



The present and future of ESG reporting

**BCSDH and KPMG's
ESG survey results**

November 9, 2023

Executive summary



BCSDH has conducted a comprehensive survey amongst its member companies for the second time to assess all measures taken towards ESG reporting and legislation, moreover, to get to know their current understanding and future ESG plans.”



ESG reporting trends

60% of the surveyed companies prepare ESG reports regularly, most commonly **at international/parent company level** and according to **GRI**. Many of the undertakings just started reporting, with **79%** of the reports already **published**.



Prominent ESG topics, indicators

85% of the undertakings collect ESG data, **78%** of them also set targets. However, less than half of the organizations discuss these goals occasionally at Board meetings.

The surveyed companies primarily consider the **S and G dimensions** as prominent ESG topics, for which they also manage information. **However for publication**, mainly **E topics** are shared and stakeholders predominantly request these topics as well.

54% of data requests received by companies come from **customers**.



ESG in the operation of organizations

More than half of the companies employ an ESG expert at **management level or** at their **sustainability department**.



CSRD readiness

61% of the member companies consider themselves ready for the CSRD. All of the aforementioned prepare reports, and **88%** of them collect data, as well as set frequently assessed targets



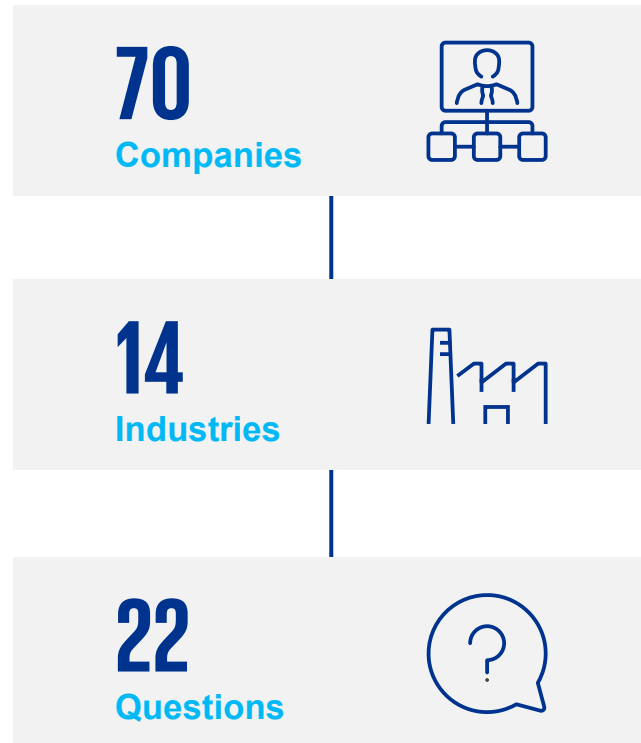
The main motivating factors in ESG reporting that companies mentioned are: increasing reputation, meeting owner expectations and compliance with regulatory requirements.



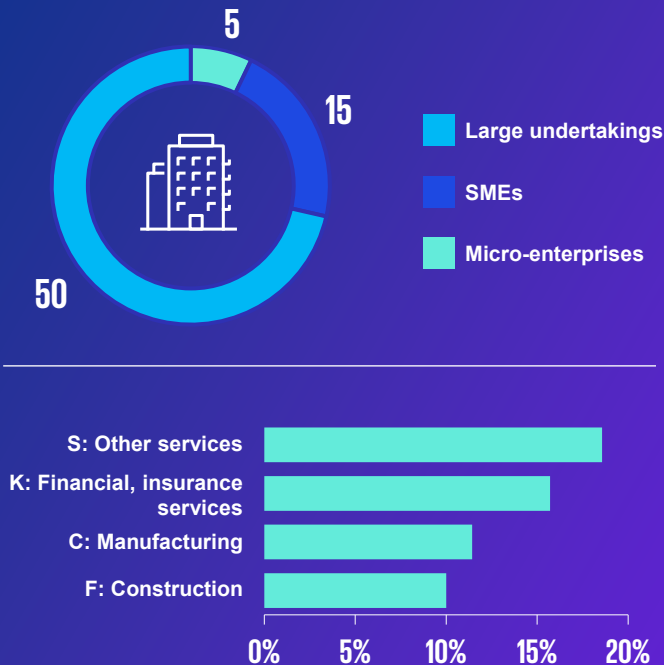
The main limiting factors in ESG reporting that companies highlighted are: lack of sufficiently detailed regulatory requirements, too many standards/guidelines which are hard to navigate and lack of adequate, quality data and internal KPIs.

