

# FRDO CFDD

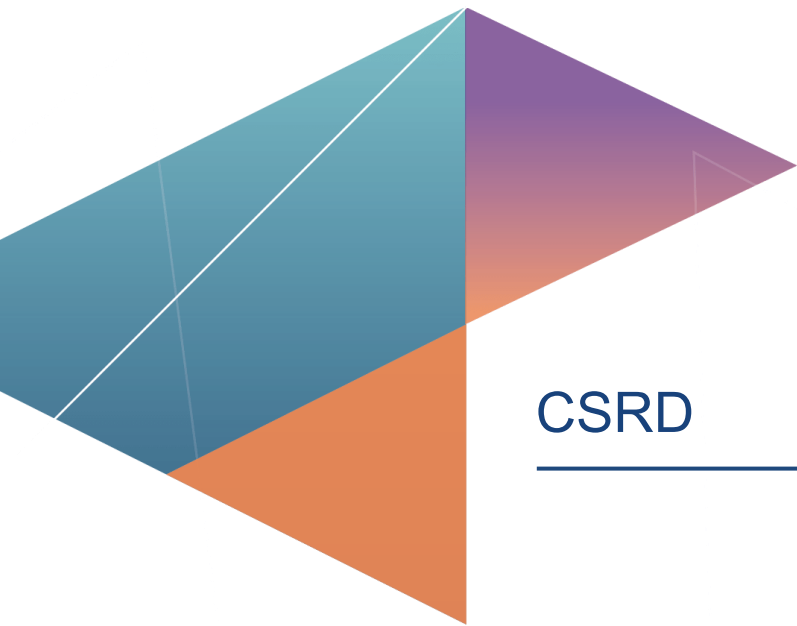
## Duurzaamheidsgegevens van bedrijven: hoe Europese verslaggeving invoeren?

29 September 2022



# DISCLAIMER

The views expressed in this presentation are those of the presenters, except where indicated otherwise. They are not approved by: the EFRAG Administrative Board, the EFRAG Financial Reporting Board (FRB), the EFRAG Financial Reporting TEG (FR TEG), the EFRAG Sustainability Reporting Board (SRB) and the EFRAG Sustainability Reporting TEG (SR TEG) or the European Lab Project Task Force on European sustainability reporting standards (PTF- ESRS)



CSRD

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## CSRD at a glance

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- **Scope** extended to all large and all listed companies, plus some non-EU.
- Mandatory, European **standards**...
- Drafts developed by EFRAG as technical advisor
- Adopted by EC as delegated acts.
- Standards by topic and by sector.
- Proportionate standards for listed SMEs, and standards for non-EU.
- Assurance requirement, starting with limited, later reasonable

## Phased entry into application

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- “NFRD companies”: *FY 2024 (first reports published 2025)*
- Other large companies: FY 2025 (reports 2026)
- Listed SMEs: FY 2026 (reports 2027)
- Non-EU companies with branches/subsidiaries: FY 2028 (reports 2029)

**Value Chain:** Standards may not “specify disclosures that would require undertakings to obtain information from SMEs in their value chain that exceeds the information to be disclosed according to” the standards for listed SMEs.

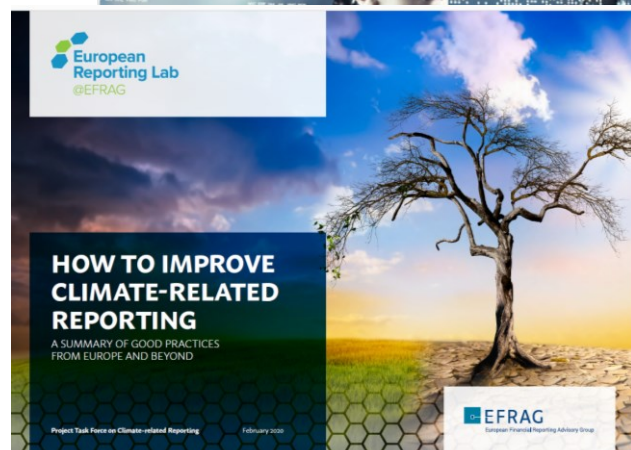
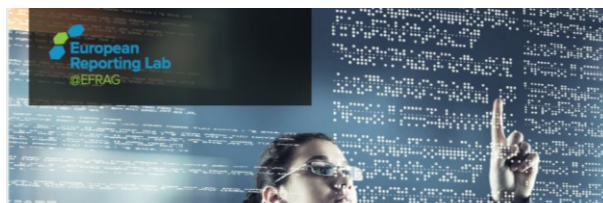


