

# AmCham Cyprus

ESG: Transforming the Economy  
Friday, 21st March 2025



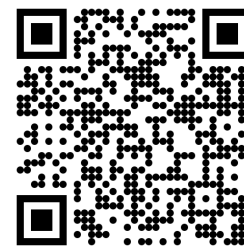
# Speaker



## Mark J Lumsdon-Taylor

Partner, Head of Sustainability & ESG at  
MHA Baker Tilly Ireland

E: [mark.lumsdon-taylor@mha.co.uk](mailto:mark.lumsdon-taylor@mha.co.uk)



LinkedIn

# What is Important to Business?





## Why do it ? →

A choice...**Intent** versus **reality**

## How do we ? →

Cash, Credibility, Culture, Compliance

## Impact & Reporting ? →

Regulation: The Good, The Bad, and The Necessary



AmCham Cyprus

# A key moment for business navigating ESG Reporting

Friday, 21<sup>st</sup> March 2025



**mha**

An independent member of

**bakertilly**

INTERNATIONAL

**Hello Cyprus**



# A key moment for business navigating ESG Reporting

Friday, 21<sup>st</sup> March 2025



Working in Partnership with Westminster Insights– MHA Baker Tilly  
International

Sustainability is rapidly evolving, and ESG is entirely transforming the way that we work, communicate, and interact with the world. Our focus at this Presentation is our perspective on the 'Regulatory Obligations', 'Experiences' & resulting 'Strategic planning' for **Sustainability ESG [SESG] for Business** and to keep up top speed with the latest technological & Regulatory advancements.



# MHA & Baker Tilly International Working Internationally





# MHA & Baker Tilly International Working Internationally



**658**  
offices



**\$5.62bn**  
2024 worldwide revenue



**141**  
Territories



**43,000**  
People





# ESG Team

## UK



Mark Lumsdon-Taylor  
Partner, Head of ESG  
[mark.lumsdon-taylor@mha.co.uk](mailto:mark.lumsdon-taylor@mha.co.uk)



Lutamyo Mtawli  
Director  
[lutamyo.mtawali@mha.co.uk](mailto:lutamyo.mtawali@mha.co.uk)



Jenna Harris  
Senior Manager Audit & Assurance  
[jenna.harris@mha.co.uk](mailto:jenna.harris@mha.co.uk)



Ruby Schofield  
Manager, Audit & Assurance  
[ruby.schofield@mha.co.uk](mailto:ruby.schofield@mha.co.uk)



Maisie Williams  
Audit & Accounts Junior  
[maisie.Williams@mha.co.uk](mailto:maisie.Williams@mha.co.uk)

## Cyprus



Stela Ivancheva  
Partner, Consulting & Business Advisory  
[s.ivancheva@bakertilly.com.cy](mailto:s.ivancheva@bakertilly.com.cy)



Maria Christofide  
Senior Manager  
[m.christofide@bakertilly.com.cy](mailto:m.christofide@bakertilly.com.cy)



Katharina Engels  
Director  
[katharina.engels@bakertilly.de](mailto:katharina.engels@bakertilly.de)



You Cui  
Director  
[you.cui@bakertilly.de](mailto:you.cui@bakertilly.de)

## Belgium



Phillip Doods  
Partner  
[p.doods@bakertilly.be](mailto:p.doods@bakertilly.be)

## France



Arnaud Bergero  
Managing Director  
[arnaud.bergero@goodwill-management.com](mailto:arnaud.bergero@goodwill-management.com)



Delphine Leduc  
Partner  
[d.leduc@bakertilly.fr](mailto:d.leduc@bakertilly.fr)

## Spain



Jordi Martinez  
Managing Partner  
[jmartinez@ecogesa.net](mailto:jmartinez@ecogesa.net)



Oriol Velasco Santamaria  
Partner  
[oriol.velasco@bakertilly.es](mailto:oriol.velasco@bakertilly.es)

## Portugal



Ana Martins  
ESG Services Associate Partner  
[ana.martins@bakertilly.pt](mailto:ana.martins@bakertilly.pt)

# ESG Team

## US & Canada



Mallory Thomas  
Partner ESG Risk Advisory  
[mallory.thomas@bakertilly.com](mailto:mallory.thomas@bakertilly.com)



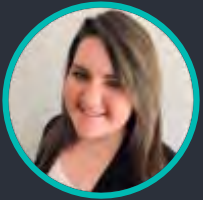
Lauren Zappaterrini  
Consultant ESG and Sustainability  
[lauren.zappaterrini@bakertilly.com](mailto:lauren.zappaterrini@bakertilly.com)



Madu Maganti  
Principal Engagement Principal Risk  
management, ESG and Sustainability  
[madhu.maganti@bakertilly.com](mailto:madhu.maganti@bakertilly.com)



Joe Donnelly  
Principal Project  
Advisor Assurance



Kelly Bourbon  
Director Project Lead Risk Advisory  
[kelly.bourbon@bakertilly.com](mailto:kelly.bourbon@bakertilly.com)



Brianna Hardy  
Senior Consultant ESG and  
Sustainability  
[Brianna.Hardy@bakertilly.com](mailto:Brianna.Hardy@bakertilly.com)

## Central & Eastern Europe



Eva Aschauer  
Partner  
[eva.aschauer@tpa-group.at](mailto:eva.aschauer@tpa-group.at)



Bojan Zepinic  
Managing Partner  
[bojan.zepinic@tpa-group.rs](mailto:bojan.zepinic@tpa-group.rs)



Radek Stein  
Partner  
[radek.stein@tpa-group.cz](mailto:radek.stein@tpa-group.cz)



Claudia Bratu  
Partner  
[claudia.bratu@tpa-group.ro](mailto:claudia.bratu@tpa-group.ro)



Zoltan Baka  
Senior Manager Advisory & Tax  
[zoltan.baka@tpa-group.hu](mailto:zoltan.baka@tpa-group.hu)



