



12 DECEMBER, 10:00-12:00 CET

SUPPORTING HIGH-QUALITY ESRS IMPLEMENTATION

WEBINAR

Welcome and introduction

Mark Vaessen, President, Accountancy Europe | Global
Head of Corporate & Sustainability Reporting, KPMG



Keynote: CSRD & ESRS pioneer a new era for sustainability reporting

Tom Dodd, Team Leader, Sustainability Reporting,
European Commission



In focus: A ‘how to’ ESRS - EFRAG’s implementation guidance

Patrick de Cambourg, Chair, Sustainability Reporting
Board, EFRAG

Supporting high-quality ESRS implementation

Brussels, 12 December 2023

Patrick de Cambourg- EFRAG SRB Chair



DISCLAIMER

The views expressed in this presentation are those of the presenter, except where indicated otherwise. EFRAG positions, as approved by the EFRAG SRB, are published as comment letters, discussion or position papers, or in any other form considered appropriate in the circumstances.



In this presentation

- EFRAG Implementation Guidance documents
- ESRS Q&A Platform
- Interoperability mapping



Non-authoritative document issued by EFRAG. No Delegated Act.

It cannot go beyond content of issued ESRS nor include new provisions. The guidance **illustrates** or explains the ESRS standards with examples. If methodologies or approaches are included, they are considered as one of the possible ways to implement the standard.



It forms part of the implementation material. Hence, when questions are received in the Q&A platform that relate to content covered in an IG docs – these are rejected (i.e. the answer makes reference to these documents).

As part of the Q&A process, supplements to IG docs may be issued.



Technical discussions in public at EFRAG SR TEG and EFRAG SRB

30 days of public feedback

ESRS Implementation Guidance – the first three documents

- Illustration of the reporting requirements on materiality assessment
 - FAQs on double materiality assessment
 - Illustration of possible steps of the process
-
- Illustration of the reporting requirements on value chain
 - FAQs on value chain reporting
 - Value chain map
-
- Detailed list of disclosure requirements in ESRS Set 1 – Delegated Act – datapoints in EXCEL

