental Technology and Infrastructure (Dex), Advisory Board of Zielke Research Consult GmbH

Necessity and Benefits of Corporate Sustainability Reporting

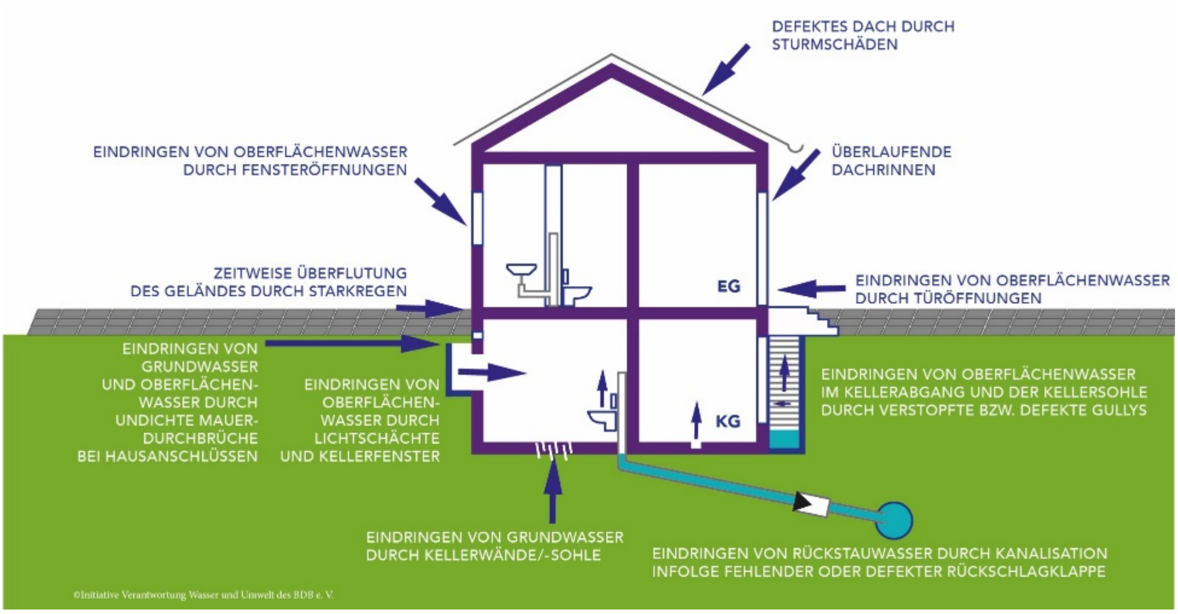
Severe weather and natural disasters caused damages of 320 billion USD worldwide in 2024, double the average of the last 30 years, of which only 140 billion USD were insured losses. In Europe, the damages amounted to 31 billion USD, of which 14 billion USD were insured (Munich RE). At the same time, 2024 was the warmest year since 1881, with an average temperature of 10.9°C (DWD) and globally 1.6°C warmer than the pre-industrial level of 1850 to 1900 (Copernicus Climate Change Service).

The primary causes of global warming are anthropogenic greenhouse gases, such as carbon dioxide, methane, and nitrous oxide, which have been released into the atmosphere since the start of industrialization through the burning of fossil fuels. These greenhouse gases, along with natural greenhouse gases, prevent the direct escape of heat radiation from Earth into space, thereby increasing the greenhouse effect and resulting in higher air temperatures above the Earth. With increased evaporation, the water cycle is accelerated, as a 1°C increase in air temperature can absorb 7% more hydrogen. This intensifies the risk of heavy rainfall on hot summer days, with rainfall intensities exceeding 100mm (100l/m²). These high volumes of rainfall hit increasingly sealed surfaces in urban areas and compacted soils in agricultural areas, which can absorb less rainfall. Heavy rainfall, often occurring in a short time and in specific regions, leads to rapid runoff with short warning times, resulting in significant damage to people and property.

The image illustrates potential risk points for buildings from heavy rainfall, including surface flooding and overburdened drainage systems. To identify potential risks from heavy rainfall, hazard maps are necessary, which can be provided by countries as warning maps and municipalities as heavy rainfall hazard maps. Based on this information, every property owner is responsible for implementing protective measures (structural or organizational) and purchasing elemental damage insurance, as it is unlikely that the state will provide substantial assistance in the future. The substantial damage caused by flooding and heavy rainfall floods urgently requires the purchase of insurance to safeguard against financial losses.

Regardless, everyone and every company should contribute to reducing greenhouse gases as much as possible to prevent further exacerbation of weather extremes (heat and heavy rainfall). To achieve climate goals, sustainability reporting (CSRD) by companies can make a contribution and assess the sustainability performance of companies.

Hazard areas for buildings:



Initiative Responsibility for Water and Environment of BDB e.V. 2018

Key Message III: Biodiversity – Finally a Topic

Philippe Diaz, Founder of bend not break, Member of the Sustainability Reporting Technical Expert Group, EFRAG

Biodiversity is the foundation of human life. It is life itself. Unfortunately, this is often overlooked, with corresponding consequences. The WWF's Living Planet Index has recorded a 73% decline since 1970. Less life, more emptiness. This dramatically reduces the resilience of ecosystems, as important pillars simply disappear. According to the Stockholm Resilience Center, the planetary boundary of the integrity of the biosphere has long been exceeded — far more severely than in the area of climate.

Biodiversity is not only ecologically and socially relevant, but ultimately also the foundation of the economy. According to a study by the World Economic Forum, over 50% of global gross value added is moderately or strongly dependent on nature and its ecosystem services. A loss of biodiversity threatens this foundation. Dependencies at the real economy level aggregate within portfolios. A study by the European Central Bank highlights high direct and indirect dependencies on credit portfolios and assumes that European banks bear significant risks due to their dependence on nature-related assets.

Although the figures are alarming, the issue of biodiversity often remains on the fringes of public attention. Research by the Federal Environment Agency revealed that only one percent of the companies surveyed report extensively on biodiversity. The well-known saying "you can’t manage what you can’t measure" suggests a lack of effort from the companies examined to actively engage with the issue. Therefore, there is an urgent need for action to bring biodiversity into focus.

The European standards for sustainability reporting (ESRS) have addressed this with the ESRS E4 on Biodiversity & Ecosystems. Suddenly, the issue is on the agenda of supervisory boards. At the very least, companies are encouraged to assess the relevance of the topic through materiality analysis. A survey by the German Accounting Standards Committee (DRSC) revealed that 18 out of 35 companies consider the ESRS E4 to be material. This raises hope for greater depth in reporting and would be a welcome increase compared to the 1% identified by the Federal Environment Agency.

Companies perceive biodiversity as more complex compared to the calculation of greenhouse gas emissions. However, this complexity is unavoidable. Greenhouse gas emissions are limited to a few indicators, escape into the atmosphere, and have a location-independent effect. In contrast, biodiversity and ecosystems are shaped by local and regional factors. Therefore, reporting must also be location-based and cannot be easily aggregated. This increases the level of complexity. However, there are now guidelines, such as the methodology referenced in ESRS E4 by the Taskforce on Nature-related Financial Disclosures (TNFD).