Ivaylo Yanchev  
Director Audit and Advisory  
[I.Yanchev@bakertilly.bg](mailto:I.Yanchev@bakertilly.bg)

## Italy



Francesco Lagonigro  
Partner  
[fl@hidrasocietabenefit.it](mailto:fl@hidrasocietabenefit.it)



Sabrina Brescacin  
Senior Manager  
[sabrina.brescacin@brefer.com](mailto:sabrina.brescacin@brefer.com)

## Ireland



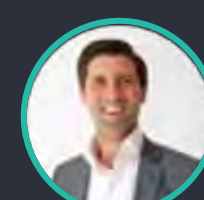
Brendan Kean  
Partner  
[brendan.kean@bakertilly.ie](mailto:brendan.kean@bakertilly.ie)

## Poland



Maciej Krokosiński  
Partner  
[maciej.krokosinski@bakertilly-tpa.pl](mailto:maciej.krokosinski@bakertilly-tpa.pl)

## Netherlands



Gido Fruhling  
Partner  
[g.fruhling@bakertilly.nl](mailto:g.fruhling@bakertilly.nl)



Darja Tretjakova  
Manager  
[darja.tretjakova@climatepartner.com](mailto:darja.tretjakova@climatepartner.com)

# ESG Team

## Sweden



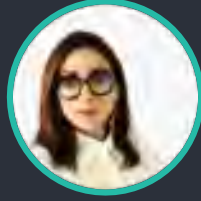
Adam Bermhagen  
[adam.bermhagen@bakertilly.se](mailto:adam.bermhagen@bakertilly.se)

## Norway



Svein Erik Egeland  
Partner  
[see@bakertilly.no](mailto:see@bakertilly.no)

## Morocco



Sheryn Ziani  
Managing Partner  
[sheryn.ziani@bakertilly.ma](mailto:sheryn.ziani@bakertilly.ma)

## Singapore

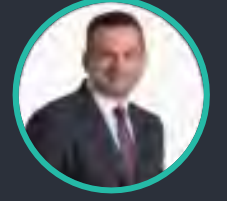


Tina Thomas  
Head of ESG  
[tina.thomas@bakertilly.sg](mailto:tina.thomas@bakertilly.sg)

## Australia



Frank Russo  
Partner  
[frank.russo@pitcher.com.au](mailto:frank.russo@pitcher.com.au)



John Gavljak  
Partner  
[john.gavljak@pitcher.com.au](mailto:john.gavljak@pitcher.com.au)

## Malaysia



Heng Cheng Zin  
Partner  
[zin.heng@bakertilly.my](mailto:zin.heng@bakertilly.my)



Kuan Yew Choong  
Partner  
[yewchoong.kuan@bakertilly.my](mailto:yewchoong.kuan@bakertilly.my)

## China



Jessica Tang  
Lead Partner ESG Consulting  
[see@bakertilly.no](mailto:see@bakertilly.no)



Kevin Tan  
Director ESG Consulting  
[adam.bermhagen@bakertilly.se](mailto:adam.bermhagen@bakertilly.se)



Jyotika Rangel  
Partner  
[jyotika.rangel@pitcher.com.au](mailto:jyotika.rangel@pitcher.com.au)

## India



Michelle Gan  
Partner  
[michelle.gan@bakertilly.my](mailto:michelle.gan@bakertilly.my)



Gaurav Bhatia  
Executive Partner ESG  
[gaurav.bhatia@asa.in](mailto:gaurav.bhatia@asa.in)



Kim Collaco  
Executive Director International Affairs  
[kim.collaco@asa.in](mailto:kim.collaco@asa.in)





We know Sustainability ESG  
**because we have been in  
regulation a very long time.**



# Sustainability regulations globally, with regional and country focus

## Key regulations | By Geography

### Europe

- Sustainable Finance Disclosure Regulation (SFDR)
- Corporate Sustainability Reporting Directive (CSRD) to replace Non-Financial Reporting Directive (NFRD)
- EU Taxonomy for sustainable activities (EU Taxonomy)
- Corporate Sustainability Due Diligence Directive (CSDDD)
- Fit for 55
- European Green Bond Regulation

### United Kingdom

- Sustainability Disclosure Requirements (SDR) and investment labels
- Green Claims Code
- SS 3/19

### USA

- **2022:** SEC Proposes Rules to Enhance and Standardize Climate-Related Disclosures for Investors based on TCFD framework
- Enhanced ESG Disclosures regarding ESG Investment strategies in fund prospectuses, annual report and advisers brochures
- FED announces intentions to run a climate scenario analysis pilot in 2023
- Inflation Reduction Act (2022)

### Latin America

- **2022:** Colombia launched its Green taxonomy, becoming the first country in LATAM to have its own. Focus on land use
- The Working Group on Sustainable Finance Taxonomies in Latin America and the Caribbean (GTT –LAC) is working to develop a common framework of sustainable finance taxonomies for the region
- **2021:** Brazil Central Bank announce to incorporate climate change-related risk in their stress tests

### South Africa

- Initiatives such as the King Code on corporate governance and the Code for Responsible Investing in South Africa (CRISA) have placed South Africa on the map in terms of ESG adoption

### Switzerland

- (based on the TCFD recommendations) significant Swiss banks and insurance companies must disclose climate risk information

### Middle East

- Sustainable investing and ESG considerations were highlighted during the Saudi Future Investment Initiative (FII)
- Future Investment Initiative Institute signed a Memorandum of Understanding to advance ESG awareness in the kingdom

### China

- **2021:** Passed a law that requires local financial institutions to disclose information related to their environmental impact
- Pledged to actively implement the 2030 Agenda for Sustainable Development and authorities

### Japan

- Japan's Financial Services Agency (FSA) published the second revised version of Japan's Stewardship Code in March 2020
- Sets out the principles for institutional investors to fulfil their responsibilities for sustainable growth of investee companies