EFRAG IG 1 –
Materiality
assessment

EFRAG IG 2 –
Value chain

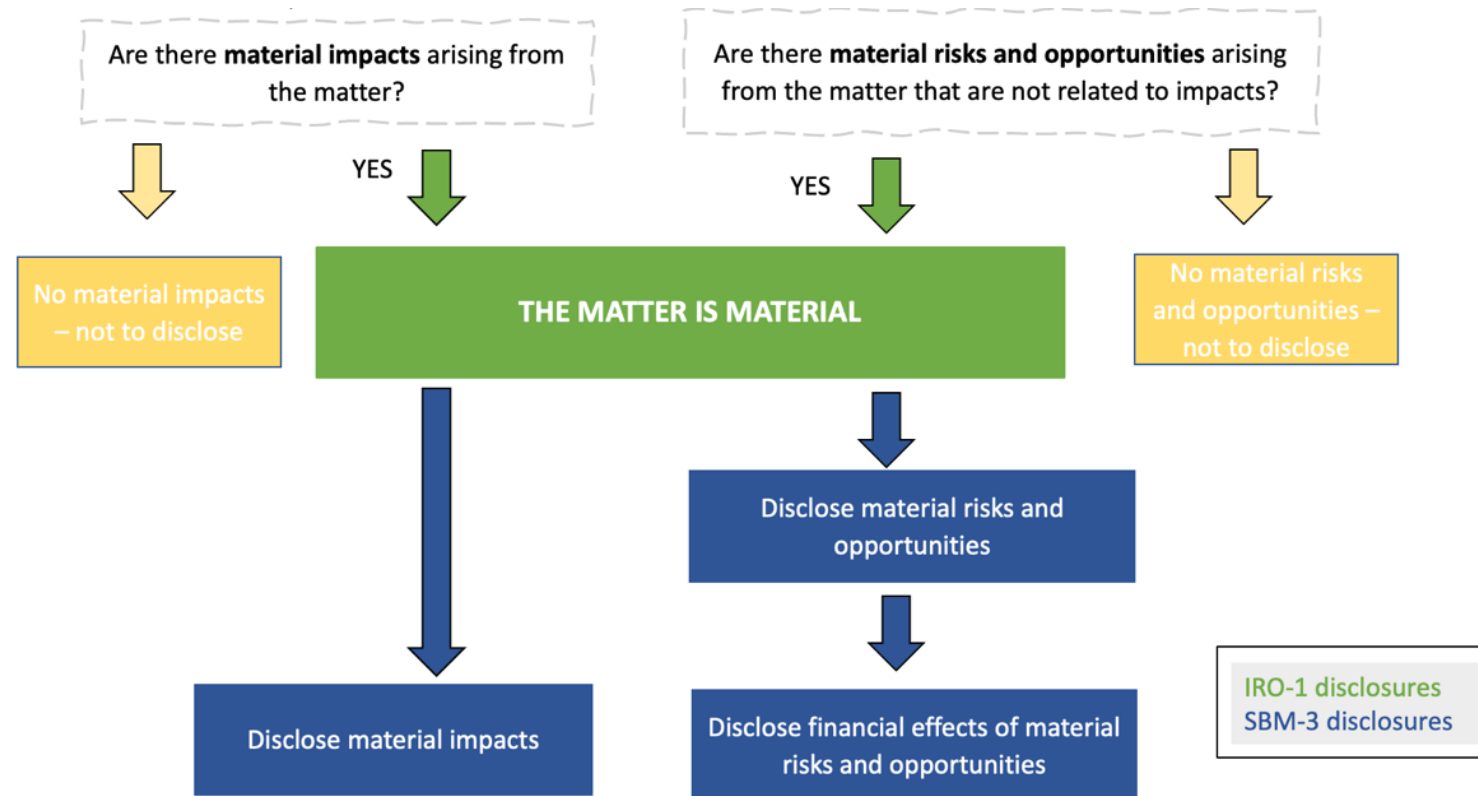
EFRAG IG 3 –
List of ESRS
datapoints
XLS

**Open for public feedback for 30 days (neutralising the holidays period)
Expected to be issued in December 2023**



IG 1: Materiality Assessment

Interaction between impact and financial materiality



Key aspects covered in the IG (1/2)

1. **Impact materiality thresholds:** severity and likelihood for negative impacts. Refer to the illustrative visual for actuals and potential impacts. Due diligence informing impact materiality.
2. **Financial materiality thresholds:** magnitude and likelihood and investors' lenses. Outcome of the undertaking
3. **Leveraging from GRI Universal standards and synergies with the IFRS Sustainability standards**
4. **Frequency of the materiality assessment. Annual ESRS reporting.**



5. Stakeholder engagement with **AFFECTED stakeholders**. This is an ongoing dialogue, leverage from existing initiatives and different groups of affected stakeholders for different matters
6. Role of **scientific evidence** in stakeholder engagement
7. **Judgement exercised** – MA IG supports how to structure such judgement
8. **Quantitative vs qualitative evidence** when assessing IROs
9. **Aggregation of information** as long as not obscuring and **no netting off of positive and negative impacts**.
10. **Materiality in a group context level with subsidiaries**. Key principles laid out
- 11 **Link with Art 8 taxonomy** . Eligible activities and Materiality assessment



IG 2: Value chain

Coverage of VC is not expected in all DRs

- IROs in the VC: coverage under materiality lens, leverage on sector and average data)
- Topical standards: for policies, targets and actions for material matters, only where these cover the VC the disclosure needs to include them
- Topical standards require VC data for a few metrics
- Entity-specific disclosures, including metrics, where appropriate

Use proxies after reasonable effort to collect direct data

- If no primary VC information after making reasonable efforts, estimate the missing information, using all reasonable and supportable information available without undue cost and effort, including proxies.

