

New Sustainability Reporting Framework (CSRD - ESRS)

General Requirements



Introduction and context

CSRD overview

ESRS - Introduction

ESRS I General Requirements

Annex 1: Acronyms

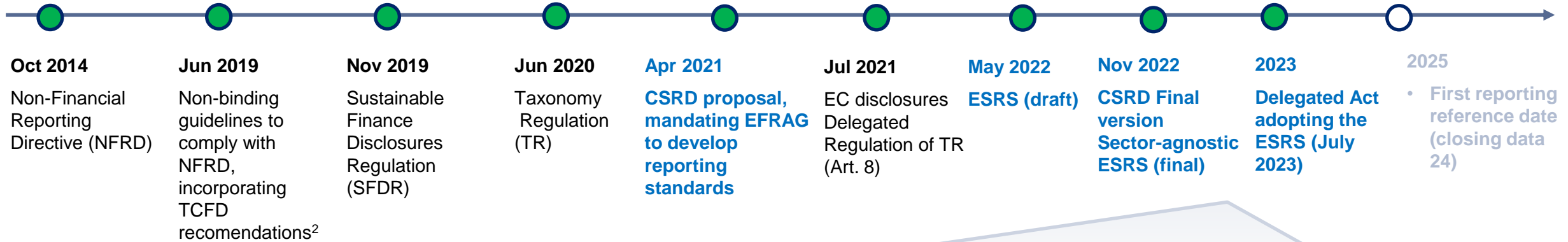
Annex 2: ESRS – Comparison with TCFD

Annex 3: About TCFD

Annex 4: About TNFD

1 Introduction and context

The new corporate sustainability disclosure framework introduced by CSRD will be applicable for the first time to companies currently under NFRD by 2025 with data as of December 2024 as reference date. Final disclosure templates (ESRS) were published in July 2023



- Larger scope of companies obliged to disclose (~ 50,000 companies vs. ~ 11,700 under NFRD).
- Standardisation of disclosure.
- Disclosure requirements on what companies consider to be risks and opportunities arising from social and environmental topics, and on the impact of their activities on people and the environment.









- Disclosures subject to double materiality assessment
- Need for reasonable assurance

(1) EFRAG is a private association established in 2001 with the encouragement of the EC to serve the public interest. EFRAG extended its mission in 2022 following the new role assigned to EFRAG in the CSRD, providing Technical Advice to the EC in the form of fully prepared draft ESRS and/or draft amendments to these Standards.
 (2) TCFD recommendations have been compared to the new ESRS in [Annex I](#)

2 | CSRD overview

Main updates

CSRD revises and strengthens the existing rules introduced by NFRD in order to ensure that companies report reliable and comparable sustainability information needed by investors and other stakeholders

	NFRD	CSRD
 What information shall be published?	Information related to: <ul style="list-style-type: none"> i) Environmental matters ii) Social matters and treatment of employees iii) Respect for human rights iv) Anti-corruption and bribery v) Diversity on company boards 	Same information, but with additional mandatory requirements, such as: <ul style="list-style-type: none"> • Double Materiality • Due diligence • Description of GHG reduction targets at least to 2030 and preferably 2050 • Consideration of the short-medium and long term in the assessment of IRO • Information disclosed in accordance with TR, Article 8
 Under which reporting standards?	<ul style="list-style-type: none"> • Voluntary reporting framework 	<ul style="list-style-type: none"> • Mandatory New ESRS
 Who shall publish?	<ul style="list-style-type: none"> • Large public-interest companies (> 500 employees), i.e. companies listed on EU regulated markets, banks, and insurance companies, as well as those designated by Member States as public-interest entities 	<ul style="list-style-type: none"> • All large companies (listed and unlisted). • All listed companies (including SMEs), except listed micro companies. • Non-EU companies listed on regulated markets in the EU and EU subsidiaries of non-EU companies (more details on the next page).
 Is the third-party assurance mandatory?	<ul style="list-style-type: none"> • Auditors should verify that the non-financial report has been provided and, at the discretion of the NCA, the content of the non-financial report. 	<ul style="list-style-type: none"> • Requires limited assurance audit with gradual approach to reasonable assurance¹.
 What kind of report/s and where to disclose?	<ul style="list-style-type: none"> • Non-financial statement in the management report. Separate report published with the management report and on the company's website (max. 6 months after the balance sheet date). 	<ul style="list-style-type: none"> • Mandatory sustainability statement in the management report. (max. 12 months after the balance sheet date). • Statutory auditor's or audit firm's opinion and statement. Assurance standards to be defined. • Member States may require publication of the management report on the company's website free of charge.
 In what format?	<ul style="list-style-type: none"> • Online/PDF. 	<ul style="list-style-type: none"> • Mandatory to be published in single electronic reporting format (XHTML).