### Indonesia

- **2015-2019:** The Financial Services Authority (OJK) published the Roadmap for Sustainable Finance in Indonesia
- Defines sustainable financing as efforts to mitigate the impact of climate change
- Issued regulation that lays out the standards for green bonds issuance and requires corporations to prove their sustainability credentials every year to the authority

### Australia

- Sustainability reporting voluntary
- **2021:** The Financial Services Council (FSC) and the Australian Council of Superannuation Investors (ACSI) has published ESG guidelines, to help companies disclose ESG risks to investors in a consistent and comparable

**Note: This map is not an exhaustive view of sustainability regulations – it illustrates selected geographies**

**Confidentiality: Content for SASP Training Purposes Only**

# ESG - Why should businesses do it?

1

Part of a  
Supply Chain

2

Government  
Suppliers

3

Efficiency  
Improvements

4

Better Loan  
Terms

5

Competitive  
Advantage

6

Attract Impact  
Investors

7

Attracting and  
Retaining Talent

8

Marketing and  
PR Benefits

9

Differentiation

10

Leadership  
and Vision



# How we do it – where do you want to be?





# Regulatory Obligations – The EU (*Other Countries Later*)



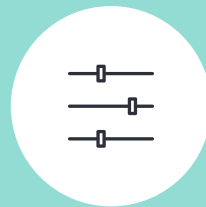
EU EC Primary  
CSRD (EUT; DP; DMA; ESRS)



EU EC Secondary  
SFDR, FF55, CSDDD, CBAM



Data compliance



Corporate regulation



Intelligent interpretation



# UK & Europe Timeline

**2019**

Streamlined Energy and Carbon Reporting introduced in the UK, requiring disclosure of energy consumption (in kWh), together with scope 1 and 2 emissions (metric tonnes)

**2021**

Taskforce for Climate-related Financial Disclosures (TCFD) framework mandatory for premium listed groups in the UK

**2023**

UK CFD implemented into UK Companies Act and now mandatory in full for 2023 for both large private and public companies where turnover exceeds £500m and average employees exceed 500

**IFRS sustainability reporting**

Incorporates TCFD reporting, will be considered for use in UK reporting from 2025, traditional materiality approach. Call for Evidence issued by Department for Energy Security and Net Zero on scope 3 reporting under IFRS S2 (October 2023)

**ISSA 5000**

Proposed IAASB assurance standard for sustainability assurance engagements, expected from 2025 (Adopting by DBT tbc)

**Corporate Sustainability Reporting Directive (CSRD)**

Wide-ranging new European Sustainability Reporting Standards, applicable to non-EU groups with material EU turnover or large EU subsidiaries/branches from 2027/28, applies 'double materiality'

**Taskforce for Nature-related Financial Disclosures (TNFD)**

Considers environmental impact on ecosystems, biodiversity and indigenous communities, applies 'double materiality', effective date not yet known

**Scope 4 emissions reporting**

Not yet required by established frameworks, Scope 4 considers the emissions 'avoided' by a business, such as the carbon footprint of tenants and deliveries

?

**The EU Omnibus impact**

# The Sustainability Horizon Cyprus

## 2004- EU standard alignment

Cyprus became an official EU member state on 1<sup>st</sup> May 2004. As a result, the nation committed to adopting EU policies and laws surrounding sustainability into national law. Cyprus must commit to EU targets as well as keep up with changing EU initiatives to ensure compliance. Cyprus aligns itself with the Climate Neutrality Strategy of the European commission

## 2012 The Forest Law

Building on the country's earlier prior management strategies such as the National Forest Policy of 1992, The Forest Law created protected forest areas and introduced reforestation projects in order to preserve forested areas, as well as redevelop areas previously damaged by logging or land degradation .

## 2021- SFDR

Introduced in 2021, the Sustainable Finance Disclosure Regulation applies to EU member financial markets and sets criteria to be met in order to qualify as an environmentally sustainable investment. The Cyprus Securities and Exchange Commission (CySEC) has outlined several CIFs' (Cyprus investment firms) regulatory obligations which include portfolio management and investment advice providing transparent sustainability-related disclosures and the publishing of policies that detail how sustainability risks are integrated into investment decisions and remuneration policies of CIF's

## 2021- EU Fit for 55 package

The primary targets of the EU's Fit for 55 package are to reduce greenhouse gas emissions by 55% by 2030 and to make the EU climate neutral by 2050. As an EU member state, Cyprus has outlined in its commitment to "maintain high economic competitiveness and innovation" while also "supporting the EU transition towards an environmentally friendly trading bloc". Significant progress has been made by Cyprus as the country's 2023 emissions were 44.1% lower than the 2005 emissions, however their economy's carbon intensity remains 54% above EU average.

## 1991- Pollution Control Laws

The first environmental legislation was introduced by the Cypriot government. The National Environment Policy was enacted in order to control pollution, a major piece of legislation included is the Water Pollution Control Law, set up to regulate water quality, as well as the Air Pollution Control Law governing air pollution standards and regulations

## 2010- Establishment of the Department of Environment

Established under the ministry of Agriculture, Rural Development and Environment. The role of the department of Environment was to centralise environmental policy and administration moving forward in Cyprus. It acts as a regulatory authority to adopt, develop, control, monitor and implement activities in order to protect the environment. It evolved from the 1986 Environmental Service

## 2020-2021: Adoption of the European Green Deal and CSRD implementation

The European parliament and European Union council approved the European Green Deal and The Corporate Sustainability Reporting Directive . The European Green Deal strategy aims to support the EU in becoming a climate neutral economy with reduced emissions and better resource usage by 2050. As an EU member state, Cyprus has committed to following these regulations and striving to achieve the same goals.