Delaying, diluting, or even abolishing the standards from Set 1 of the ESRS might provide short-term relief for companies. However, the risks regarding biodiversity loss and ecosystem collapse over the next 10 years are so high for the economy that it would not be advisable to reverse this progress. Ultimately, no one would benefit from such a move—neither the economy nor nature.

Key message IV: VSME – Standard of voluntary reporting watered down; confusion created

Marius Hasenheit, Partner, sustainable natives & CEO, sustentio

In January 2024, EFRAG published a proposal for the voluntary standard for sustainability reporting by SMEs: the Voluntary ESRS for non-listed small and medium-sized enterprises (VSME ESRS). The draft proposed a modular structure, with the base module covering twelve sustainability aspects as the foundation.

In addition, the so-called PAT module (descriptions of guidelines, measures, or goals) and/or the business partner module should be added.

In principle, the materiality analysis was intended as the foundation for the VSME. (According to the draft, it could only be omitted if the base module was supplemented by only a few details from other modules).

The VSME draft was open for consultation until May 21, 2024. On November 13, 2024, the final version of the VSME standards was approved by EFRAG and submitted to the EU Commission on December 20, 2024.

In the final VSME standard, much of the structure and ambition level from the original draft was no longer recognizable. The new structure now includes the two modules: the "Base Module" and the "Comprehensive Module," which contains additional data points for investors or B2B large clients.

The materiality analysis was completely omitted.

There is a strong impression that the revision of the VSME not only focused on the needs of the SME target groups and the requirements for effective sustainability reporting but also on addressing political pushback in the area of such reporting.

In fact, many associations and consultancies recommend continuing to conduct a materiality analysis. It provides the crucial foundation for reporting: listing and understanding a company's key sustainability aspects, including their financial impact on the business. A potential, general list of sustainability aspects created by EFRAG in the medium term cannot fulfill these purposes and functions. It is of central importance that representatives of organizations engage directly with the impacts of and on their organization, including the associated opportunities and risks.

The implementation of this double materiality analysis was designed pragmatically and efficiently in the VSME draft. The German Sustainability Code (DNK), which has been the predominant standard for sustainability reporting in the DACH region, also made it clear (even though the scope was smaller compared to the VSME): A meaningful materiality analysis does not necessarily have to match the scope of a materiality analysis according to the CSRD.

It is also interesting to note that, although a materiality analysis according to the DNK was not mandatory, many of the users chose to utilize it as a tool to focus on the most important aspects.

This trend is now also emerging for VSME users: Many, if not most, are likely to conduct a (probably often double) materiality analysis to define the framework for their reporting and sustainability strategy from the outset. A survey found that 88% of DNK users considered a materiality analysis as a useful foundation for VSME.

Since the VSME now does not describe a pragmatic process for conducting this central analysis, there will be a flood of different methods. Not only are concrete guidelines for companies missing in the VSME, but the comparability of reports is also limited.

This is fatal: In an economic and social order where regulatory law and sector-specific regulations should be the exception, transparency guidelines are of central importance. Otherwise, large clients and investors cannot choose more sustainable providers – even though they are encouraged to do so through their own reporting obligations, including the Green-Asset-Ratio.

Due to the resistance against the CSRD, at a time when it had already been adopted, while the VSME was still in the consultation phase, this important voluntary reporting standard was diluted, causing confusion on the SME side and severely limiting the comparability of reports and, ultimately, the desired steering effect.

Instead of simplification, confusion and reports that are harder to compare are the result. The same risk now looms if the ESRS, which operationalize the CSRD, are diluted.

Key message V: The CSRD from a business perspective – an opportunity for competitiveness

Dr. Katharina Reuter, Managing Director of the Federal Association for Sustainable Business (BNW e.V.)

The EU sustainability regulations (CSDDD, CSRD) lay the foundation for a transparent and future-proof economy. Companies have already started adapting to the reporting and supply chain requirements, creating the necessary structures. These standards help make supply chains more transparent, identify climate-related and supply chain-related risks at an early stage, and strengthen the resilience associated with them – key prerequisites for remaining competitive in a time of multiple challenges.

For many companies, the regulations are not just an obligation but bring clear added value. Sustainability reports provide important data that not only meet regulatory requirements but also offer strategic advantages: Knowing potential risks along the value chain allows companies to minimize disruptions, foster innovations, and better adapt to changing market conditions. Especially in global supply chains, which are becoming increasingly complex and vulnerable to disruptions, this data-driven approach is of utmost economic importance.

Businesses that have invested in reporting systems are now better prepared for climate and geopolitical risks and can respond more quickly to changes. A regression in the guidelines would devalue these efforts and place companies that operate sustainably at a clear financial and, consequently, economic disadvantage. A dilution of the standards would not only jeopardize companies' previous investments but also limit their long-term competitiveness.

The significance of the data to be reported extends far beyond the business perspective. As highlighted by a recent report from the European Insurance and Occupational Pensions Authority (EIOPA), it is a key component for calculating climate and transition risks in the insurance industry. Insurers use sustainability information to adjust their capital requirements and develop insurance products that incentivize prevention and resilience. These findings underscore the need to maintain, further develop, and collect such standards from companies.

Moreover, the EU standards provide reliability in an increasingly unpredictable global environment. In a time when extremes such as floods, heatwaves, and supply chain disruptions are on the rise, Europe cannot afford to abandon efforts that directly address these challenges. Adhering to the guidelines would once again demonstrate that Germany and the EU take their leadership role in sustainability policy seriously, paving the way for companies to remain competitive and future-proof.

Especially for sustainable, young, and small companies, it is crucial that the political framework remains reliable. Many are already in full preparation for the new requirements. A reversal or weakening of the regulations would not only create unnecessary uncertainty but also undermine the efforts companies have made and damage public trust in politics. Instead, the existing regulations should be seen as an opportunity to shape the European economic area in a sustainable and resilient manner.

Therefore, it must be emphasized once again: the current regulations are not an obstacle, but a competitive advantage! International markets and investors are increasingly focusing on sustainability. Those who meet these standards are better prepared for the challenges of the future. Companies that have already started this journey now expect stability – not setbacks that would leave them stuck with their investments.

Key Message VI: Uncertainty and Stagnation – Poison for a Sustainable Transformation of Social Economy

Dr. Helge Wulsdorf, Head of Sustainable Investments, Bank for Church and Caritas eG.

With its initiative to weaken and delay European sustainability reporting, the German government has caused noticeable uncertainty and possibly stagnation among the affected companies and institutions. Such an approach is toxic for the necessary transformation of the real economy, financial sector, and social economy. It ensures that those who have been postponing sustainability feel validated in their decision not to further address the topic in their areas of responsibility. Other organizations, such as those in the social economy and the public sector, which will soon be required to report under the CSRD and have already created initial processes and structures for this, might stop their efforts. Due to legal uncertainty, they do not know what, how, and to what extent they will be affected. Although this reaction is understandable, it is counterproductive and regressive for a sustainable transformation, particularly of the so-called third sector.