3 | ESRS Overview

ESRS consists of 12 sector agnostic standards that cover general and specific requirements on environmental, social and governance topics



ESRS content

Cross-cutting standards¹

- ESRS 1 General requirements
- ESRS 2 General disclosures

Topical standards

E



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

S



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

G



- ESRS G1 Business conduct



Reporting areas

All the Disclosure Requirements except ESRS 1 cover the following reporting areas²



Governance (GOV): governance processes, controls and procedures used to monitor and manage impacts, risks and opportunities



Strategy (SBM): how the company's strategy and business models interact with its material impacts, risks and opportunities, including the strategy for addressing them



Impact, risk and opportunity management (IRO): the processes by which impacts, risks and opportunities are identified, assessed and managed through policies and actions



Metrics and targets (MT): how the company measures its performance, including progress towards the targets it has set

4

ESRS 1 General Requirements Main disclosure requirements

The first section (ESRS 1 – General Requirements) establish the general requirements that companies must comply with when preparing and presenting sustainability-related information



Material information on impacts, risks and opportunities in relation to ESG matters

Impacts, risks and opportunities in relation to ESG matters should be disclosed. The information shall enable the understanding of the **company's impacts on those impacts, risks and opportunities** and how they affect the companies' **development, performance and position**.



Positive and negative impacts

The companies should **analyze and disclose both positive and negative** sustainable-related impacts.



Sector-agnostic applicable to all companies + **entity specific disclosures** that reflect the unique and specific situation of an entity

There are other two requirements types:

- **Sector-specific disclosure requirements** - applicable to all companies under CSRD/ESRS scope within a sector, currently under implementation.
- **Entity-specific disclosures** – disclosures that are not covered with sufficient granularity, that reflect the unique and specific situation of an entity.



Covering direct and indirect relationships in the **upstream and downstream value chain** (real /estimated)

Material impacts, risks and opportunities related to **direct and indirect relationships** of the company in the **upstream and/or downstream value chain** should be disclosed. If the company is not able to collect the information on upstream and downstream value chain, it should be estimated using sector-average data and other proxies.



Transitional period for the first 3 years

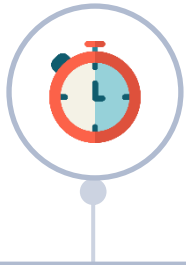
- 1) entity-specific disclosure;
- 2) value chain information

Companies may adopt **transitional measures for preparation** of some information: 1) entity-specific disclosure; 2) value chain information (if required information is not available, the company should explain the reasons and plans to obtain it in the future).

4 | ESRS 1 General Requirements

Form requirements

When preparing its sustainability statements, the company must apply some requirements related to form of the reports: time horizons, presentation, structure and relation with other reports



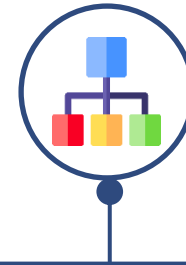
Time horizons

- **Reporting period consistent with the financial statements.**
- **Comparative information** must be presented in **respect of the base year.**
- Short-, medium- and long-term for reporting purposes¹:
 - **short-term:** the period adopted by the undertaking as the reporting period in its financial statements
 - **medium-term:** from the end of the short-term reporting period per above to five years
 - **long-term:** >5 years.