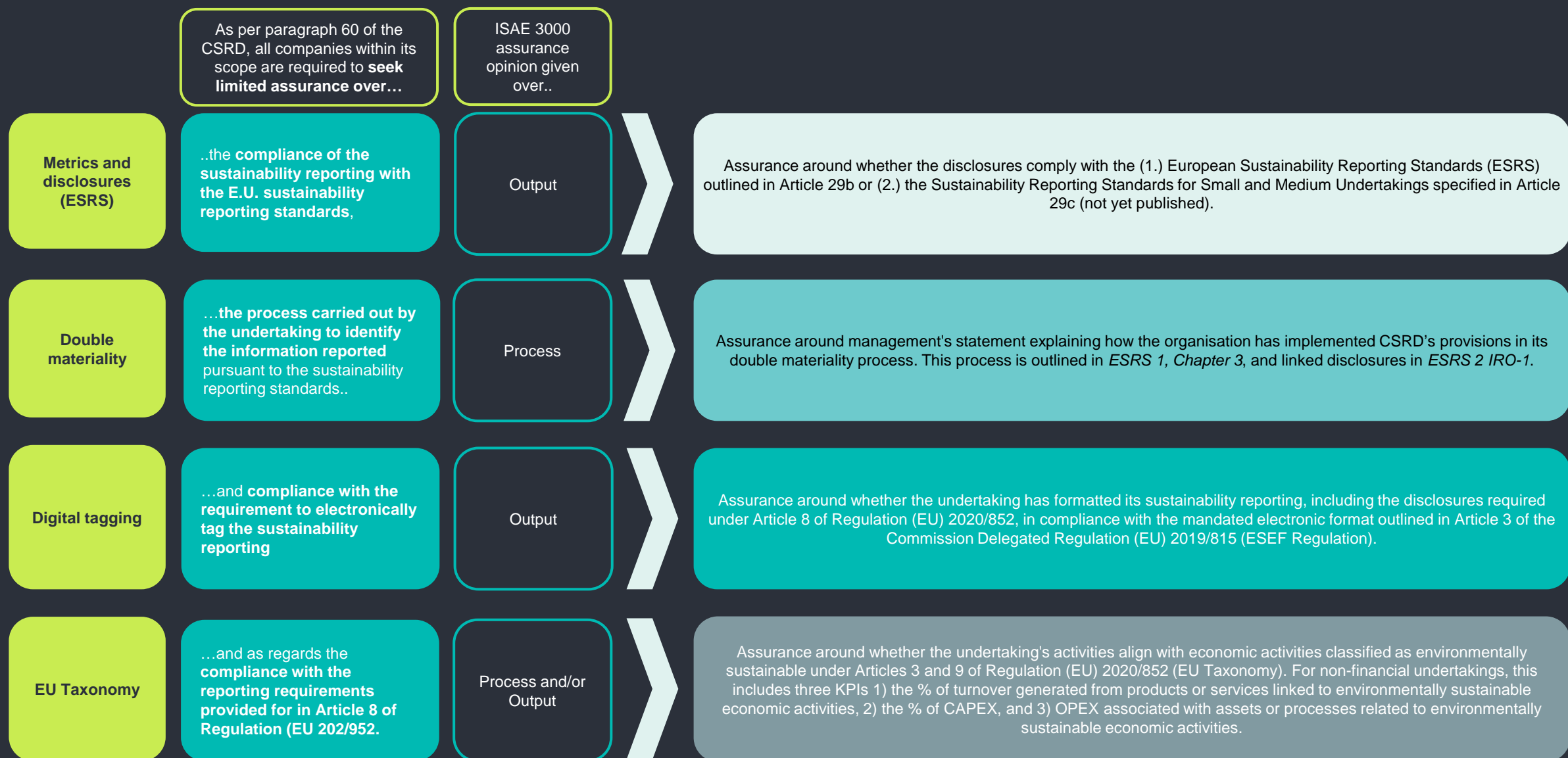
## 2022- Long term low GHG emission development strategy

In 2022 Cyprus updated the countrywide Long Low Term GHG Emission Development Strategy. It analyses scenarios for the development of the energy system with the aim of enhancing energy efficiency and increasing renewable usage. The plan is made complementary to the National Energy and Climate Plan (NECP) , which analyses the energy and climate goals set by the country as well as the Policy Priorities and the measures for their implementation

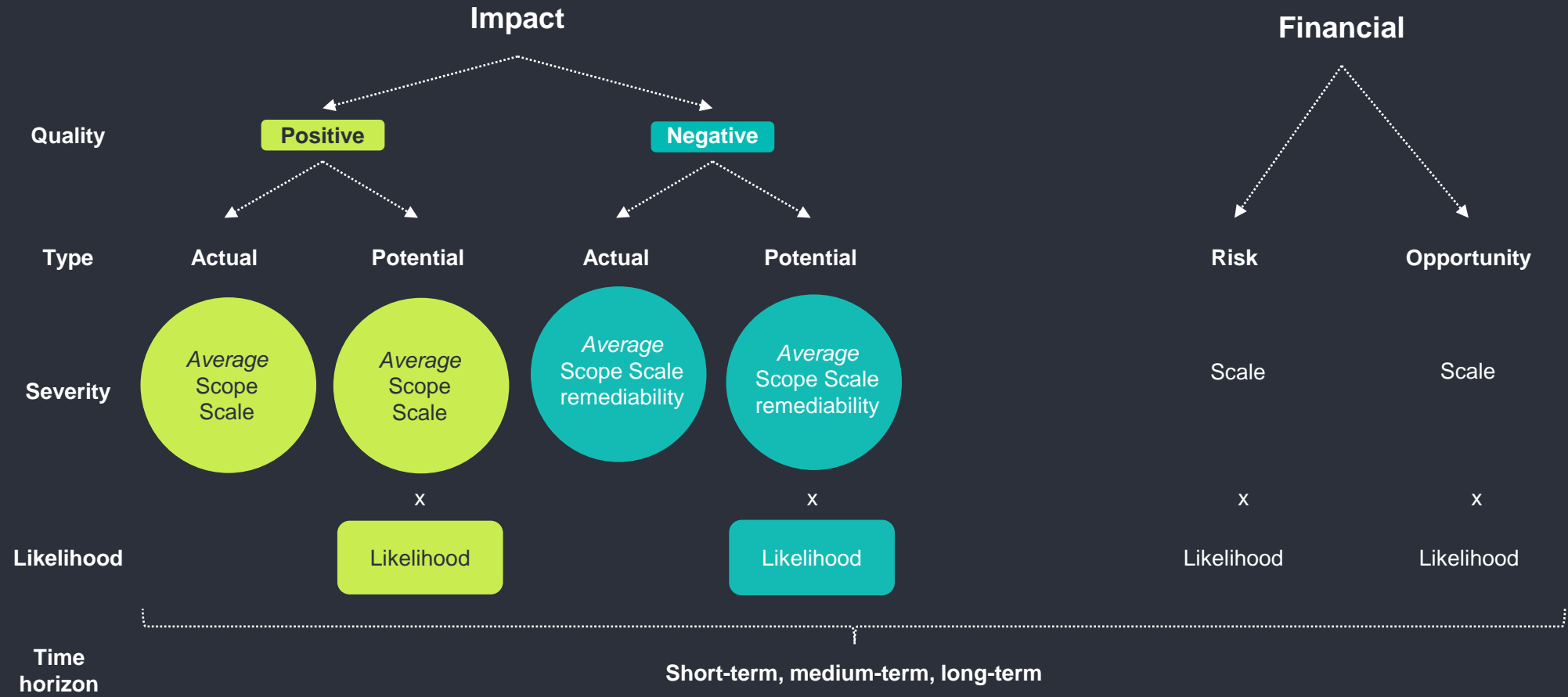
## 2022: Initiation of the EuroAsia Interconnector Project :