The Protestant and Catholic Churches have long been advocates for sustainable development. They have made intergenerational justice a key principle and view a socio-ecological transformation as unavoidable. In doing so, they particularly focus on the financial system. Years ago, they published comprehensive guidelines on sustainable investments, which have become established in the church finance sector of both churches. The churches are aware of the leverage that investment and lending can provide for sustainable development. In addition, some of them have already committed to becoming 'climate neutral' and have started corresponding transition paths. The same applies to their religiously affiliated social welfare associations. Diakonie Deutschland and the Deutscher Caritasverband share the goal of becoming climate neutral. However, the two religiously affiliated social welfare organizations not only focus on climate issues but must also address many other social and ecological challenges if they are to remain future-proof in the market.

So far, sustainability has been somewhat of a blank spot in the social economy. This is surprising, given that it is one of the largest employers in Germany with 5.3 million employees, and with its thousands of social institutions and vehicle fleets, it is a significant CO2 emitter. Estimates suggest that around 5 percent of CO2 emissions come from the social economy. The mandatory sustainability reporting for religiously affiliated social institutions under the CSRD has triggered movement in sustainability efforts among many providers. The positive effects should not be underestimated. As a Catholic church bank, we have had numerous conversations with them and encouraged them to engage constructively with the planned reporting requirements and to create the necessary structures and processes early on. The goal was to see the CSRD not only as a bothersome obligation or even a regulatory hassle, but primarily as an opportunity. Some social institutions have already been able to motivate their employees towards sustainability and have allocated the necessary time and financial resources, despite often lacking budgets.

The goal of sustainability reporting should be for social institutions to gain a differentiated understanding of the effectiveness and efficiency of their socio-ecological sustainability impact. To date, the government has failed to convincingly communicate the purpose of the reporting and what it aims to achieve. It's not about creating data graveyards, but about making positive contributions to sustainable development. For those providers and institutions in the religiously affiliated social economy who have already freed up personnel for reporting and allocated funds for sustainability efforts, the German government's push is a slap in the face. This is especially hard on social institutions, as many of them are already struggling for their survival due to other regulatory requirements and impending reforms.

Possible sustainability innovations and even already unleashed sustainability motivations in the religiously affiliated social economy are being undermined by the planned actions of the government. This is all the more regrettable, as the implementation of the CSRD could yield positive effects. With socio-ecological sustainability information, efficiency and optimization potentials in resource management could be identified. Contributions to sustainability goals would be disclosed, potentially improving the competitive position strategically. Reliable data is essential for achieving self-set sustainability goals. The retention of public funding is expected to increasingly be linked to sustainability goals. Last but not least, it is banks that require sustainability information to assess and price their credit risks in the social economy.

For us, as a central stakeholder in religiously affiliated social enterprises, delaying the implementation of the CSRD into national law also poses risks. The minimum requirements for risk management (MaRisk) already oblige us to identify, financially assess, and manage sustainability and climate risks when granting loans. With the CSRD, it would be much easier for us than before to engage with customers on sustainability topics and obtain necessary ESG data for our risk assessment. This important connection between CSRD and MaRisk for the financial industry would be severed temporarily if there is a delay. If sustainability efforts in the social economy are scaled back or possibly even stopped, it will likely become difficult to motivate responsible parties to re-engage at a later time. Everyone, especially the federal government, should understand that sustainability in the real economy, finance, and social economy can only be realized if the necessary data is available in usable quality. Despite some structural flaws, the CSRD is a suitable tool for transforming towards more sustainable development.

Key Message VII: Turning Crisis into Opportunity

Florian Freiherr Tucher von Simmelsdorf, Chairman of the Board, M&P Group

The European Green Deal is a groundbreaking initiative by the European Union with the goal of making Europe climate-neutral by 2050. Sustainability reporting plays a central role in the Green Deal. It aims to promote transparency and accountability regarding environmental, social, and governance (ESG) aspects. Through Directive (EU) 2022/2464 (Corporate Sustainability Reporting Directive - CSRD) dated December 14, 2022, sustainability reporting is to be standardized. With the CSRD directive, a significantly larger number of

European companies are required to publish information about the sustainability of their business. This will provide investors, consumers, and stakeholders with comparable data.

In addition, the CSRD reporting is intended to help entrepreneurs identify opportunities for developing their businesses toward sustainability. They should be enabled to rethink and adjust their business models and corporate strategies and take advantage of opportunities for economic growth.

While previously the audit of sustainability reports was voluntary, the CSRD now mandates an obligatory external audit. The external audit is intended to increase the credibility of sustainability reports. Furthermore, the audited sustainability report serves as a basis for business decisions regarding the transformation of the company.

1. European Legal Framework

The audit of sustainability reporting is initially conducted as a limited assurance audit and later as an audit with reasonable assurance. The European Union, in Articles 34 (3) and (4) of the CSRD Directive, gives member states broad possibilities to commission service providers other than auditors to perform the audit of sustainability reporting.

The detailed justification for this expansion is laid out in Recital 61 of the CSRD Directive. Involving auditors in the certification of sustainability reporting could improve the coherence between financial and sustainability information. However, there is a risk of increasing market concentration, which could affect both the independence of the auditors and the audit fees. To counteract this, the European Commission aims to improve audit quality and foster greater diversification in the auditing market. Member states are therefore to have the option to accredit independent providers of assurance services and allow entities other than regular auditors to certify sustainability reporting. This is intended to ensure a broader choice of auditors and create a more balanced market.

2. Implementation in Other Member States

Several member states have already transposed the CSRD Directive into national law. The audit of sustainability reports can be carried out by auditors in all member states. In Denmark, France, and Lithuania, the audit has also been opened to other professional groups. In Austria, the draft of the Sustainability Reporting Act (NBeG) also foresees allowing independent assurance service providers (IASPs) to serve as auditors.

3. Implementation in Germany

The implementation of the CSRD Directive into German law has not yet been completed. The government draft (CSRD Implementation Act) only foresees an audit of sustainability reports by auditors. A registration of the auditor as a sustainability auditor is to be made with the Chamber of Auditors.

This proposal is being debated controversially. The legal opinion on the CSRD by lawyer Prof. Dr. Thomas Klindt and lawyer Luca Hartmann, commissioned by the TÜV Association, concludes with strong arguments that the exclusion of independent assurance service providers (IASPs) violates European law. In contrast, the Chamber of Auditors has defended the draft law.

The admission of independent assurance service providers in our neighboring countries Denmark, France, and (likely) Austria would lead to an immediate competitive disadvantage for Germany as a business location. The European Union has, for very balanced reasons, expanded the circle of auditors beyond the auditing profession. This is primarily to increase competition, resulting in cost savings for the affected companies. Moreover, given the already limited capacities of auditors, it is to be expected that the quality of audit services will be negatively impacted.