Preparation and presentation

- **Same reporting company** as in financial statements.
- Annual **comparative information** for **all metrics** required
- **Reasonable assumptions and estimates** should be used, including scenario or sensitivity analysis
- The **definition and calculation of metrics**, must **be consistent over time.**
- **Restatements required for material prior period errors**



Structure of statements²

- **One single section** of the management report, including the disclosures pursuant to Article 8 of EU Taxonomy Regulation.
- **4 parts:** **general** information, **environmental** information, **social** information and **governance** information.



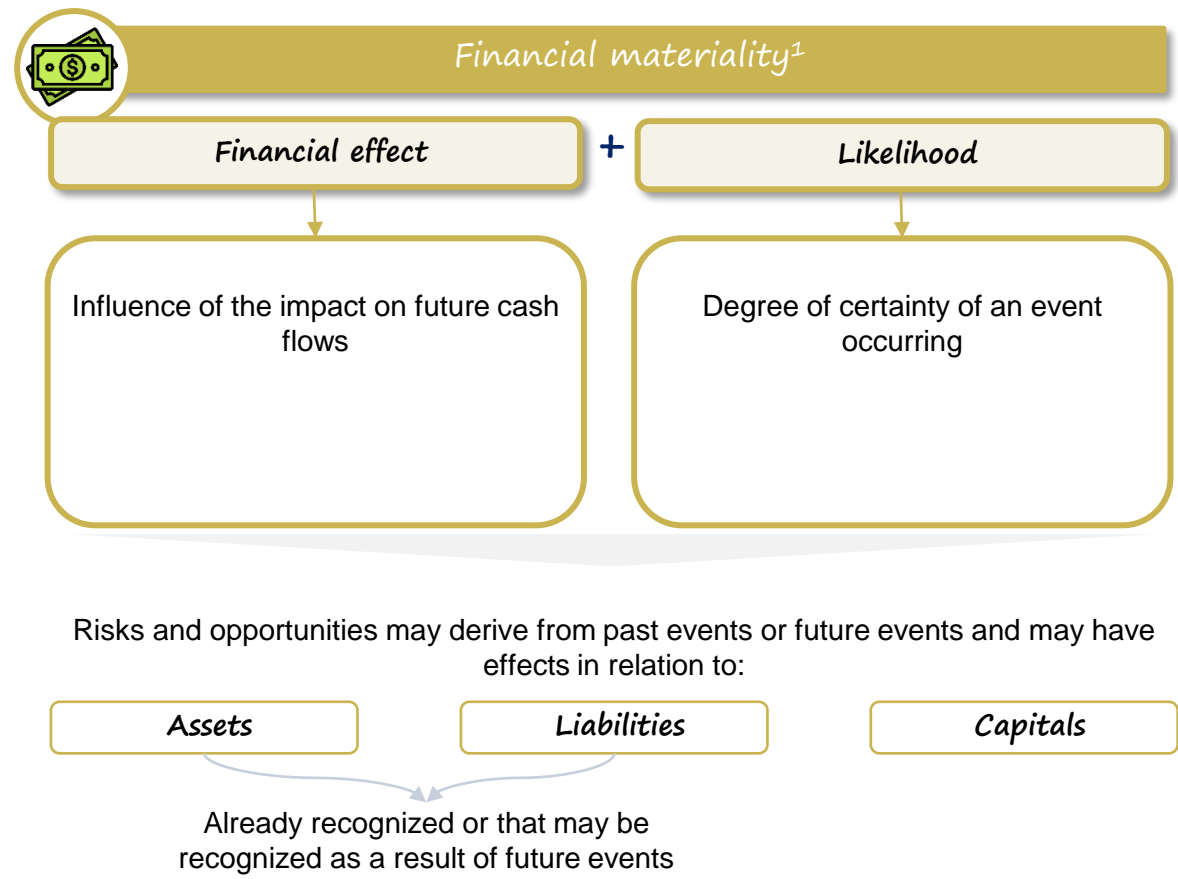
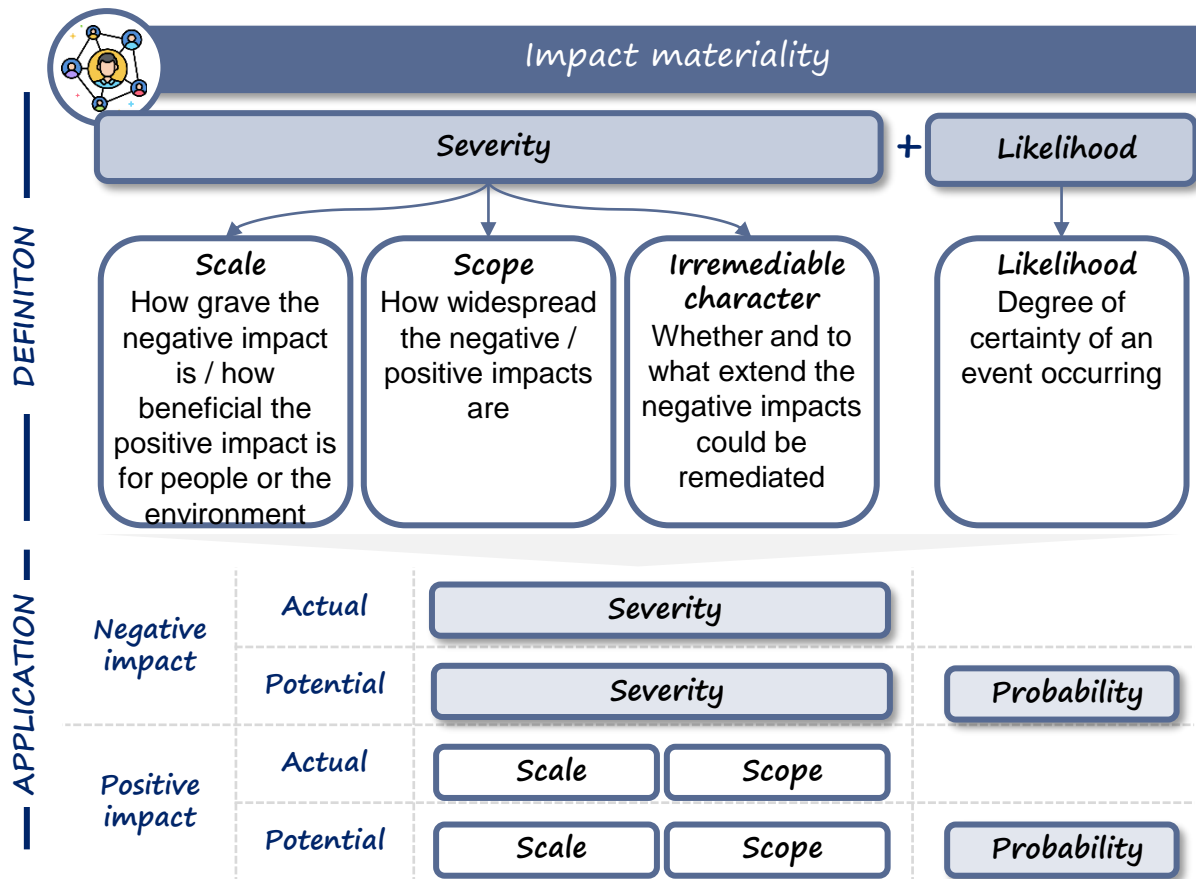
Linkages with other reports

- **References to other reports** may be included (e.g. another section of the report, financial statements, corporate governance report, remuneration report, public disclosures under Pillar 3 in the case of institutions and investment firms)
- **Those disclosures have to meet some criteria:** information clearly identified, published at the same time as the management report, same level of assurance, available with the same technical digitalization requirements

4 | ESRS 1 General Requirements

Double materiality (1/2)

Double materiality has two dimensions: impact materiality and financial materiality; their assessments are inter-related and the interdependencies between the two dimensions shall be considered



- In the case of a potential negative human rights impact, the severity of the impact takes precedence over its likelihood.