Reporting boundary versus operational control

- Reporting entity is the same as financial reporting
- Expand for IROs arising from business relationships: for E standards operational control
- Treatment of joint ventures and associates that are actors in the value chain

Value chain map

- Per each datapoint with VC coverage, explain the type of approach (own operations, procured material, real value chain coverage) and expectation in terms of collection of data as opposed to use of proxies



IG 3 - Datapoints

ESRS Implementation Guidance: List of datapoints in XLS

- Excel workbook, to navigate and filter Disclosure Requirements and Application Requirements
- For current ESG reporters: a basis for a gap analysis of information already available
- For all: structure to organise the data requirements to comply with the ESRS
- It is not the ESRS Digital taxonomy. However, as further explained by the accompanying methodology, it may support the preparation of human readable reports that will be easier to digitalize

DISCLAIMER

Prefinal Draft subject to Approval from EFRAG SRB [still subject to change]

INSTRUCTIONS

1) The "shall disclose" DPs reported in ESRS 2 are to be disclosed irrespective of the outcome of its materiality assessment [ESRS 1 par. 29].

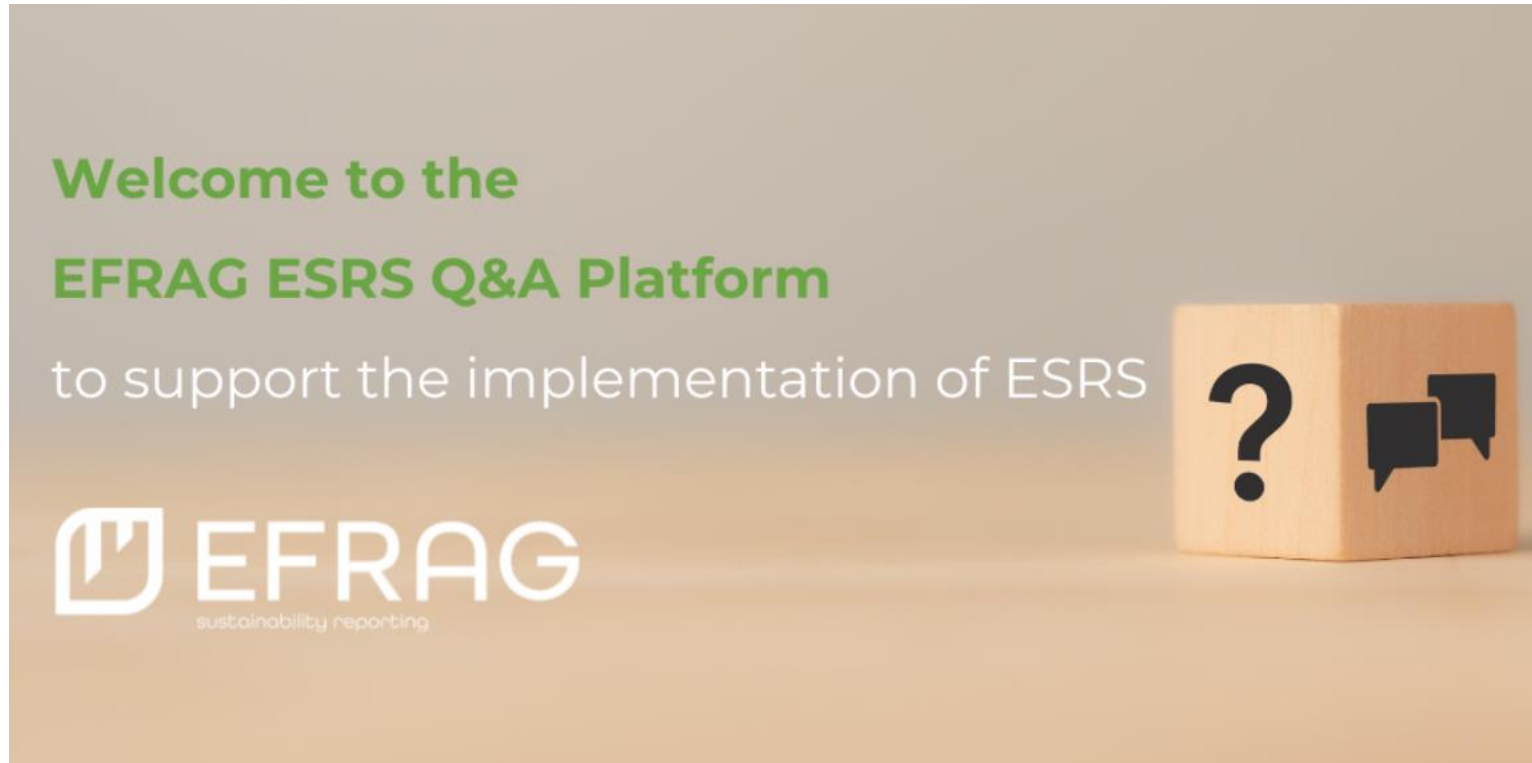
2) Undertakings or groups *not exceeding on their balance sheet dates the average number of 750 employees during the financial year* (on a consolidated basis where applicable) may omit the information required by ESRS E4, ESRS S1, ESRS S2, ESRS S3 or ESRS S4 in accordance with Appendix C of ESRS 1. In this case, the undertaking shall nevertheless disclose DPs reported under par. 17-BP2 of ESRS 2 if one or more of these topics have been assessed to be material [see Column G].