A crucial point is that the audit of sustainability reports should also provide a direct benefit to the company—both the management and the shareholders. Through professionally informed collaboration with the employees assigned to sustainability reporting and external consultants, the company should take the opportunity to transform itself towards greater sustainability. A key component of the company's development will also be the knowledgeable and sustainability-aware auditor. This auditor should be able to comprehend the sustainability reports and draw the right conclusions for the company's development. This requires an understanding of both technical aspects and business considerations. Engineers specializing in environmental or related fields are particularly well-suited for this task. Companies must be able to understand that sustainability reporting and its audit obligation are not merely a burdensome (and costly) requirement. The audit should not only aim to avoid fines but should create a real impact for the company's development. Entrepreneurs must realize that sustainability unlocks additional growth opportunities for the company. Only when the mindset of businesses changes will the necessary acceptance be achieved to make the Green Deal a success. This requires that from a wide pool of auditors, the most suitable auditor for the respective company can be selected—one who brings not only business knowledge but also engineering expertise. Furthermore, this requires that companies do not once again face real competitive disadvantages compared to their competitors from neighboring countries. Therefore, it is essential to adjust the bill so that additional auditors, such as engineers, are allowed.

Key Message VIII: The Implementation of the DIN Standard for the Querying of Sustainability Preferences and the Sustainability Score for Investment Products

Prof. Dr. Hans-Wilhelm Zeidler, former Sales Board Member at Zurich Insurance, Inter, and Gothaer, Advisory Board Member at Zielke Research Consult GmbH

Since August 2022, advisors in the field of investment and insurance products are required to conduct a sustainability inquiry and ask their clients about their sustainability preferences. This development began in 2021. Advisors are only allowed to recommend products that align with the sustainability preferences identified. These preferences are an addition to the information previously collected regarding investment purpose, investment duration, and risk tolerance, which were already part of the client's risk profile.

The basis for the inquiry obligation is the "Non-binding Guidelines for Incorporating Sustainability Preferences into the Suitability Assessment" under the Insurance Distribution Directive (IDD) by the European Insurance and Occupational Pensions Authority (EIOPA) from July 2022, and the "Guidelines on Certain Aspects of the MiFID II Suitability Requirements" by the European Securities and Markets Authority (ESMA) from April 2023.

When politics only makes "non-binding" statements on "certain aspects," it is in many sectors—previously mostly technical ones, but also in the financial industry over the last 10 years—that the time for standardization has come. This is because, of course, industry experts, in consensual collaboration with scientists and consumer protection advocates, are best suited to refine political guidelines into practical, operationalizable process rules. For this reason, the financial industry is increasingly embracing the belief that self-regulation moderated by DIN (German Institute for Standardization) is a better response to political statements made from a great height than cacophonous lobbying for narrow interests and waiting for more precise instructions from the political sphere. These are often shaped by political consumer protection advocates and their collection of negative experiences with bad actors.

In late summer 2022, an expert group came together in a working committee at DIN to address sustainability preference inquiries. The committee included representatives from major distributors, insurers, banks, and asset management companies (KAGs), as well as representatives from key associations and consumer protection organizations. Legal experts Prof. Dr. Hans-Peter Schwintowski and Dr. Christian Waigel ensured compliance with regulatory requirements. In July 2023, the committee was able to present the result of its work, which was adopted by consensus: a set of rules for the straightforward implementation of sustainability preference inquiries in the everyday practice of consulting and sales.

Advisors can get the best picture of the described inquiry logic through a questionnaire developed by Schwintowski and DEFINO board member Dr. Klaus Möller, who is also a co-author of the standard. This questionnaire, which is designed to simplify the complex standard text, is available for download and use on the DEFINO website.

The sequence of seven questions, presented in clear language with simple explanations, determines whether and, if so, with which content focuses – environmental goals and/or social goals –, with what "degree of stringency" – e.g. according to the Taxonomy or Disclosure Regulation – and with what minimum percentage of sustainability the desired investment product should consider. Furthermore, it needs to be asked whether investments in companies that are not yet sustainable but are on a recognizable path of transformation should be included in the investment, and whether specific topics such as climate protection or resource efficiency should be prioritized or if certain issues like nuclear energy, gas energy, or child labor should be explicitly excluded

*https://www.bafin.de/DE/Aufsicht/SF/Nachhaltigkeitspraeferenzen/Nachhaltigkeitspraeferenzen_artikel.html

Whether specific topics such as climate protection or resource efficiency are desired to be prioritized, and whether certain issues, such as nuclear or gas energy or child labor, should be explicitly excluded.

It is noteworthy that all detailed questions, after the initial expression of the desire to consider sustainability, can be summarized in one single question according to the standard. This is worded in the mentioned questionnaire as follows: "Do you wish for a basic and general consideration of sustainability in your investments, or would you like to specifically focus on 'environmental' or 'social' aspects when pursuing sustainability goals?" If the client chooses "a basic and general consideration of sustainability in my investments," the survey is concluded here, after the second question.

There is hardly a more streamlined, practical, and goal-oriented way to conduct the inquiry – and this is backed by the legal certainty of working in compliance with the DIN standard and, on the questionnaire, by a "legal confirmation" from Professor Schwintowski.

Experience with the questionnaire has shown that more than 90% of clients express the desire for the fundamental and general consideration of sustainability. And there is a good reason for this: who would seriously prioritize between social goals such as combating poverty and hunger, or promoting education and health, on the one hand, and environmental goals like climate protection and biodiversity, on the other? Of the 17 Sustainable Development Goals (SDGs) defined by the United Nations, none can, in good conscience, be ranked lower or even excluded.

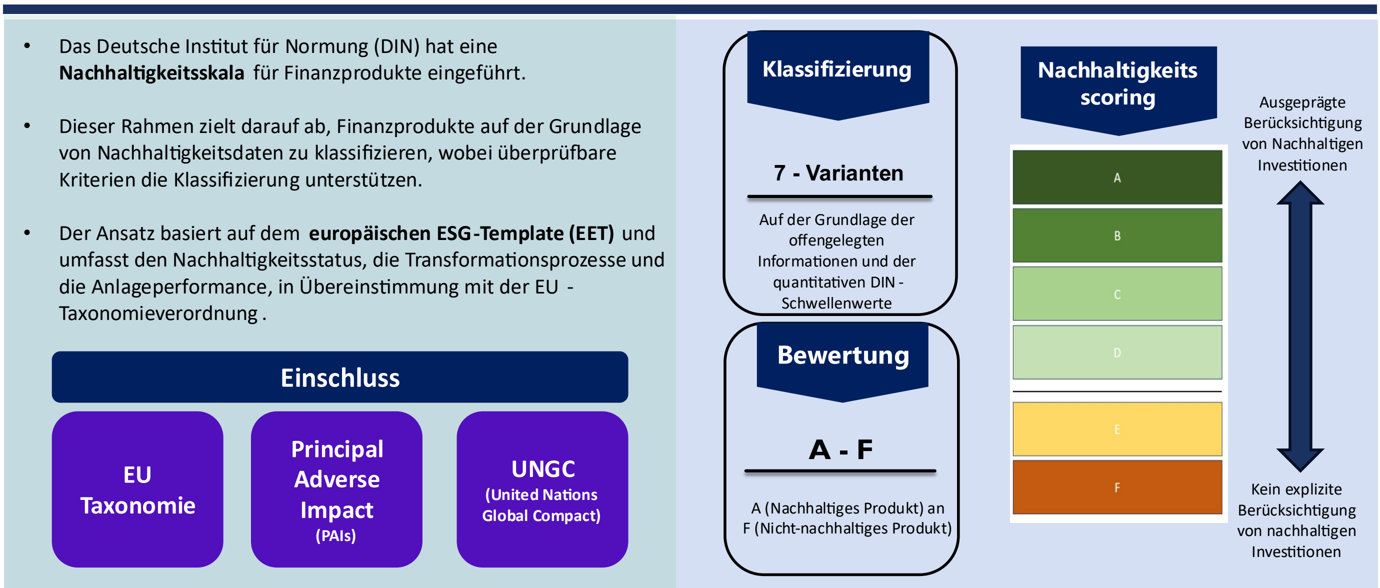
The way to handle the desire for the fundamental and general consideration of sustainability in product selection is defined in the standard through the definition of the "characteristics of a basic sustainability product," which will be further elaborated upon.