## EFRAG DEVELOPMENTS

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# EFRAG's sustainability Journey: European Lab

## DELIVERABLES



Stimulate innovation in the field of corporate reporting in Europe by identifying and sharing good practices – three projects including climate-related reporting; reporting on risks and opportunities and the linkage with the business model



## MILESTONES

Publication of final reports with recommendations – 8 March 2021

Publication of proposal for a CSRD – 21 April 2021

Letter Commissioner McGuinness, invitation to start developing standards in project mode taking into account international developments and to start governance reform – 12 May 2021

Public consultation on Due Process Procedures on EU Sustainability Reporting Standard- Setting (DPP) – Summary report published Nov 2021 – Approval DPP EFRAG General Assembly - 15 March 2022

Admission of 14 new Organisations in the EFRAG Sustainability reporting pillar (including 11 Civil Society Organisations) in addition to 17 existing Organisations - December/January /February 2022

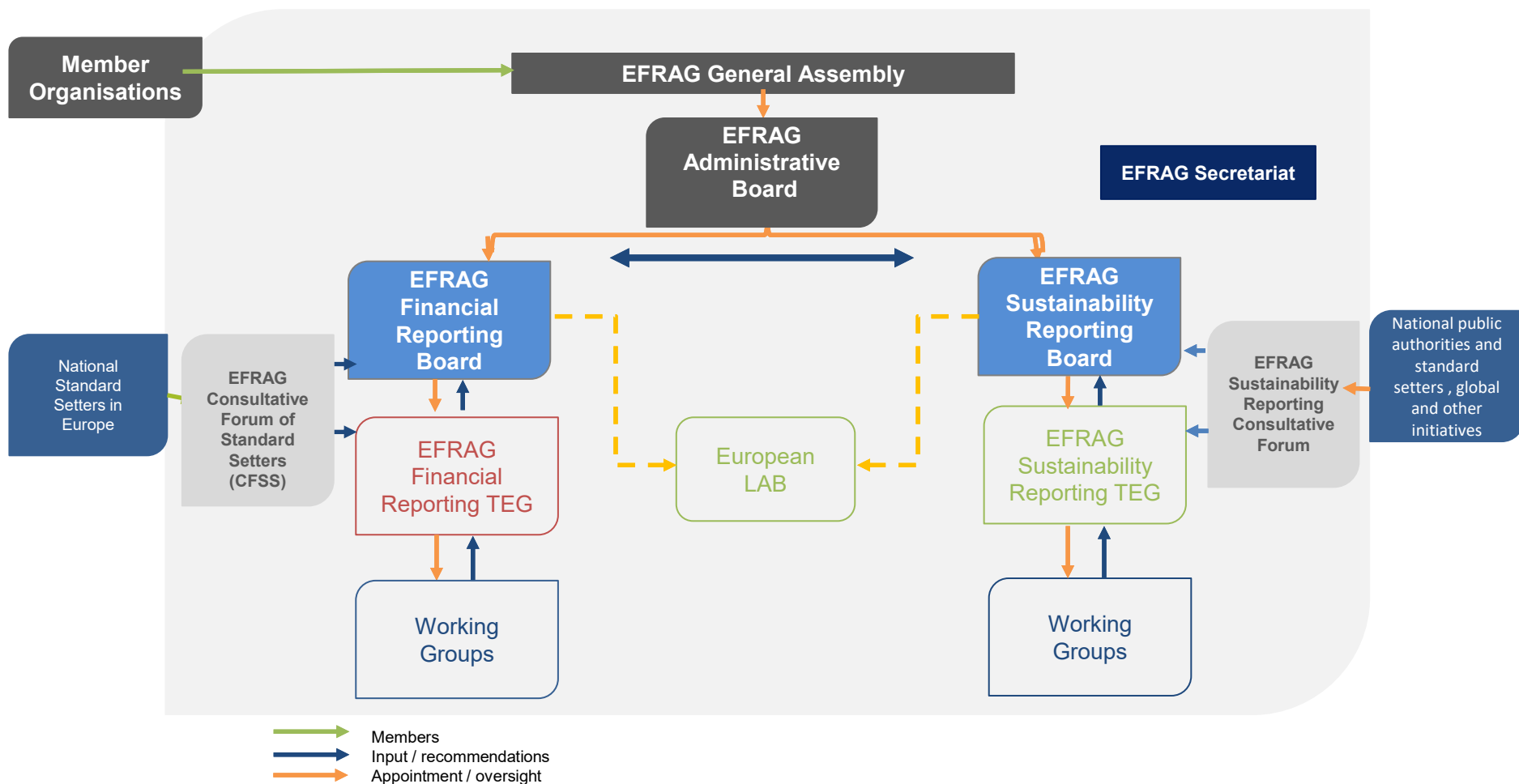
Friends of EFRAG – Sustainability Reporting