General overview of the ESG survey

Twice as many companies took part in this year's assessment compared to 2021:



The survey was primarily filled out by **large corporates**. With regard to economic sectors 20% of participants came from services other than financial services, manufacturing and construction.

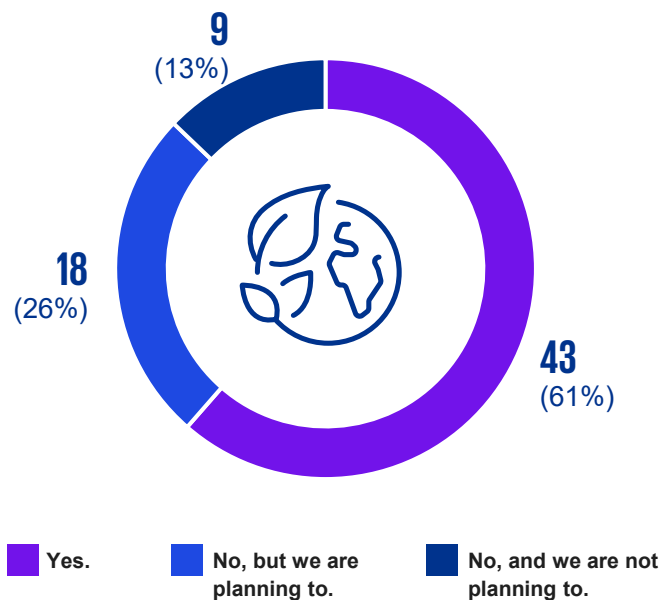


Main topics of the survey

- 01 ESG reporting trends
- 02 Business advantages of ESG reporting
- 03 CSRD readiness
- 04 Main limiting and motivating factors in ESG reporting and decision-making
- 05 Prominent ESG topics at companies
- 06 Data collection, indicators, targets and disclosures
- 07 The extent of ESG integration at organizations

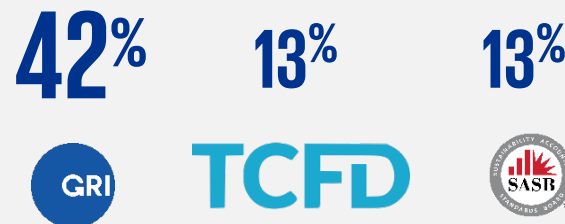
Primarily large undertakings and SMEs prepare ESG reports

61% of the surveyed undertakings prepare integrated/sustainability/ESG reports.



(Has your company prepared an integrated/sustainability/ESG report?)

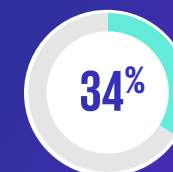
GRI is the most commonly used reporting standard across member companies.



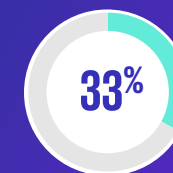
69% of companies are familiar with the **ESRS** but only **8%** apply them.

Reporting companies and companies planning to prepare reports have an equal preference to publishing their ESG data in the form of

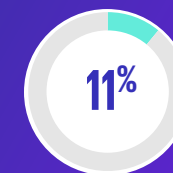
separate or **integrated** reports.



