

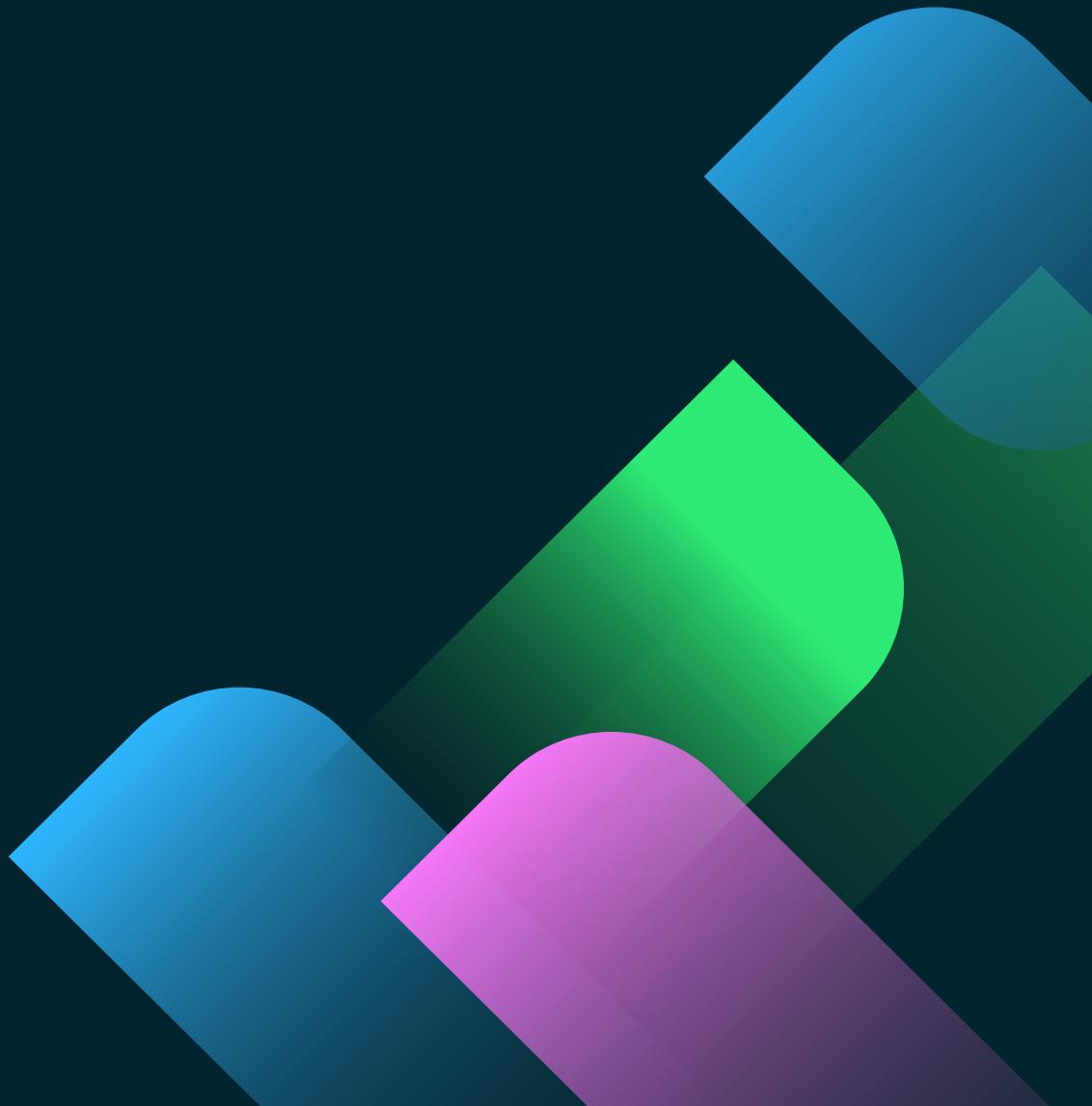


GREEN FINANCE
& ENERGY CENTRE

www.gfcentre.org

ESG REPORTING GUIDELINES

2022



Introduction

Assessing the sustainability of a business becomes an integral part of global investment decision-making. In this regard, we at the Green Centre are convinced that companies that effectively report their sustainability policies will have easier access to capital and increase their efficiency and market valuation.

The ESG reporting guidelines were prepared by the Green Center team, which includes representatives of companies (including public companies), the banking sector, academia, the Ministry of Finance, the Ministry of Energy, the Financial Supervision Commission, the Fund of Funds, the Bulgarian Development Bank, the Bulgarian Stock Exchange, the Bulgarian Independent Energy Exchange, branch organizations in the financial sector, consulting companies, as well as other prominent experts in the field of sustainable finance.

The guidelines encourage companies to disclose ESG information to the public periodically, including as part of its non-financial statements. Indicative ESG indicators based on the main internationally established standards in the field are also proposed, which are tailored to the specifics of Bulgarian companies.

The guidelines comply with the requirements of the applicable legal framework, approved at national and European level, as well as with other documents regulating good corporate practices.

In addition to the mandatory elements of principle and transparency of management practices laid down in the legislation in force, the Guidelines introduce recommendations and clarifications concerning corporate, environmental and social reporting standards not only for companies whose securities are traded on capital markets, but also for all companies wishing or obliged to follow such behavior. An important clarification is that they are not intended to introduce

additional requirements for companies regarding the reporting of ESG data, outside the legal frameworks of national and European legislation.

The principles of sustainable development, separated as requirements in the European Green Deal¹, are fundamental to the uptake of effective environmental and social practices in the interaction between shareholders, investors, corporate executives and other stakeholders. The document is based on these headline trends, which aim to redirect capital flows towards sustainable investments, while legitimising the impact of the individual environmental and social footprint on the practical management of operational and investment risks.

The ESG Reporting Guidelines address corporate, environmental and social reporting practices applicable to their dual materiality for public and non-public companies and comply with generally accepted sectoral governance and behavioural norms. The measurement of the environmental and social footprint of companies provided for in this document is based both on mandatory disclosure requirements under national and European legislation, as well as on voluntary reports on the actions taken to impose environmental and social factors in the business model of companies and their adjacent strategies.

In addition, the methodological approaches set out aims to encourage the disclosure of complementary voluntary information on significant environmental and social indicators, referring to well-established international standards and guidelines for accounting for environmental and social parameters approved for the industry or sector concerned.

The Green Centre publishes these guidelines with the idea of helping companies to report ESG information in a way that makes it comparable, reliable, and understandable to stakeholders.

1 Regulated by the EC Circular Economy Action Plan, Directive 2014/95/EU of the European Parliament and of the Council of 22 October 2014 amending Directive 2013/34/EU as regards the disclosure of non-financial and diversity information by certain large undertakings and groups, Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on the disclosure of sustainability information in the financial services and a Strategy to finance the transition to a sustainable economy.



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