5th Compliance Conference

Break out session 4: E-reporting

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Feedback on UK study on the knowledge and
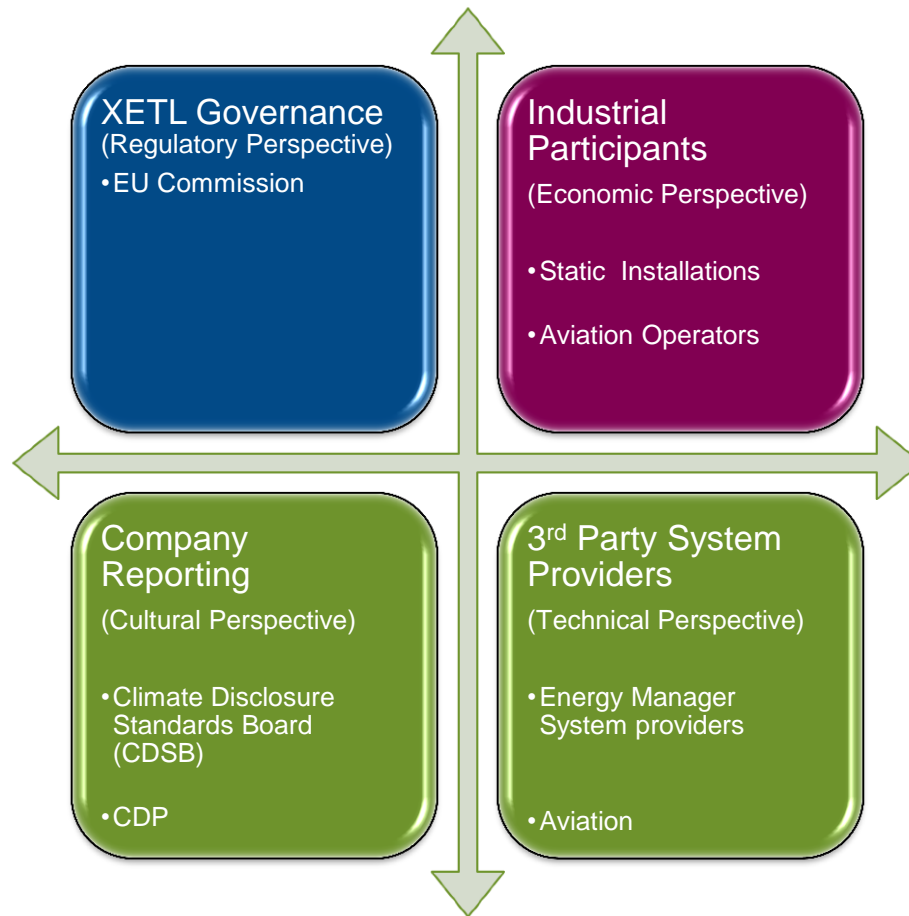# use of EC Common language

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Setting the Scene

- The demand on business to report more information is growing
  - In today's business climate, businesses are deluged with more request to provide a wider variety of information such as climate change and sustainability data

- The problem statement:
  - The burden on businesses and regulatory agencies to capture, exchange and analysis business data is growing rapidly

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Introduction to Common language(XETL)

➜ EU ETS Reporting Language (XETL) – A first step

   ➜ Reduces data rekeying and other manual tasks
   ➜ Ensures transparency across the reporting chain
   ➜ Enables more accurate and reliable data exchange

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Survey Stakeholder Matrix

XETL Governance
(Regulatory Perspective)

• EU Commission

Industrial Participants
(Economic Perspective)

• Static Installations

• Aviation Operators

Company Reporting
(Cultural Perspective)

• Climate Disclosure Standards Board (CDSB)

• CDP

3rd Party System Providers
(Technical Perspective)

• Energy Manager System providers

• Aviation

Key

| Refer to existing material (DG Clima) |
| Survey to inform survey Analysis |
| Interview / call to inform Survey |

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Survey Content

The survey questions:

- ➔ **Question 1:** What information sources have you used to find out about the EU ETS Reporting Language?
- ➔ **Question 2:** What are the external pressures for you to use an extensible reporting language such as XBRL?
- ➔ **Question 3**: How would you use the EU ETS Reporting Language Internally?
- ➔ **Question 4:** Costs associated with implementing the EU ETS Reporting Language
- ➔ **Question 5:** Efficiency of generating and processing data using the EU ETS Reporting Language
- ➔ **Question 6:** Business benefits of using the EU ETS Reporting Language
- ➔ **Question 7:** Ability to implement the EU ETS Reporting Language within your organisation
- ➔ **Question 8:** Uptake of the EU ETS Reporting Language

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Key survey findings

- The survey results suggest further awareness, education and training is required with the intended user base

- XETL benefits confirmed by participants: Accuracy, quality and data integrity.

- Statements around interoperability of systems (e.g. links with registry, other domestic compliance schemes and company reporting requirements)

- Clearly, without a **mandate** to file annual returns using EU ETS Reporting Language (XETL), adoption rates will remain low, as it is perceived as a high business cost investment, which many organisations highlight will not be prioritised due to the return on investment (ROI)

- Leveraging existing global standard taxonomies (e.g. IFRS, CDP, GRI etc.) and harmonising EU ETS Reporting Language will significantly reduce taxonomy design and XBRL implementation/ rollout costs.

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Summary (1)

➔ Currently XETL is **Voluntary**

➔ Recommendation to look at the impact of making XETL **Mandatory** to increase user uptake

➔ Raise Awareness of XETL to user community

➔ Education and training to raise business benefits of using XETL

   ➔ Accuracy, quality and data integrity
   ➔ Interoperability of systems
   ➔ Transparency and comparability
   ➔ Value Add (more for less)
   ➔ Potential to decrease compliance costs

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Summary (2)

◆ Alignment and implementation of standards

  ◆ Recommendation to look further at alignment with recognized modeling practices from financial and sustainability institutions as IFRS, XBRL, CDP, GRI

  ◆ XETL potential enabler for International Reporting language to allow interoperability and harmonisation of emerging CO_2 reporting (e.g. Like XBRL is to financial reporting)

◆ Presently the EU ETS Reporting Language is seen as a concept in the eyes of potential users

  ◆ Consideration of conducting a number of pilot transactions at the year end compliance stage (AER) using XETL

  ◆ This will create a case study that can engage stakeholders and create potential demand for uptake of XETL

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Thank you

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