Separate ESG/sustainability report

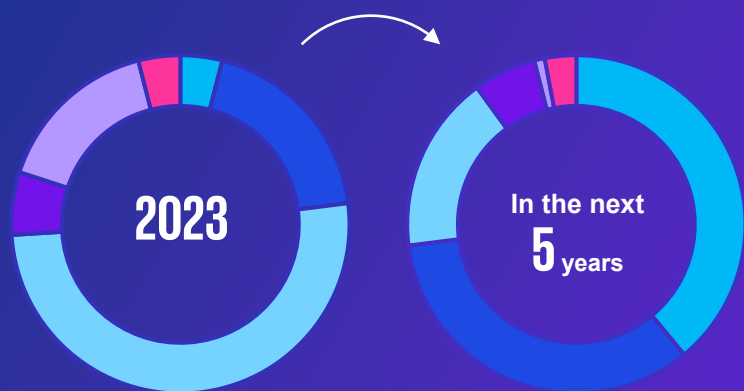


Integrated report



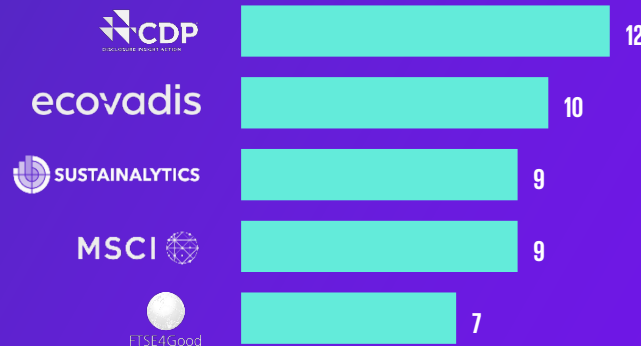
Different type of reports are prepared internationally and locally

According to 90% of the companies, ESG reports will provide a competitive advantage in the next 5 years



- Provides a major advantage
- Provides an advantage
- Rather provides an advantage
- Provides no advantage
- Rather provides no advantage
- Provides no advantage at all

33% have an ESG rating. Companies with an ESG rating have acquired 3 ratings on average.



There is an increasing tendency amongst reporting BCSDH member companies to **publish** their ESG reports. 45% of foreign-owned, domestic subsidiaries, 84% of Hungarian companies, and 95% of international parent companies make their reports publicly available.

Amongst the Hungarian companies, nearly a third of the ESG reports are **certified**, while at the international parent company level, two thirds of the reports are completely or partially certified.