The fact that even this simple and legally secure procedure, like all other inquiry logics offered by associations, organizations, and companies, has hardly been used, and that most advisors continue to encourage their clients to reject the consideration of sustainability, is likely due to a problem they face after the inquiry: How do I move from the inquiry result to the suitable product?

To solve this problem, the same DIN committee that regulated the inquiry has now developed the appropriate solution, which will be released in February 2025: the "Sustainability Scoring for Investment Products." This framework will be combined with the preference inquiry in modules 1 and 2 of a standard, DIN 77236 – and for good reason. The results from part 1 of the standard will directly and clearly lead into a field of the scoring matrix in part 2.

This matrix consists of seven thematic focus areas and degrees of rigor (1 to 7) on the horizontal axis, and four minimum share levels ranging from dark green to light green on the vertical axis (A to D), with orange and red (E and F) for non-sustainable products below. In the future, investment products can be labeled with a color-coded scoring graphic, supplemented by a brief indication of the thematic focus, similar to how consumers are familiar with Nutriscore and other established labeling systems. When specifying the basic and general consideration of sustainability, products from all fields of 1 to 7 and from A to D can be selected, in line with the definition of the "characteristics of a basic sustainability product.

DIN 77236-2: A Scale for Financial Products



Quelle: Zielke Rating GmbH

This standard idea was also inspired by a guideline from politics: the "Final Recommendation for the Introduction of an ESG Scale for Financial Products" by the Sustainable Finance Advisory Board of the German government. In this case as well, the standardization process has taken a broadly outlined political concept and transformed it into a more actionable and market-friendly tool. Because the original idea stemmed from the political realm, the political sector has closely followed the project, and even the draft of the scoring standard attracted the attention of not only national organizations but also European supervisory authorities and committees of the European Parliament. Therefore, it is expected that the soon-to-be-published work will be taken into account in further political decisions.

For consultants, dealing with the topic of sustainability will become much easier once the scoring is adopted and applied by producers of investment and insurance products. This also makes life easier for them. When it comes to classifying their products into the thematic columns, this will be done by confirming specific data points from the key figures of the European ESG Template (EET). The template, developed under the coordination of FinDatEx with representatives from the European financial industry, is publicly accessible and available to everyone.

Regarding the updating of scoring labels, it has been established that they will be updated once a year along with the legally required status reports, but not with every rebalancing or with changes arising from fluctuations in fund prices, etc. Product providers should not be overwhelmed by this.

Now it is up to the producers and product comparers to make the handling of the previously unpopular but so important topic of sustainability easier for advisors by providing the finally available simple and consistent inquiry and product selection process according to DIN 77236. And it is up to the distributors, pools, advisors, and consultants to demand this offering from their providers.

Key message IX: Yes to CSRD, but please think systemically!

Prof. Dr. Volker Mosbrugger, former Director General, Senckenberg Society for Natural Research, Advisory Board Member of Zielke Research Consult GmbH

There can be no doubt that we need to shift our economic and way of life onto a more sustainable path. However, we are still far from achieving this. Our societal, economic, and political system, which has made us successful in Germany, Europe, and globally, was created after World War II. This "old system" was developed and functions quite perfectly in a "empty world" (the term "world" is used here in the sense of

"Earth"), a concept coined by economist Herman Daly. In the 1950s, there were around 2.5 billion people worldwide – that was the "empty world" for which our societal, economic, and political system was designed.

Today, more than 70 years later, there are 8.1 billion people, each consuming far more resources (natural capital) than a person in the 1950s: This is the "full world," which is now interconnected in ways never before seen. In this "globalized, full world," it's no surprise that the outdated "operating model" for the "empty world" no longer functions as easily. It has been widely diagnosed, and we all know it (though we may not want to face it): In this now "globally connected, full world," the old economic model from the "empty world" — namely, the social market economy — results in widespread market failure when it comes to the use of natural capital. This is a central part of the so-called global "polycrisis" in the economy, society, and politics, which at its core is really a systemic crisis of the "globally connected, full world".

This market failure regarding the use of natural capital must be repaired if the model of a free social market economy is to survive, namely as a model of a free, eco-social market economy in a "globally connected, full world." And the sooner, the better. Because it is an illusion to think that the current systemic crisis can be cured by first tackling the economic and political challenges, before addressing the "tragedy of the commons." Unfortunately, everything is interconnected here, as the subproblem of economic and climate refugees demonstrates.

In this context, the adoption of the CSRD by the EU and its gradual implementation starting in 2025 is to be welcomed as an important step towards a "nature-neutral" economy. However, this EU directive is part of the long tradition of European or state "micro-management," which is well-intentioned but does not always work optimally in achieving its goals. Many of the criticisms of the CSRD, such as bureaucratic burden, complexity, the risk of greenwashing, or overburdening auditors, are related to this.

Work should therefore continue on optimizing the CSRD, with a focus on better measuring the systemic sustainability of a company, taking into account all three sustainability dimensions: economy, society, and environment. An exemplary model here is the Value Balancing Alliance, which focuses on measuring a company's impact on the economy, society, and nature, developing a truly systemic approach that fits a "globally connected, full world." This fundamental approach is also pursued by the International Foundation for Valuing Impacts (IFVI), established in 2022.

The key advantages of a systemic impact approach are clarity and conceptual consistency, simple communication, comparability through a consistent metric (ideally in euros or dollars), and the use of a common approach (Impact Valuing) for risk assessment, decision-making, and both internal and external reporting. The most important advantage may lie in the clarity it provides, preventing conceptual greenwashing and self-deception. Impact Valuing makes it clear that a product, process, company, etc., is only ecologically sustainable if no natural capital is consumed net. Therefore, an electric car is NOT sustainable, at least not until it reaches a certain mileage threshold, after which it may be more sustainable than a gasoline-powered car. The currently widespread advertising of "sustainable" products is, therefore, consistently at least a form of greenwashing!