The EuroAsia Electricity Interconnector project aim is to establish electricity interconnection between Cyprus, Greece and Israel. One of the goals of this project is to ensure the promotion of renewable energy integration between the participants, with Cyprus's minister for finance stating that if the project does not meet the 'necessary sustainability criteria' it is not a project that Cyprus would wish to be included in.

# CSRD ASSURANCE - DETAIL.....



# CSRD ESG IRO's Approach





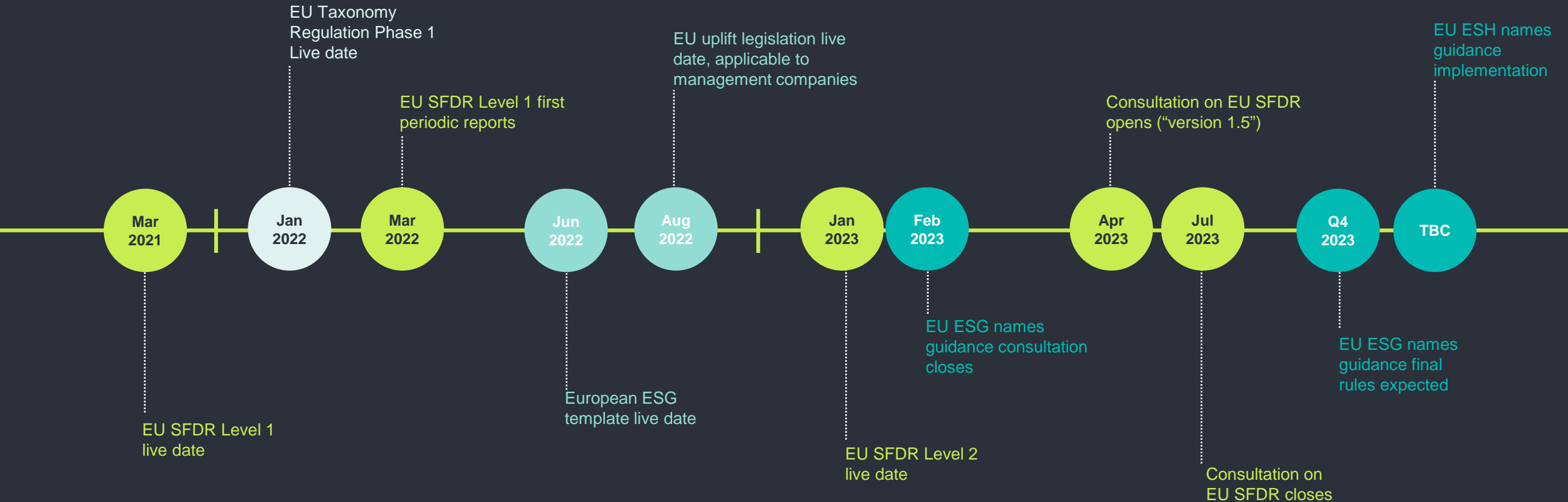
# SFDR Timeline

**EU Sustainable Finance  
Disclosure Regulation**  
Rules on fund disclosures

**EU Taxonomy Regulation**  
Criteria defining what is a sustainable  
activity

**EU uplift legislation**  
New rules on uplifting existing regulations  
to account for new ESG obligations

**EU ESG names guidance**  
Rules on fund naming





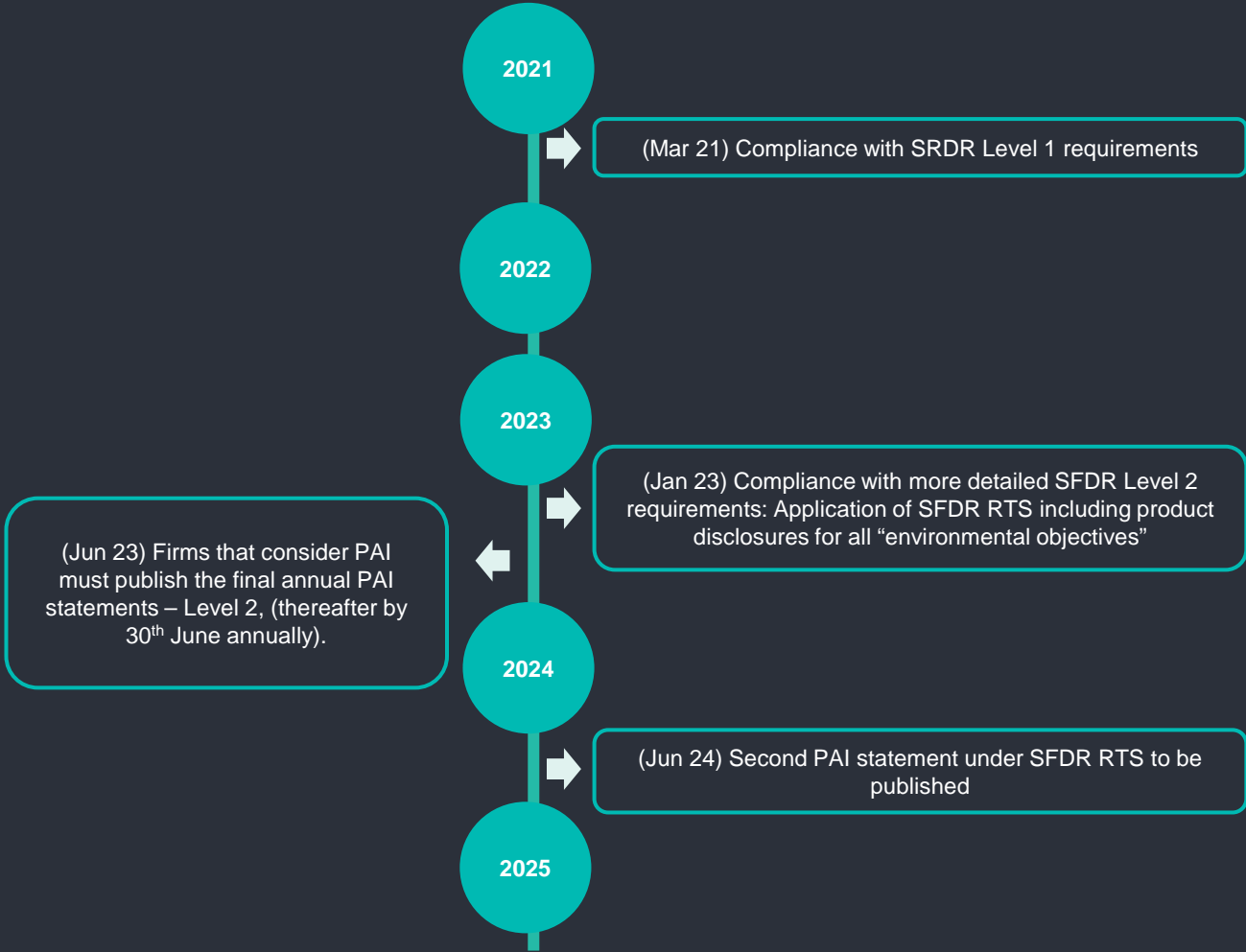
# SDFR – IN SCOPE.....

The SFDR applies to financial market participants (FMPs) and financial advisers (FAs), including asset managers, investment firms, insurance companies, and pension funds operating within the European Union.

Investment managers or advisers based outside the EU but wishing to market their products to clients in the EU will also need to comply.

In-scope financial products include investment and mutual funds, insurance-based investment products, private and occupational pensions, and insurance and investment advice.

The regulation mandates disclosures on how the entity integrates sustainability and requires financial products to be categorized based on their ESG characteristics





# SDFR – IN SCOPE.....

In-scope financial entities disclose their approach to sustainability. These disclosures align with Articles 3, 4, and 5 of the regulation:

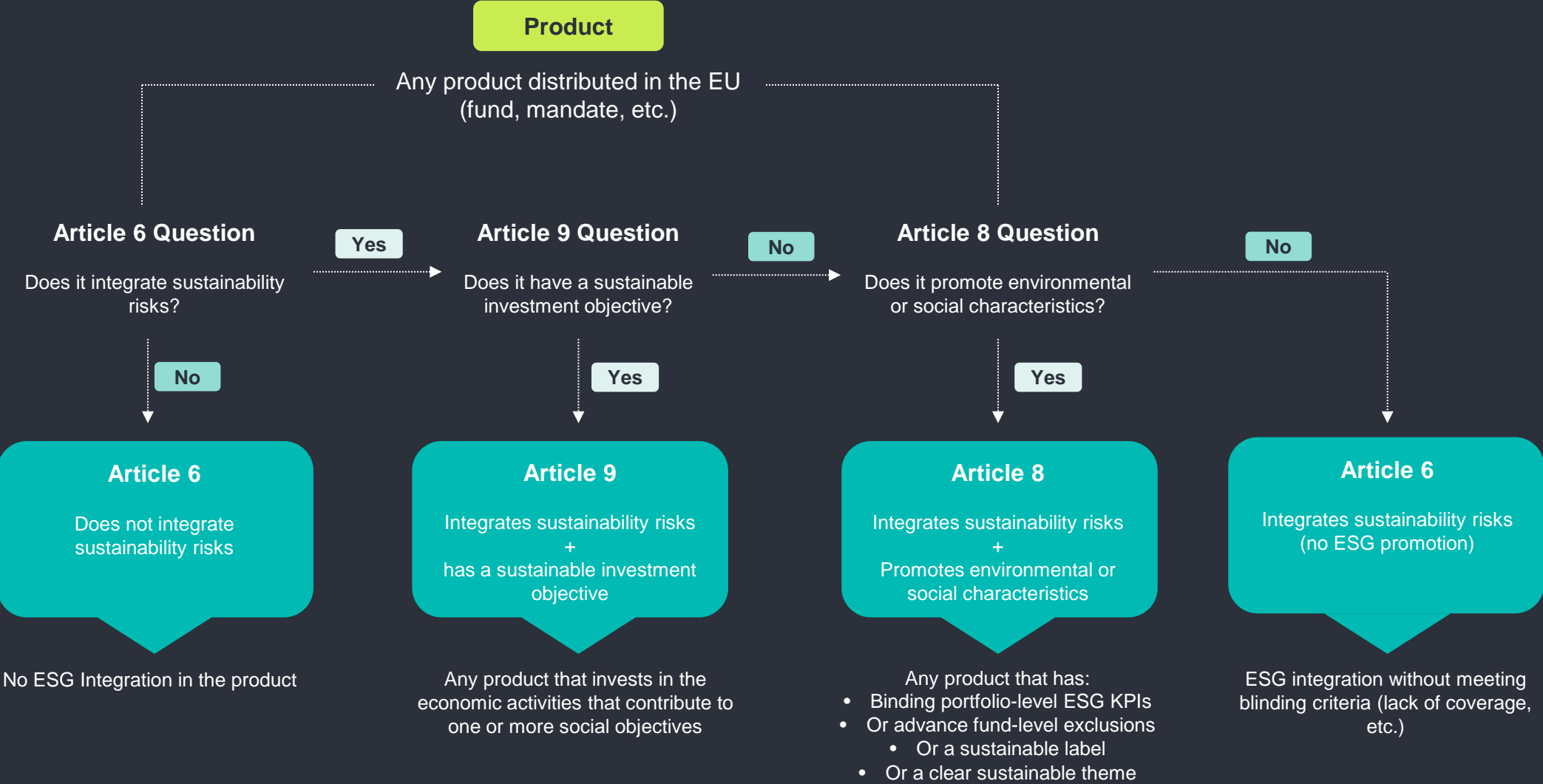
Article 3 Sustainability Risk Policies (Article 3)	Financial entities must outline how they integrate sustainability risks into their investment decision-making processes and risk management frameworks. This includes describing how ESG risks could impact the financial performance of investments
Article 4 Principal Adverse Impacts (PAIs) Consideration	Entities must disclose whether and how they consider Principal Adverse Impacts (PAIs) of investment decisions on sustainability factors. If they do not consider PAIs, they must provide a clear justification. For entities exceeding 500 employees, this disclosure is mandatory. This is different from product-level PAI consideration, which is discussed later in this article.
Article 5 Remuneration Policy and ESG Integration	Entities must explain how their remuneration policies align with sustainability objectives. This includes ensuring that compensation structures incentivize responsible investment practices and the integration of sustainability risks.

Product level disclosures are designed to give stakeholders better insight into the fund and other financial asset: Products\* can be classed into 3 “articles”:

Article 6: products with no ESG or sustainability claims.
Article 8**: products that promote environmental or social characteristics (but not exclusively). “light green”.
Article 9**: products that specifically target sustainable investments. “dark green”.
<p>*For all products, there must be a disclosure of principal adverse impacts on sustainability factors.</p> <p>**For articles 8 and 9, there are additional sustainability disclosures concerning the extent to which environmental and social characteristics are met and a comparison between the product impact and the impacts of a designated index.</p> <p>Taxonomy aligned reporting is also required, focussed on the Do No Significant Harm (“DNSH”) and taxonomy objectives.</p>