Reporting frequency trends

International parent company/at group level **38** reporting companies



Hungarian company or corporate group **31** reporting companies

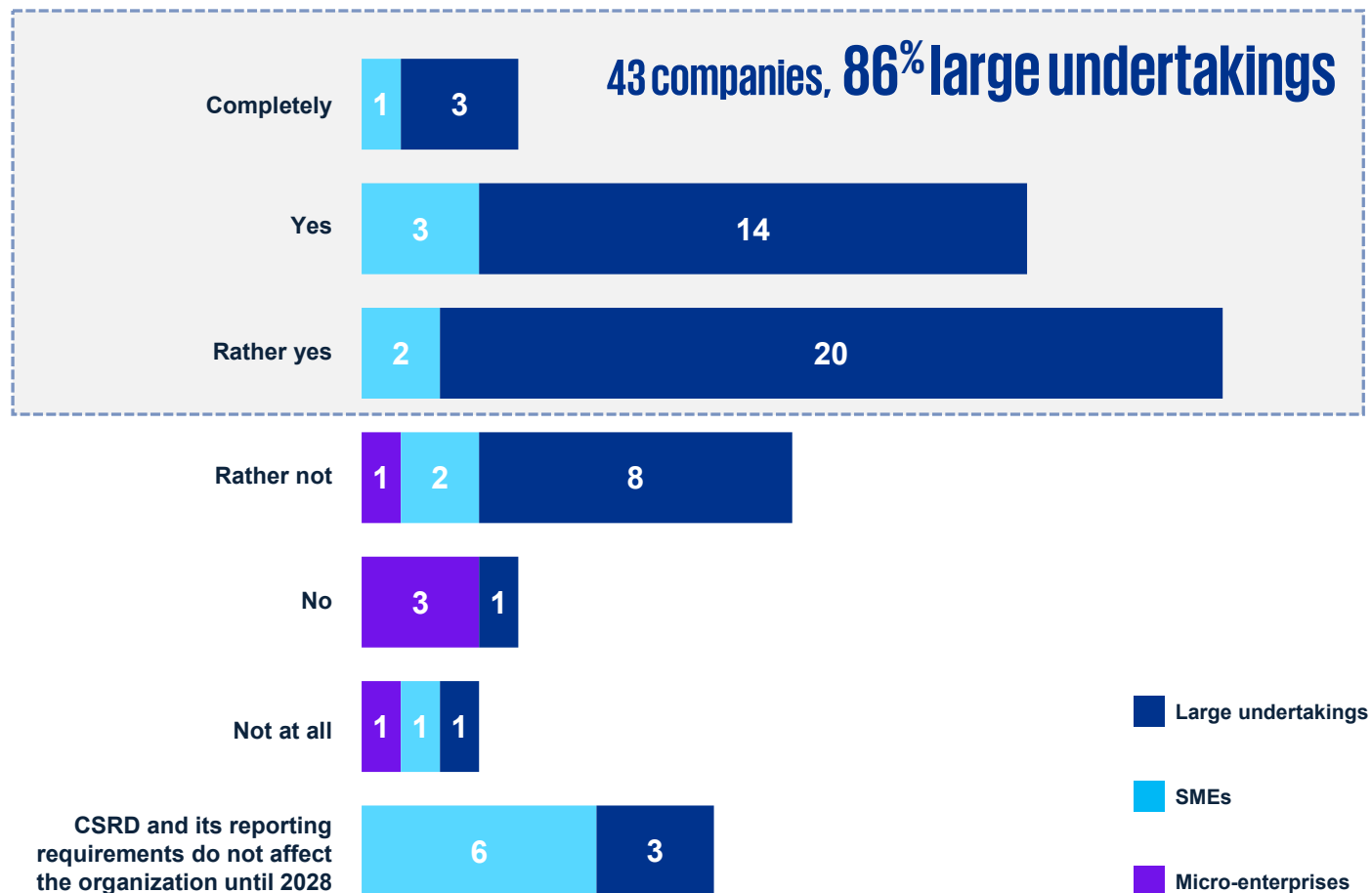


Foreign-owned, domestic subsidiary **20** reporting companies



- Not frequently
- Just started reporting, planning to continue it frequently
- Frequently

61% of the BCSDH member companies consider themselves ready for the disclosure requirements of the CSRD



All of the undertakings that consider themselves ready for the CSRD prepare ESG reports,

67% prepare primarily **integrated reports** (in some cases at a group level).



84% publish, **44%** also have their ESG reports certified.

Limiting factors in ESG reporting and decision-making

Overall, 43% of the companies mentioned 'lack of sufficiently detailed regulatory requirements at country/EU level' and too many standards/guidelines creating a hard to navigate environment as the two main limiting factors in reporting and decision-making. In the previous survey (2021), the 'costs of data collection and analysis' were considered as the top factors.