Key Message X: ESG-Blues und Governance collapse

Dr. Carsten Zielke, Managing Director, Zielke Research Consult GmbH, Member of the Connectivity Advisory Panel of EFRAG, Member of the Finance Committee of the German Institute for Standardization

It's quite astonishing what's happening right now in the world, especially in Europe: three years ago, in the wake of the youth protests every Friday, there was a shared agreement that action against global warming needed to be taken urgently. Today, however, people are questioning whether this might not be possible in a less strenuous way.

In 2020, the European Financial Reporting Advisory Group (EFRAG), the advisory body on accounting issues for the European Commission, launched a group tasked with revising the Directive on Non-Financial Reporting (the previous Non-Financial Reporting Directive, or NFRD). The resulting Corporate Sustainability Reports (CSR) seemed somewhat vague. The principle was: report or explain why you cannot or choose not to report.

The comparison of CSR reports by German insurers and banks conducted by Zielke Research Consult and later rated has, fortunately, led to an improvement in the latter.

The working group developed a template for the Corporate Sustainability Reporting Directive (CSRD), which then garnered strong support in the European Parliament. Building on this, a follow-up working group developed the specific sector-independent sustainability standards – the European Sustainability Reporting Standards (ESRS).

Before these were drafted as legal acts, there were further coordination processes with the European Parliament, the European Commission, and the European Council. On April 19, 2024, the first set of ESRS was published in the Official Journal of the European Union. The individual EU member states were then supposed to implement them into national law by the end of 2024. Germany did not do so. This was not only due to the collapse of the government in November. The FDP and the opposition CDU/CSU had already positioned themselves against it beforehand and called for a "streamlining" of the regulations.

Rather, the remaining ministers from the SPD and Greens also joined in, proposing a specific plan for streamlining. The culmination came on January 2 of the new year when even the Chancellor called for a two-year postponement in order to avoid overwhelming companies.

Somebody might wonder where these actors were during the consultation process that took place during their term in office.

The problem here is that Germany is pretty much standing alone. Our neighboring countries have already implemented the CSRD, as have their companies, and they now expect corresponding data submissions. Even major Asian suppliers like Samsung and Toyota are now ready for this. Bloomberg has made it clear that they will expand their database to include these criteria.

The major success of EFRAG came in June 2024 when the mutual recognition of the ESRS with the International Sustainability Reporting Standards (ISSB) under certain conditions was announced. Since the ESRS are more comprehensive (they not only cover the climate goal but also the other environmental, social, and governance goals), non-Europeans actually have an interest in applying the ESRS instead of the ISSB standards.

Yet, German politics wants to send a message against Europe and its bureaucracy, rather than taking the leadership role in this new reporting framework.

When the Commercial Code (HGB) was introduced on January 1, 1900, people at the time probably found it cumbersome to book according to it. Nevertheless, it enabled for the first time the measurement of economic success over different periods, which also helped the state plan its tax revenues.

The introduction of the ESRS can be understood in a similar way. ESG performance has previously only been measured to a limited extent or not at all. There are too many soft factors to consider. Like the HGB, the ESRS will evolve over time. But for the first time, an attempt is being made to collect comparable data on which meaningful measurement can be performed.

This way, good and bad performers can be distinguished. The good ones will likely be given money, while the bad ones will be given advice on how they can improve.

If German companies do not wish to carry out this data collection, they will likely be classified as opaque performers, to whom money is less likely to be given. The question is whether this benefits the economic position of Germany.

Sustainability has long become a hygiene factor in risk assessment. No asset manager wants to be stuck with so-called 'stranded assets' that only authoritarian investors are willing to fund.

This includes not only the damage to the climate and biodiversity, but also respect for human rights and good corporate governance.

While previously capital costs were traditionally determined as: $\boldsymbol{Ki} = ß * (\boldsymbol{Rm} - \boldsymbol{Rf}) + \boldsymbol{Rf} + \varepsilon$**,** where Ki represents the capital costs of the company under consideration, ß is the sensitivity to the stock market development, Rm is the expected return of the stock market, Rf is the risk-free interest rate (usually based on a 10-year period), and ε is the unsystematic risk, ESG costs now need to be taken into account.

These consist of the net consumption of natural resources, respect for human rights, and governance principles.

Previously, the beta factor could be reduced to the predictive risk of profits, financial risk, and diversification (see Jacquillat...), but now it will be extended to include the ESG risk.

A weighting could look like this: ß= 0,5 *Predictive risk of profits + 0,3 * ESG risk + 0,2* (financial risk including diversification). Given our latest survey of German insurers and banks, the ESG Beta factor could be determined as follows (the financial risk for insurers is derived from the SFRC reports, while for banks it comes from the CRR report).

The results of the calculation (ß) for banks and insurers clearly show that inadequate sustainability reporting can have direct impacts on refinancing costs. Banks like ***KfW*** (ß = 0.50) or ***Landesbank Hessen-Thüringen*** (ß = 0.67) are considered particularly low-risk, while banks like ***JP Morgan Chase & Co*** (ß = 1.44) or ***Dortmunder Volksbank eG*** (ß = 1.35) show very high risk. Similar patterns appear with insurers, where ***AXA*** (ß = 0.50) and ***Zurich Gruppe Deutschland*** (ß = 0.61) are classified as very low-risk, while ***RheinLand Insurance*** (ß = 1.36) and ***Concordia*** (ß = 1.45) carry very high risk, as seen in our results in the following table.

High ESG transparency lowers capital costs, while insufficient reporting increases them. German banks and insurers may face competitive disadvantages due to the delayed ESRS implementation, as international players already use ESG data. In the long term, companies with inadequate ESG transparency will face rising refinancing costs, a risk the capital market won't overlook.

The quality of sustainability reporting will, according to our logic, have an impact on companies' refinancing costs. Anyone who reports less or not at all will have to pay more for their growth. It should be up to each company to make this decision. The ESRS does this through the materiality analysis.

Politically, it can only be noted that climate change cannot be voted away. Even populists will have to explain to the public why the state cannot protect them from hurricanes or heavy rainfall. The capital market will not allow ESG risks to be excluded as a valuation factor. The companies, their employees, and customers will pay the price for this.