# SDFR Classification Decision Tree







# Experiences



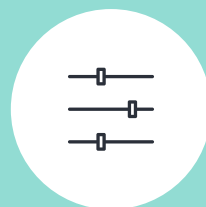
Consider Accurate data sets



Precise frameworks & Strategic integration



Commitment to honest & 'true' reporting



Correct Professional agencies



This is a cruise on an ocean liner, **not** a day trip around an island

# Impact and Measurement is important to ESG...A new landscape or a new way of doing old things?



## REPORTING STANDARDS



Standard: detailed requirements of 'what' should be reported on each topic

## FRAMEWORKS DEVELOPERS



Framework: A set of principles and guidance for how information is structured

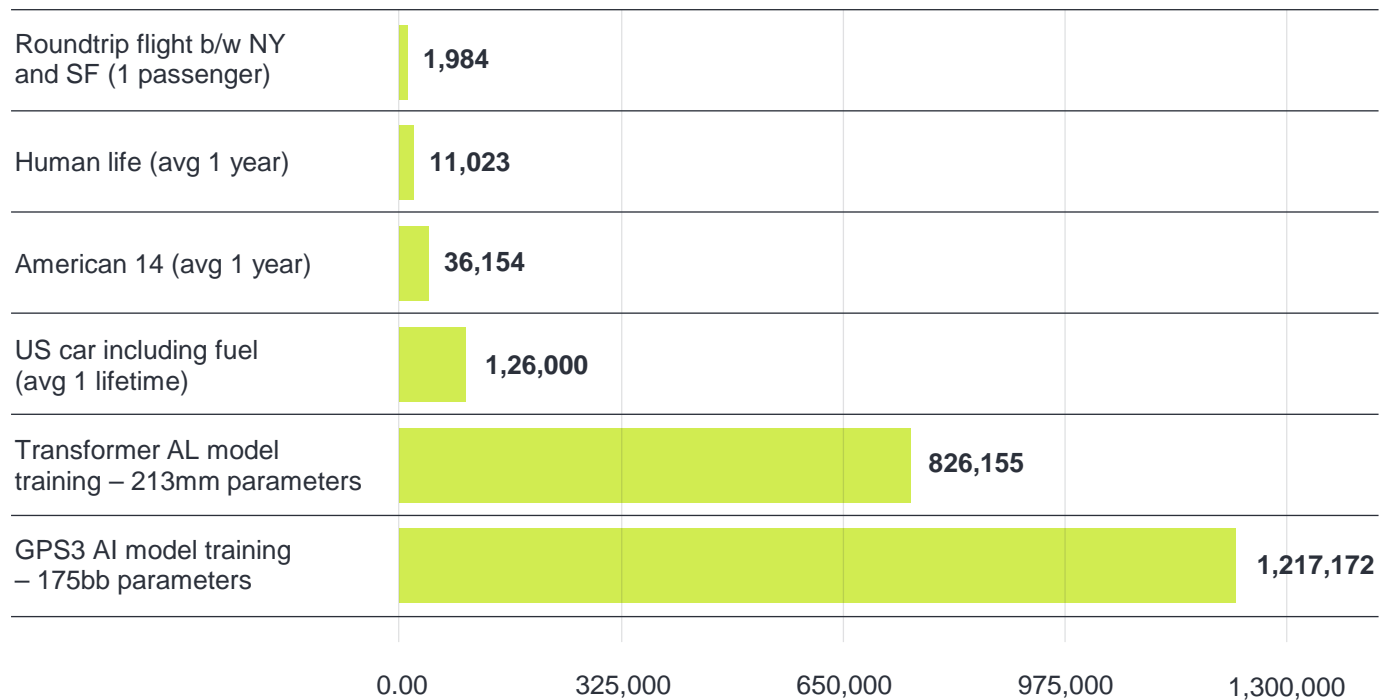
## RANKERS & RATERS



# Strategic Planning: ESG AI Models are Highly Carbon-Intensive



Common carbon footprint benchmarks  
in pounds of CO2 equivalent



Source: Strubell, Emma et al "Energy and Policy Considerations for Deep Learning in NLP" (2019: Patterson, David et al "Carbon emissions and large natural network training" (2021)



AI data-processing is  
highly energy-intensive

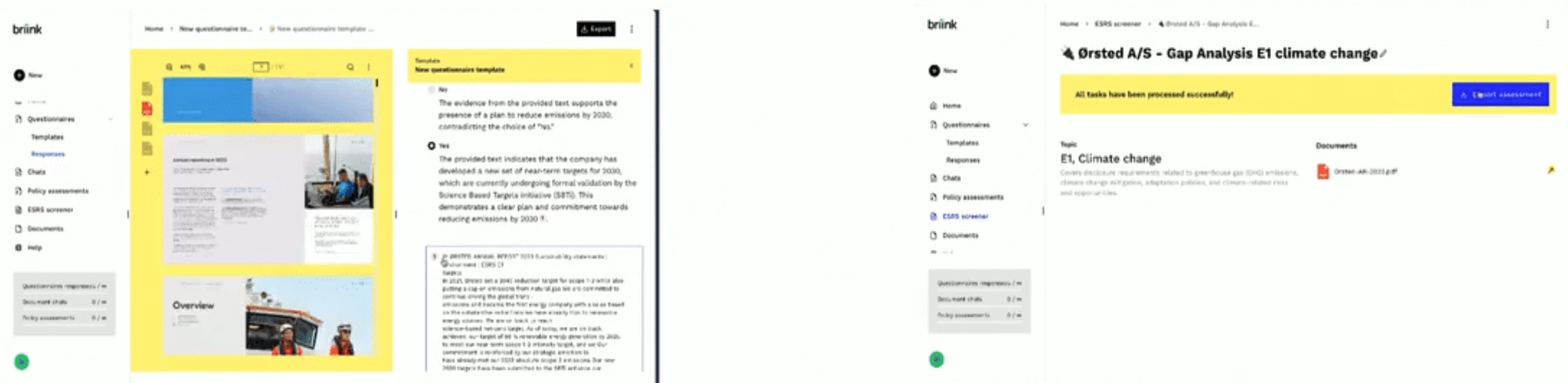


AI data-processing generates  
high levels of GHG emissions

**But.. AI could reveal future  
climate change solutions**



# SROI is required for all business. Sustainability ESG is enhanced by innovation. We enhance value with technology.



Regulation →

Use the Rules to create value and embed in the business

Experiences →

Learn from early adopter lessons and learning

Strategy →

Pace the approach and work with professional experience

# Dynamic ESG services

## How we do it:

The MHA BTI Approach – “Reporting as standard”

**Five steps to implement consistent Sustainability ESG Regulatory aligned policy based on current reporting**







E

CAN:  
Innovate

S

CAN:  
Encourage

G

CAN:  
Regulate