3) Column H identifies DPs related to SBM-1 and SBM-3 subject to phased in according to Appendix C of ESRS 1.

ESRS	DR	Paragraph	Name	Data Type	Appendix B - ESRS 2 (SFDR + PILLAR 3 + Benchmark + CL)	DPs to be disclosed in case of phased-in [Appendix C - ESRS 1] Undertaking less than 750 employees	Appendix C - ESRS 1 [DPs subject to phased-in]	May [V]
ESRS 2	BP-1	3	Disclosure of general basis for preparation of sustainability statement	narrative				
ESRS 2	BP-1	5 a	Basis for preparation of sustainability statement	semi-narrative				
ESRS 2	BP-1	5 b i	Scope of consolidation of consolidated sustainability statement is same as for financial statements	narrative				
ESRS 2	BP-1	5 b ii	Indication of subsidiary undertakings included in consolidation that are exempted from individual or consolidated sustain	narrative				
ESRS 2	BP-1	5 c	Disclosure of extent to which sustainability statement covers upstream and downstream value chain	narrative				
ESRS 2	BP-1	5 d	Option to omit specific piece of information corresponding to intellectual property, know-how or results of innovation h	semi-narrative				
ESRS 2	BP-1	5 e	Option allowed by Member State to omit disclosure of impending developments or matters in course of negotiation has	semi-narrative				



Q&A and Interoperability maps



- Decision making: SRB, supported by SR TEG
- Dedicated due process procedures have been designed
- Categorization and answers are discussed in public
- Log of questions available on EFRAG website

Not exposed to public feedback

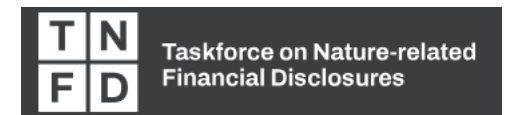
- Explanations
- Rejections

Exposes to feedback/comments

- Implementation Guidance (30 days min. public feedback)
- Possible amendments to ESRS (full due process)

Interoperability maps

- To avoid double reporting
- Leveraging on the high-level of interoperability achieved in the standards
- Educational material material issued jointly
- Illustration of the correspondence of detailed requirements in ESRS that correspond to the other standard
- Paving the way to digital interoperability





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THANK YOU!

Panel: Perspectives from the reporting ecosystem for high-quality ESRS implementation

Moderator: **Hilde Blomme**, Deputy CEO, Accountancy Europe

- **Chiara Del Prete**, Chair, Sustainability Reporting Technical Expert Group, EFRAG
- **Simon Braaksma**, Senior Director, Corporate Sustainability, Philips
- **Olivier Schérier**, Chair, Corporate Reporting Policy Group, Accountancy Europe | EMEA Sustainability Reporting Leader, PwC
- **Wim Bartels**, Chair, Sustainability Policy Group, Accountancy Europe | European Sustainability Senior Partner, Deloitte





Q&A



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Closing remarks

Mark Vaessen, President, Accountancy Europe | Global
Head of Corporate & Sustainability Reporting, KPMG