Results of the Beta Factor Calculations for Insurers and Banks

VERSICHERER	ß	RISIKOSTUFE
AXA	0.50	Sehr geringes Risiko
Zurich Gruppe Deutschland	0.61	Sehr geringes Risiko
Baloise	0.67	Sehr geringes Risiko
Konzern Versicherungskammer	0.74	Geringes Risiko
SIGNAL IDUNA	0.79	Geringes Risiko
Die Bayerische	0.80	Geringes Risiko
HanseMerkur	0.84	Geringes Risiko
Prisma Life	0.87	Geringes Risiko
Swiss Life Gruppe	0.87	Geringes Risiko
Debeka	0.87	Geringes Risiko
Allianz Group	0.89	Moderates Risiko
ALTE LEIPZIGER - Hallesche (LV)	0.92	Moderates Risiko
SV SparkassenVersicherung	0.95	Moderates Risiko
Gothaer	0.97	Moderates Risiko
Vienna Insurance Group (VIG)	0.97	Moderates Risiko
Munich Re	0.98	Moderates Risiko
Barmenia	0.99	Moderates Risiko
VOLKSWOHL BUND	1.00	Moderates Risiko
Sparkassen Versicherung Sachsen	1.03	Moderates Risiko
DEVK	1.07	Hohes Risiko
LVM Versicherung	1.08	Hohes Risiko
Vereinigte Hannoversche Versicherung Gruppe (VHV)	1.08	Hohes Risiko
Ergo (DE)	1.11	Hohes Risiko
uniVersa	1.11	Hohes Risiko
Versicherungsgruppe Hannover (VGH)	1.11	Hohes Risiko
Vereinigte Postversicherung (VPV)	1.12	Hohes Risiko
Württembergische Gemeinde Versicherung Konzern (WGV)	1.12	Hohes Risiko
Wüstenrot & Württembergische (WW AG)	1.12	Hohes Risiko
Uniqa Insurance Group	1.15	Hohes Risiko
Generali Group	1.16	Hohes Risiko
Condor	1.16	Hohes Risiko
R+V Versicherung	1.16	Hohes Risiko
ARAG	1.18	Hohes Risiko
Helvetia	1.19	Hohes Risiko
Talanx Gruppe	1.19	Hohes Risiko
Provinzial Holding AG	1.20	Hohes Risiko
HUK-COBURG	1.20	Hohes Risiko
Öffentliche Versicherung Braunschweig	1.20	Hohes Risiko
Stuttgarter Lebensversicherung	1.20	Hohes Risiko
Mecklenburgische Versicherungsgruppe	1.23	Hohes Risiko
INTER Versicherungsgruppe	1.25	Hohes Risiko
LV 1871 Konzern	1.25	Hohes Risiko
Süddeutsche Krankenversicherung Gruppe (SDK)	1.25	Sehr hohes Risiko
WWK Versicherungsgruppe	1.26	Sehr hohes Risiko
NÜRNBERGER	1.26	Sehr hohes Risiko
Itzehoer Versicherung	1.29	Sehr hohes Risiko
Versicherer im Raum der Kirchen (VRK)	1.30	Sehr hohes Risiko
Münchener Verein	1.32	Sehr hohes Risiko
Continentale Versicherungsbund	1.32	Sehr hohes Risiko
RheinLand Versicherung	1.36	Sehr hohes Risiko
Concordia	1.45	Sehr hohes Risiko

BANKEN	ß	RISIKOSTUFE
Stadtsparkasse München	1.11	Hohes Risiko
Deutsche Pfandbriefbank	1.11	Hohes Risiko
Oldenburgische Landesbank AG	1.11	Hohes Risiko
Kreissparkasse Waiblingen	1.12	Hohes Risiko
Kreissparkasse Ludwigsburg	1.12	Hohes Risiko
Stadtsparkasse Wuppertal	1.13	Hohes Risiko
Sparkasse Ingolstadt Eichstätt	1.13	Hohes Risiko
Banco Santander	1.13	Hohes Risiko
Sparkasse Freiburg-Nördlicher Breisgau	1.15	Hohes Risiko
Aareal Bank AG	1.15	Hohes Risiko
BBBank eG	1.16	Hohes Risiko
Sparda-Bank West eG	1.16	Hohes Risiko
Mittelbrandenburgische Sparkasse in Potsdam	1.17	Hohes Risiko
Frankfurter Volksbank eG	1.17	Hohes Risiko
Landeskreditbank Baden-Württemberg	1.17	Hohes Risiko
Landesbank Berlin	1.18	Hohes Risiko
Sparkasse Vest Recklinghausen	1.18	Hohes Risiko
Hannoversche Volksbank eG	1.18	Hohes Risiko
LBS Landesbausparkasse Südwest	1.18	Hohes Risiko
Kreissparkasse Esslingen-Nürtingen	1.19	Hohes Risiko
Sparkasse Ulm	1.19	Hohes Risiko
Sparkasse Duisburg	1.20	Hohes Risiko
Sparkasse Pforzheim Calw	1.20	Hohes Risiko
Kreissparkasse Tübingen	1.20	Hohes Risiko
SKS Erlangen Höchstadt Herzogenaurach	1.21	Hohes Risiko
Sparda-Bank München eG	1.21	Hohes Risiko
Crédit Mutuel Alliance éDérale	1.22	Hohes Risiko
Sparkasse Bochum	1.22	Hohes Risiko
Sparda-Bank Berlin eG	1.22	Hohes Risiko
Kasseler Sparkasse	1.23	Hohes Risiko
Sparda-Bank Südwest eG	1.23	Hohes Risiko
Berliner Volksbank	1.23	Hohes Risiko
Sparkasse Herford	1.23	Hohes Risiko
Kreissparkasse Böblingen	1.23	Hohes Risiko
Sachsen Finanzgruppe	1.24	Hohes Risiko
Kreissparkasse Ostalb	1.24	Hohes Risiko
HSBC Holdings plc	1.25	Hohes Risiko
GLS Gemeinschaftsbank eG	1.25	Hohes Risiko
Mainzer Volksbank eG	1.26	Sehr hohes Risiko
Stadt- und Kreissparkasse Leipzig	1.26	Sehr hohes Risiko
Sparda-Bank Baden-Württemberg eG	1.26	Sehr hohes Risiko
Kreissparkasse München Starnberg Ebersberg	1.27	Sehr hohes Risiko
Volksbank Stuttgart eG	1.27	Sehr hohes Risiko
VerbundVolksbank OWL eG	1.27	Sehr hohes Risiko
Volksbank Mittelhessen eG	1.29	Sehr hohes Risiko
Sparkasse Mainfranken Würzburg	1.30	Sehr hohes Risiko
Sparkasse Rosenheim-Bad Aibling	1.30	Sehr hohes Risiko
Volksbank Köln Bonn eG	1.32	Sehr hohes Risiko
Vereinigte VR Bank Kur- und Rheinpfalz eG	1.32	Sehr hohes Risiko
Wiesbadener Volksbank eG	1.32	Sehr hohes Risiko
Volksbank Raiffeisenbank Rosenheim-Chiemsee eG	1.34	Sehr hohes Risiko
Investitionsbank des Landes Brandenburg (ILB)	1.34	Sehr hohes Risiko
Investitionsbank Schleswig-Holstein (IB.SH)	1.34	Sehr hohes Risiko
Dortmunder Volksbank eG	1.35	Sehr hohes Risiko
JP Morgan Chase & Co	1.44	Sehr hohes Risiko

