

GLOBAL ESG MONITOR 2024: ENERGY COMPANIES REPORT BROADLY ON SUSTAINABILITY, LACK OF DEPTH IS STILL A PROBLEM

- **Energy companies report a wide variety of material topics (8.4 out of 10 topics), showing a well-developed understanding of interdependencies between material topics**
- **Besides materiality the energy industry sample also performs strongly on other reporting principles like stakeholder integration or due diligence**
- **Need for more reporting depth as well as transparency demonstrated by reporting on biodiversity: always material, but companies score only 35 points on average**
- **The average ESRS compliance of just 41 percent shows that much work still needs to be done in order to be ready for the framework's demands**

Wiesbaden, 11 October 2024 – The energy industry's sustainability reporting impresses primarily with carefully performed materiality analyses. Despite that fact, their extensive reports lack depth and could profit from more contextualization of the given information when it comes to the respective material topics. This is the main result of the Global ESG Monitor 2024 (GEM), an independent think tank that analyzed the quality of the sustainability reporting of 194 companies taken from German stock indices DAX, MDAX, SDAX as well as from an international sample, including a sample of 10 leading energy companies.

Michael Diegelmann, co-founder of the Global ESG Monitor and board member of the IR and ESG consulting firm cometis, emphasizes: "Their business models allow the energy companies to make significant contributions to the global climate goals and also makes them the ideal role models to pioneer sustainable economic activity. To match these expectations with regard to sustainability reporting, the companies from our energy industry sample must present their commitment to sustainability even more transparently in the context of the upcoming ESRS. An effort that will also be paramount in meeting the rising expectations of their stakeholders."

The exemplary best-in-class scores of up to 79 points and the alarming rear end of only 15 points (out of 100 respectively) illustrate the vast differences of reporting quality within the field. From these extremes, an average score of 46 points emerges which is just one point more than the average of the total GEM sample of all 194 companies.

On average, 8.4 out of 10 possible topics were identified as material in the energy sample. This number is significantly higher than that of the total GEM sample which lies at 5.7 topics. The increase in material topics also extends itself to the space dedicated to sustainability: The median page number of sustainability reporting within the energy companies' annual reports was at 100 pages.

The reporting gaps in balance, accuracy, topicality, comparability and comprehensibility deducible from the average score are reflected in the calculated degree of compliance with the European Sustainability Reporting Standards (ESRS), which were already taken into account by the GEM 2024. On average, the energy sector reaches 41 percent compliance with the requirements of the ESRS. There is only one company significantly ahead of the field with 72 percent.

Regarding the principles of good reporting, whose importance is also highlighted in ESRS standards 1 & 2, the energy sector tends to perform well: Many companies within the sample regularly score more than 80 out of 100 points when it comes to criteria such as materiality, due diligence or stakeholder integration.

Stakeholder integration for example is an exceptionally important topic for energy companies as they frequently find themselves in conflicts of interest with governments, investors, local communities or non-government organizations (NGOs). Scoring 69 out of 100 points on average, the energy sector already delivers a comprehensive and useful account here.

Ariane Hofstetter, co-founder of the Global ESG Monitor, highlights the positive development of the energy companies: "The careful materiality analyses and in accordance with that the large variety of sustainability topics reported on is a solid foundation for these companies to systematically improve their reporting, especially with regard to future ESRS compliance. Nevertheless, they have to make significant efforts to include more details and context in the reporting on their material topics.

They also deserve to be commended for their uniform consideration of biodiversity as a material topic which makes them a standout industry in our study.”

As part of the ESG webinar series (Impact Challenger Days), you will next learn more about the trends and best practices in reporting for more important industries. (Participation free of charge: [here](#)). Further information on the Global ESG Monitor 2024 is available at www.globalESGmonitor.com.

About the Global ESG Monitor

The Global ESG Monitor (GEM) is an independent think tank dedicated to analyzing and comparing the quality of sustainability reports. Since its foundation in 2020, the GEM has analyzed over 1,300 reports from more than 500 companies worldwide. The operationalization of quality (transparency & context) is based on the GEM ASSAY™ methodology, which integrates the principles and criteria of the European Sustainability Reporting Standards (ESRS), the Global Reporting Initiative (GRI), IFRS (IFRS S1 and S2), the Task Force on Climate-related Financial Disclosures (TCFD), the United Nations Global Compact (UNGC) and the German Supply Chain Sustainability Act (LkSG). In addition, findings from the dialogue with relevant stakeholder groups are incorporated into the methodology. To ensure very high data quality, each company report is analyzed three times. The results of the analyses are published by the GEM Academy and the Impact Challenger Days. Interested companies can access detailed, individual analyses to improve their own sustainability reporting. The GEM thus offers companies a second opinion on their reporting and helps them to continuously develop their sustainability communication through peer group comparisons and benchmark analyses. Further information can be found at www.globalESGmonitor.com.

About the Integrity Star Award

The Integrity Star Award (ISA) recognizes the best sustainability reports from the DAX®, MDAX®, SDAX® and an international sample. The award makes best practices publicly accessible and provides comparative data and benchmarking opportunities. The aim is to provide companies with a data-based foundation for improving their sustainability reporting so that they can fulfil the high expectations of stakeholders and regulatory authorities. The assessment is not carried out by artificial intelligence or a jury, but by an experienced team of analysts who analyze the reports using the sound, objective methodology of the GEM ASSAY™. At the same time, the companies are shown how their reports could be perceived by stakeholders. The Integrity Star

Award is based on the evaluation of the current sustainability reports before the expected changes by the ESRS and can serve as a basis for future progress measurements.

About the Impact Challenger Days

The Impact Challenger Days (ICD) are dedicated to the topic of sustainability reporting in all its facets. The focus is on ESRS and CSRD, materiality, environmental issues and social and governance topics. In addition, the ICD will present sector-specific findings and, thanks to the cooperation with IR24, webinars that take a closer look at the topic of sustainability from a capital market perspective. Take part in the ESG webinar series free of charge: [here](#).

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