Approval revised EFRAG Statutes and Internal Rules- January 2022





## EFRAG'S ORGANISATION CHART



## MILESTONES (CONTINUED) AND NEXT STEPS

Call for candidates by the EC for EFRAG Sustainability Reporting Board Chair and for EFRAG Financial Reporting Board Chair – deadline 1 February 2022

Call for candidates for the EFRAG Sustainability Reporting Board– deadline 10 February 2022, appointed by EFRAG General Assembly on 1 March 2022

Call for candidates for the EFRAG Sustainability Reporting Technical Expert Group (TEG) – deadline 28 February 2022- appointed by EFRAG SRB 13 April 2022

Transition Project Task Force on European Sustainability Reporting Standards (PTF-ESRS) to permanent structure –May/June 2022

Public consultation on exposure drafts of first set of draft ESRS– April 2022 with deadline 8 August 2022

Bases for conclusions published 31 May (not for comment)

Public Educational joint sessions EFRAG SRB and EFRAG SRT – recordings available  
Outreach events and activities with country and stakeholder focus during public consultation May- July 2022

Cost benefit analysis including impact assessments – Q3 2022



## DRAFT ESRS

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# Exposure Drafts

## Cross-cutting standards

- ESRS 1 General principles
- ESRS 2 General strategy, governance and materiality assessment

## Environment

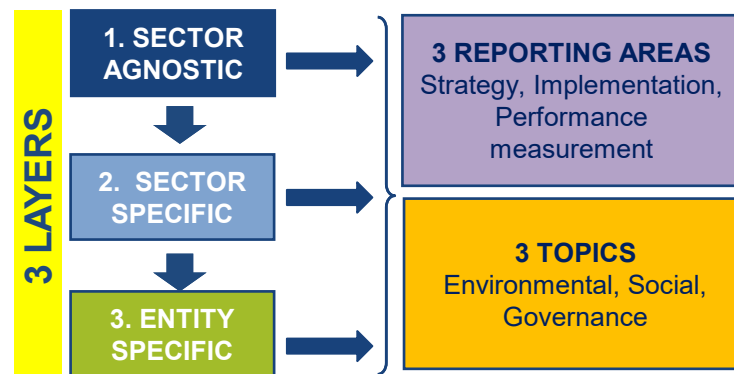
- ESRS E1 Climate change
- ESRS E2 Pollution
- ESRS E3 Water and marine sources
- ESRS E4 Biodiversity and ecosystems
- ESRS E5 Resource and circular economy

## Social

- ESRS S1 Own workforce
- ESRS S2 Workers in the value chain
- ESRS S3 Affected communities
- ESRS S4 Consumers and end users