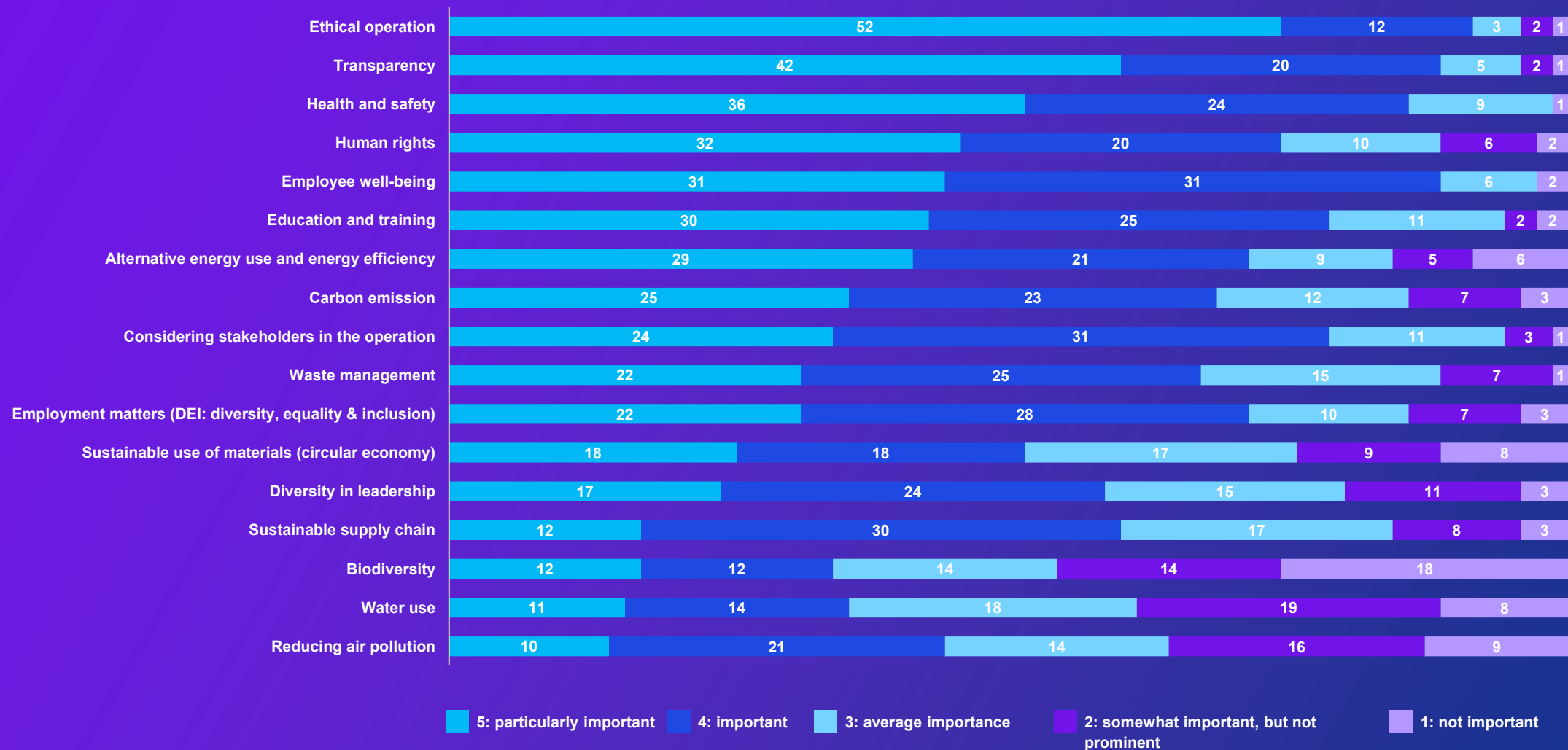


Motivating factors in ESG reporting and decision-making

Overall, 63% of the companies highlighted 'increasing reputation', and 61% of them mentioned meeting owner expectations as a motivating factor for ESG reporting and decision-making. These two topics were rated the highest in the survey conducted in 2021 as well.



Primarily social and governance topics are considered particularly important by the surveyed companies



Data collection and management is consistent with the ESG topics considered important

The prominent ESG topics for which companies collect data:

01 Health and safety

02 Employee well-being

03 Ethical operation

04 Carbon emission

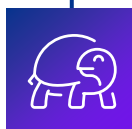
05 Education and training



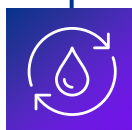
For **employee well-being, education and training, health and safety, transparency, ethical operation, and carbon emission** topics, collecting data, defining indicators, setting targets and assessing their performance regularly is prominent. However, the ratio of publishing this data is realized at a lower rate.



Amongst BCSDH member companies, **carbon emission** data is published at the highest rate. The topic is followed by **energy use, transparency and ethical operation**.



Data collection appears to be at the **lowest rate** regarding **biodiversity** amongst assessed entities (**62%**)



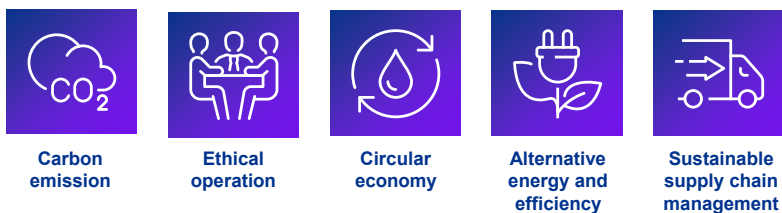
Regarding **water use and circular economy** the surveyed companies mostly define indicators, however less than half of them set associated targets. For circular economy in particular a significant number of the companies do not even gather data.