- Capitals stands for factors of value creation that do not meet the financial accounting definition of assets and liabilities and/or the related recognition criteria but contribute to the generation of cash flows and more generally to the development of the company.

4 | ESRS 1 General Requirements

Double materiality (2/2)

A sustainability matter is “material” for the company when it meets the criteria defined for impact materiality or financial materiality or both



STEPS FOR DETERMINING MATERIALITY

1

ANALYSE THE CONTEXT

Understanding of the context in relation to its impacts including its activities, business relationships, sustainability context and stakeholders.

2

IDENTIFICATION OF IMPACTS

Identification of actual and potential impacts (both negative and positive), through engaging with relevant stakeholders and experts.

3

MATERIALITY ASSESSMENT

Assessment of the materiality of its actual and potential impacts.

4

DEFINITION OF THRESHOLDS

Determination of the material matters. The undertaking shall adopt thresholds to determine which of the impacts will be covered in its sustainability statements.



MANDATORY REPORTING INFORMATION

ESRS 2
General
disclosures

ESRS 2
Appendix C¹

Irrespective
of the
outcome of
the
materiality
assessment:



Only for
material
matters

Disclose in the
relevant ESRS

Develop and
disclose
additional
information
when if not
covered

(1) List of datapoints in cross-cutting and topical standards that are required by EU law which stem from other EU legislation (SFDR, EU Benchmarks, Pillar III, EU Climate law ..)

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Annex 1: Acronyms

CSRD	Corporate Sustainability Reporting Directive
EC	European Commission
ESG	Environmental, social, and corporate governance
EFRAG	European Financial Reporting Advisory Group
ESRS	European Sustainability Reporting Standards
GHG	Green House Gas
IRO	Impact, risk and opportunity
NCA	National competent authority
NFI	Non-Financial Information
NFRD	Non-Financial Reporting Directive
SME	Small and medium-sized enterprises
TCFD	Task Force on Climate-Related Financial Disclosures
TR	Taxonomy Regulation

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Annex 2: ESRS Comparison with TCFD

When comparing TCFD¹ and ESRS it is important to point out that TCFD recommendations focus on climate change related disclosure while ESRS` s scope is much broader, covering other ESR topics



ESRS content

Comparison TCFD

Cross-cutting standards

ESRS 1 General requirements

ESRS 2 General disclosures

N/A

✓ Similarities identified

ESRS E1 Climate change

ESRS E2 Pollution

ESRS E3 Water and marine resources

ESRS E4 Biodiversity and ecosystems

ESRS E5 Resource use and circular economy

✓ Similarities identified

N/A

N/A

N/A

N/A

ESRS S1 Own workforce

ESRS S2 Workers in the value chain

ESRS S3 Affected communities

ESRS S4 Consumers and end-users

N/A

N/A

N/A

N/A

ESRS G1 Business conduct

N/A

GOVERNANCE

ESRS 2 covers embeds TCFD **governance recommendations** and extends disclosure requirements to all sustainability matters, not only climate:

- **GOV-1** (The role of the administrative, management and supervisory bodies),
- **GOV-2** (Information provided to and sustainability matters addressed by the company's administrative, management and supervisory bodies),
- **GOV-3** (Integration of sustainability-related performance in incentive schemes). Additionally, ESRS E1 refers to GHG emission reduction targets inclusion in incentive schemes.

Topical standards

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(1) Further information about TCFD Guidance in [Annex II](#).