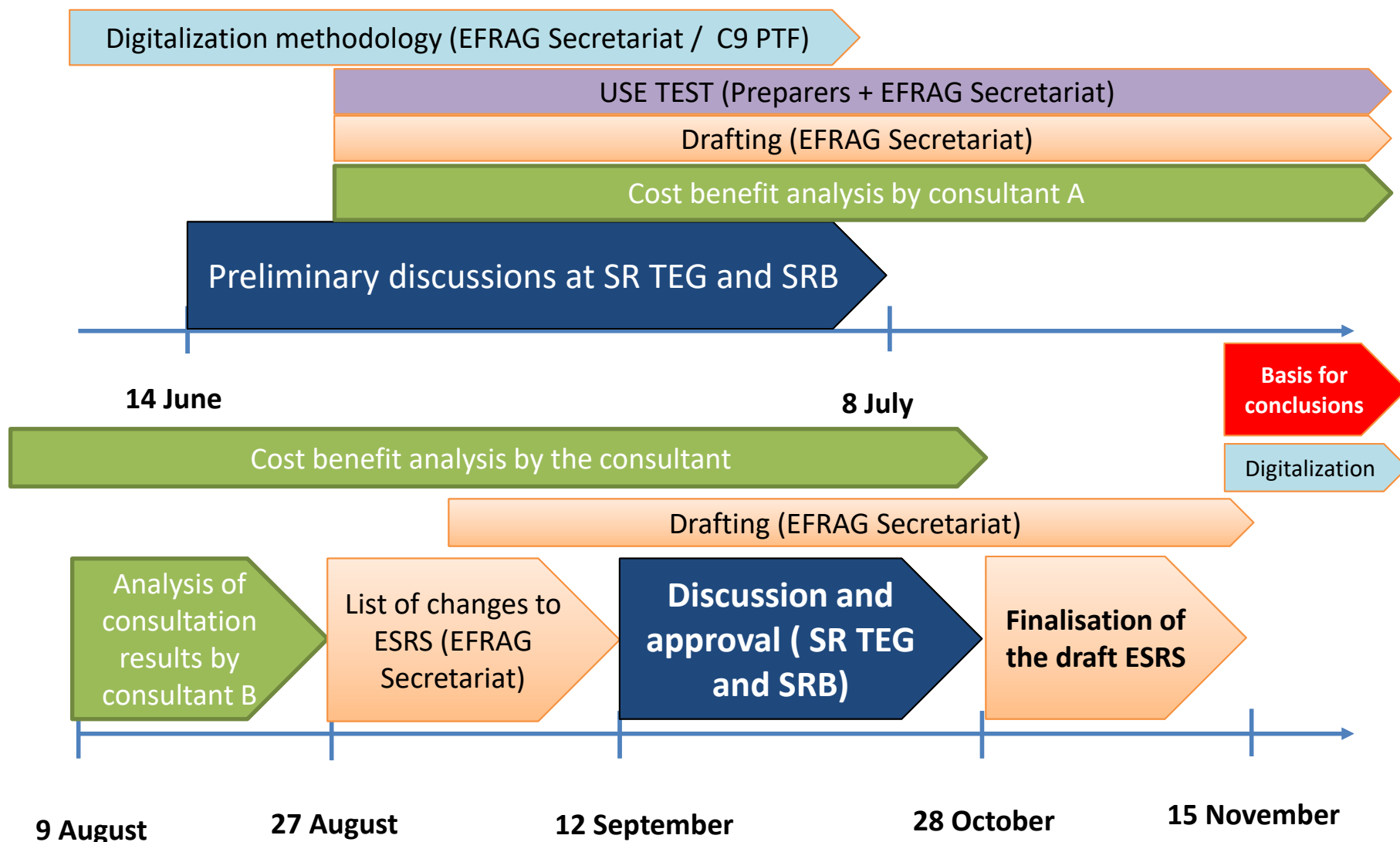
## Governance

- ESRS G1 Governance, risk management and internal control
- ESRS G2 Business conduct