**Business & Practice can be is the true driver to resolve a high percentage of the issues leading to climate change and global warming**



# The future of **S**ESG is **Regulation in Business**





**S**ESG is already  
**making a difference**  
and it's here to stay



Better Compliance with regulations will improve  
accuracy of data and credibility...  
**improving performance**  
**and reduce risk in**  
**SESG**



# **Sector Specialist Leaders**

are key to getting business  
to embed Regulations in  
**S**ESG and the value chain  
We can help.





# But...



Be smart. Learn the rules.  
Use Technology and auditors that

# **Understand Regulation, and the future**

resulting in a win in the **S** E S G Business space

**Activate today,  
lead tomorrow.**

Simplifying ESG for  
smarter business



Business achieves more with  
Being Smart and honest with **S**ESG. However...  
The biggest opportunity is...  
**We 'go' where Regulation in Sustainability ESG**  
**Technology & regulation** is a corporate driver **Fact** **takes**  
**us**



Delivering a sustainable  
tomorrow, **today**



Scan to learn how MHA  
can support you on  
your ESG Journey



MHA is the trading name of MacIntyre Hudson LLP, a limited liability partnership, registered in England with registered number OC312313. A list of partners' names is open for inspection at its registered office, The Pinnacle, Building A, 150-170 Midsummer Boulevard, Milton Keynes, MK9 1FD.

MHA is an independent member of Baker Tilly International Limited, the members of which are separate and independent legal entities. Arrandco Investments Limited is the registered owner of the UK trade mark for the name Baker Tilly. The associated logo is used under licence from Baker Tilly International Limited. Further information can be found via our website <https://www.mha.co.uk/terms-and-conditions>

**Now, for tomorrow**

**mha.co.uk**

 MHA

 An independent member of  
**bakertilly**  
INTERNATIONAL