Stakeholders requested ESG data from 54% of the surveyed companies

49% of the companies who consider themselves **CSRD-ready** requested ESG data from their stakeholders:

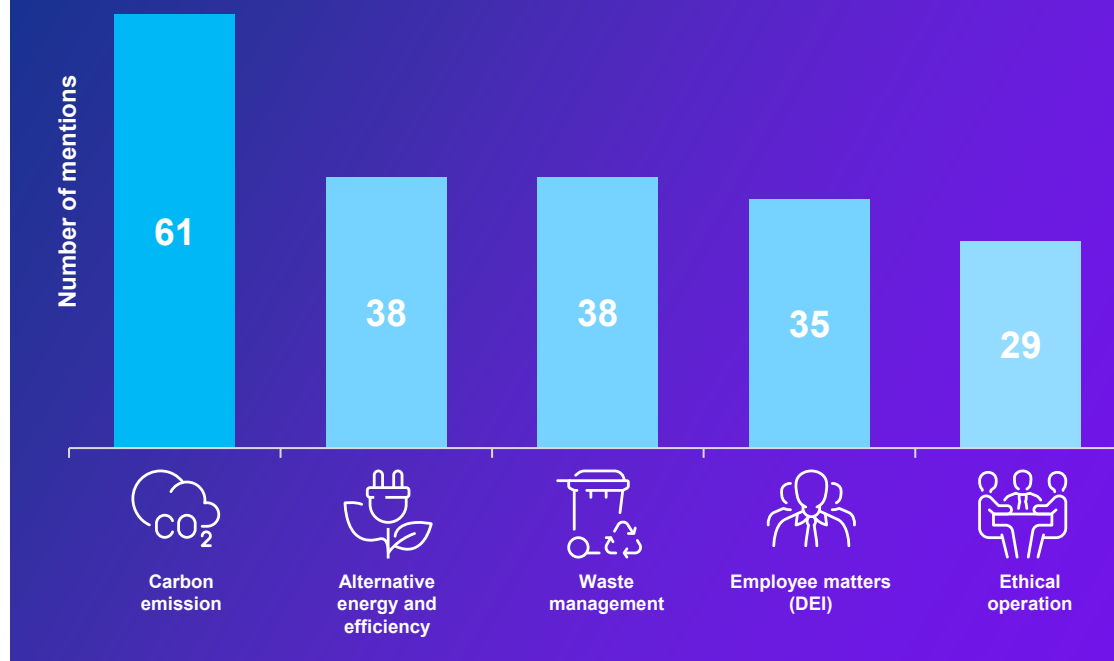


37% of the surveyed BCSDH member companies requested data from their stakeholders:



Data request by external stakeholders

54% customers | **25%** financial organizations | **19%** potential partners



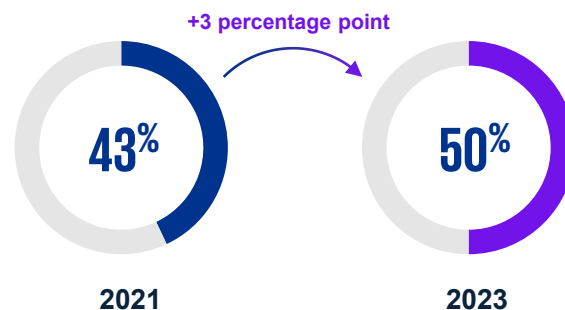
ESG in the operation of organizations

72%

of the surveyed companies possess a **designated responsible person** for all ESG topics at management and decision-making levels.

34% of the companies **discuss their ESG targets several times a year** at dedicated, regular Board meetings, while **45%** discuss them **only occasionally**.

Employing an ESG professional who spends at least 50% of their working hours with ESG specific topics.



44% of companies who consider themselves **CSRD-ready** discuss their ESG targets **occasionally** at dedicated, regular Board meetings.

65% of companies who consider themselves **CSRD-ready** employ ESG professionals, **86%** possess a designated ESG responsible person at an upper management level.

Number of mentions of areas/departments to which companies assign their ESG experts.

- 21 Sustainability
- 18 Executive Director/CEO
- 5 Strategy
- 4 Finance
- 4 Public Affairs
- 3 Communication