100 days comment period  
ending 8 August

# SET 1: Steps of the finalisation process: timeline



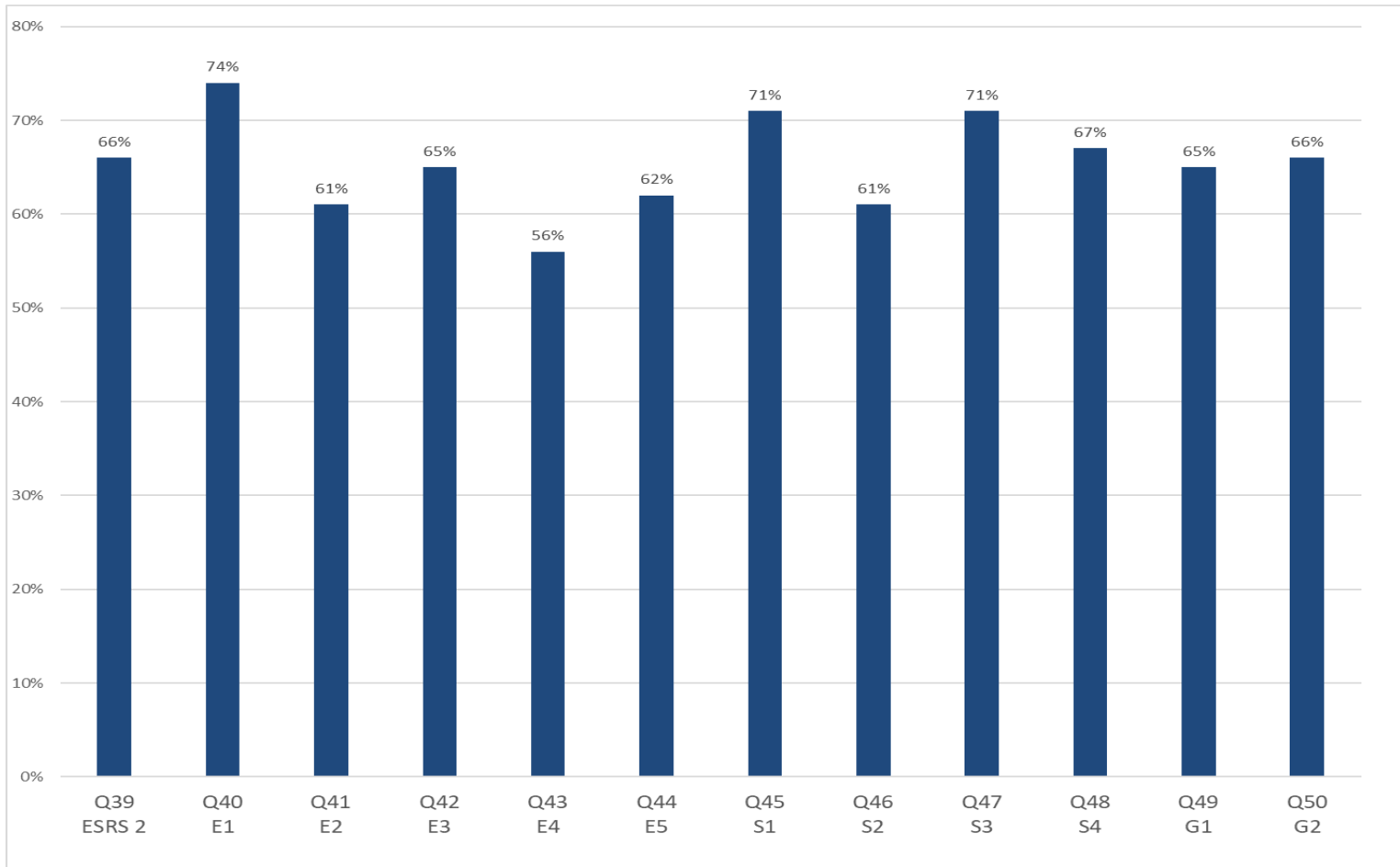
## Overview of participants - Survey 1

Ranking of stakeholder groups by respondents	%
Companies and business associations	37
NGOs	13
Trade unions	2
Consumers	1
ESG initiatives and National standard setters	6
Audit	8
Academics	4
Regulator and public authority	4
Rating association and analysts	3
Investors	5
Insurance	3
Bank	4
Other	9
<b>TOTAL</b>	<b>100</b>

Ranking of countries by respondents	%
Germany	30
Belgium	13
France	13
UK	6
Netherlands	5
Italy	5
Spain	5
USA	4
Other	19
<b>TOTAL</b>	<b>100</b>

# Overview by standard

Average by stakeholder category recalculated



## FUNDAMENTAL TOPICS

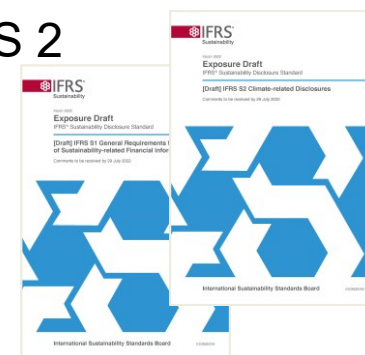
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- Materiality approach (rebuttable presumption)
- Additional guidance on materiality
- Possible list of mandatory items
- Detailed analysis of relevance to explore simplification (e.g. number of DRs)
- Phasing-in
- Value chain (general approach, implementation of the cap)
- ISSB alignment
- GRI alignment
- CSRD changes



# ISSB ALIGNMENT

- meetings of the JWG, bilateral meetings at management level and bilateral meetings of climate experts
- EFRAG SR TEG agreed to recommend to the EFRAG SRB the course of action:
  - Alignment of concepts: financial materiality and value chain in ESRS 1
  - Alignment of content of disclosure objectives in ESRS 2
  - Confirmation of additions to IFRS S2 in ESRS E1
  - Changes to the Architecture
- EFRAG SRB agreed with EFRAG SR TEG recommendations and to align architecture and follow up with (1) links to the taxonomy regulation, (2) opportunity to align the wording on disclosure objectives in ESRS 2 and (3) time horizons.



## CONTENT OF SET 2 OF ESRS

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- Sector specific standards
  - 5 sectors covered by GRI: Agriculture, Coal Mining, Mining, Oil+Gas (upstream), Oil+Gas (mid-to downstream)
  - 5 high-impact sectors: Energy Production, Road Transport, Motor Vehicle Production, Food/Beverages, Textiles
- Standard for non-EU companies
- Standard for listed SMEs
- Voluntary guidance for non-listed SMEs
- Amendment to Set 1 in order to implement the ‘cap’ on value chain information

Work on draft sector ESRS in progress (workshops in June/July) and new series of workshops in October/November (news item)

Followed by two further sets of sector specific standards



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