BANKEN	ß	RISIKOSTUFE
KfW	0.50	Sehr geringes Risiko
Landesbank Hessen-Thüringen (Helaba)	0.67	Sehr geringes Risiko
Sparkasse Münsterland Ost	0.80	Geringes Risiko
Sparkasse Hannover	0.84	Geringes Risiko
Nassauische Sparkasse (Naspa)	0.84	Geringes Risiko
Sparkasse Düren	0.84	Geringes Risiko
Taunus Sparkasse	0.87	Geringes Risiko
Kreissparkasse Göppingen	0.88	Moderates Risiko
Unicredit Group	0.88	Moderates Risiko
Sparkasse KölnBonn	0.89	Moderates Risiko
Sparkasse Hildesheim Goslar Peine	0.90	Moderates Risiko
W&W Gruppe	0.90	Moderates Risiko
Stadtsparkasse Düsseldorf	0.91	Moderates Risiko
Deutsche Bank Konzern	0.92	Moderates Risiko
Kreissparkasse Biberach	0.92	Moderates Risiko
Landesbank Saar (Saar LB)	0.92	Moderates Risiko
IBB Investitionsbank Berlin	0.94	Moderates Risiko
DZ Bank AG	0.94	Moderates Risiko
Hamburg Commercial Bank	0.94	Moderates Risiko
Hamburger Sparkasse (Haspa)	0.96	Moderates Risiko
Bayerische Landesbank (BayernLB)	0.96	Moderates Risiko
Die Sparkasse Bremen AG	0.96	Moderates Risiko
Kreissparkasse Reutlingen	0.97	Moderates Risiko
Sparkasse Paderborn-Detmold	0.98	Moderates Risiko
Sparkasse Heidelberg	0.98	Moderates Risiko
Stadtsparkasse Augsburg	0.99	Moderates Risiko
UBS Group	0.99	Moderates Risiko
Landesbank Baden-Württemberg	0.99	Moderates Risiko
Commerzbank AG	1.00	Moderates Risiko
Sparkasse Krefeld	1.00	Moderates Risiko
Sparkasse Holstein	1.01	Moderates Risiko
Münchener Hypothekenbank e.G.	1.01	Moderates Risiko
Kreissparkasse Köln	1.01	Moderates Risiko
Sparkasse Osnabrück	1.02	Moderates Risiko
Förde Sparkasse	1.03	Moderates Risiko
Sparkasse Nürnberg	1.05	Moderates Risiko
Norddeutsche Landesbank (NordLB)	1.06	Moderates Risiko
Sparkasse Vorderpfalz	1.06	Moderates Risiko
NRW.Bank	1.06	Moderates Risiko
Sparkasse Südholstein	1.06	Hohes Risiko
Kreissparkasse Heilbronn	1.07	Hohes Risiko
Sparkasse Bielefeld	1.07	Hohes Risiko
Nord-Ostsee Sparkasse	1.08	Hohes Risiko
IKB Deutsche Industriebank	1.09	Hohes Risiko
Sparkasse Neuss	1.09	Hohes Risiko
Sparkasse Karlsruhe	1.09	Hohes Risiko
LBS Westdeutsche Landesbausparkasse	1.09	Hohes Risiko
Sparkasse Saarbrücken	1.10	Hohes Risiko
Landessparkasse zu Oldenburg	1.10	Hohes Risiko
Sparkasse Westmünsterland	1.10	Hohes Risiko
LBS Bayerische Landesbausparkasse	1.10	Hohes Risiko
Sparkasse Essen	1.11	Hohes Risiko
ING Group	1.11	Hohes Risiko
Deutsche Apotheker- und Ärztebank eG	1.11	Hohes Risiko
Sparkasse Dortmund	1.11	Hohes Risiko

Source: Zielke Rating GmbH

Conclusion

The attacks on the work done by the various working groups of the European Advisory Group (EFRAG) in creating the European Sustainability Reporting Standards (ESRS) seem counterproductive. They prioritize supposed cost savings over ensuring medium- and long-term economic sustainability. The processes are already completed for the first wave of reporting companies, and the consultation processes, involving all relevant stakeholder groups, were concluded both at the European and mostly at the national level. From a governance perspective, it's questionable whether a process running through an opaque, shortened, and non-standard governance procedure can achieve the same quality. It particularly demotivates those companies that have already made early efforts to improve their sustainability management.Legally, it's uncertain whether the governments' rollback of the CSRD and the European Green Deal will meet the requirements of the Paris Climate Agreement and other commitments. This could lead to lawsuits. We strongly urge leaving the CSRD and ESRS in their core elements as they are. Companies will still have to provide the data to banks and insurers, as they will soon be required to collect it for both regulatory and accounting reasons.

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Dr. Katharina Reuter has been the CEO of the Federal Association for Sustainable Business (BNW e.V.) since 2014. The doctorate agricultural economist has been passionately committed to sustainability issues since her youth and has more than 15 years of experience as the CEO of leading sustainability organizations. She is a co-founder of Entrepreneurs For Future and the European Sustainable Business Federation. Her expertise is reflected in interviews, podcasts, and articles, and she is sought after in political committees, including as the deputy chair of the Board of Trustees of the German Federal Foundation for the Environment (DBU). For her work, she was awarded the Cross of Merit in 2023.

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Prof. Dr. Hans-Peter Schwintowski is an emeritus professor at the Faculty of Law at Humboldt University of Berlin. He received his doctorate in 1982 and habilitated in 1986 at the University of Göttingen. Since 1993, he held a chair in Civil Law, Commercial Law, Business Law, and European Law there. His research focuses on energy law, private insurance law, banking law, as well as competition and antitrust law. Additionally, he was the chairman of the Scientific Advisory Board of the Association of Insured Persons and director of the Institute for Energy and Competition Law in Municipal Economy e.V..

Florian Freiherr Tucher von Simmelsdorf, CEO of Tucher Group and M&P Group

Florian von Tucher, born in 1981, studied civil engineering at the Technical University of Hanover and spent study periods in Spain and China. In 2005, he founded the Asian branch of his family business and lived in China for 15 years. There, as Chairman of the ESI Group, he led the development of large-scale real estate and environmental projects in China and Mongolia. Since 2020, Florian von Tucher has been at the helm of the Tucher Group, his family's family office. In this leadership role, he also serves as CEO of M&P Group. M&P Group is a leading company in sustainability and engineering consulting. In 2023, Florian von Tucher was instrumental in the founding of the SIERA Alliance. This alliance helps companies meet the CSRD guidelines and achieve market leadership through strategic adjustments. Additionally, the SIERA Alliance enables the industry to leverage the Green Deal incentives to enhance profitability and secure a sustainable competitive advantage in a dynamic market environment.

Dr. Helge Wulsdorf, Bank für Kirche und Caritas eG

Dr. Helge Wulsdorf has been the Head of Sustainable Investments at Bank für Kirche und Caritas eG in Paderborn since 2003. He holds a doctorate in social ethics, a degree in theology, and is a trained banker. In his role, he is responsible for the ethical implementation of Christian values within the bank. Additionally, he serves as a board member of the Forum Sustainable Investments e.V. and was a member of the German government's Sustainable Finance Advisory Board from 2019 to 2021. Dr. Wulsdorf is also a lecturer at EBS Business School and has published numerous professional articles on economic ethics and sustainability issues in the financial sector.

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