(2) In addition to TCFD Guidance that focus climate, TNFD Guidance focus on nature. For further information see [Annex II](#).

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✓ Similarities identified

✓ Similarities identified

N/A

N/A

N/A

N/A

N/A

N/A

N/A

N/A

N/A

STRATEGY

TCFD strategy recommendations are covered in ESRS E1. ESRS E1 is more specific on some topics:

- Concept of locked-in emissions and related stranded assets.
- Policies on both strategy and risk management processes.
- Need of reconciliation between sustainability and financial statements.
- Climate-related financial impacts more detailed and separated between physical and transition.
- More specific on emissions targets and does not allow the use of carbon credits/offsets.
- More details on potential financial effects (business activities at risks, market size for low carbon solutions, real estate assets by energy-efficiency classes, list of assets at physical acute and chronic risks, etc.)

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Topical standards

Comparison TCFD

N/A

✓ Similarities identified

✓ Similarities identified

N/A

N/A

N/A

N/A

N/A

N/A

N/A

N/A

N/A

RISK MANAGEMENT

TCFD strategy recommendations are covered in ESRS 2 (IRO-1 Description of the processes to identify and assess material impacts, risks and opportunities) and ESRS E1. ESRS is more specific on some topics:

- Not only risk and opportunities are considered but also positive and negative sustainability-related impacts that are connected with the undertaking's business
- Policies required on both strategy and risk management processes
- More details on physical and transition risks identification and assessment

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✓ Similarities identified

✓ Similarities identified

N/A

N/A

N/A

N/A

N/A

N/A

N/A

N/A

N/A

METRICS

TCFD strategy recommendations are covered in ESRS E1. ESRS is more specific on some topics:

- Energy consumption and mix and energy intensity per revenue
- More details on GHG emissions
- Distinction between removals, and carbon credits
- Clarification on reporting scope (operational control)
- More details on potential financial effects and opportunities
- Turnover, CapEx, OpEx - EU Taxonomy
- More specific requirements on GHG targets, values aligned with 2030 and 2050 (e.g. renewable energy deployment, energy efficiency)
- Use of carbon offset (outside the undertaking's value chain), excluded from GHG emission

A | Annex 3: About TCFD

TCFD recommendations provide guidance on how to report climate-related financial disclosures. These define four categories of recommendations to be applied in all organizations, including financial information related to governance, strategy, risk management and indicators and objectives

General recommendations of the FSB Task Force







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Annex 4: About TNFD

TNFD's new disclosure recommendations have been aligned with those issued by TCFD in an effort to facilitate and promote a transition towards integrated disclosure

Recommended disclosures

	Recommended disclosures			
Governance 	<p>A. Describe the board's oversight of nature-related dependencies, impacts, risks and opportunities.</p>	<p>B. Describe management's role in assessing and managing nature-related dependencies, impacts, risks and opportunities</p>	<p>C. Describe the organisation's human rights policies and engagement activities, and oversight by the board and management, with respect to Indigenous Peoples, Local Communities, affected and other stakeholders, in the organisation's assessment of, and response to, nature-related dependencies, impacts, risks and opportunities.</p>	
Strategy 	<p>A. Describe the nature-related dependencies, impacts, risks and opportunities the organisation has identified over the short, medium and long term .</p>	<p>B. Describe the effect nature-related dependencies, impacts, risks and opportunities have had on the organisation's business model, value chain, strategy and financial planning, as well as any transition plans or analysis in place.</p>	<p>C. Describe the resilience of The organisation's strategy to nature-related risks and opportunities, taking into consideration different scenarios</p>	<p>D. Disclose the locations of assets and/or activities in the organisation's direct operations and, where possible, upstream and downstream value chain(s) that meet the criteria for priority locations.</p>
Risk and Impact management 	<p>A(i) Describe the organisation's processes for identifying, assessing and prioritising nature-related dependencies, impacts, risks and opportunities in its direct operations.</p>	<p>A(ii) Describe the organisation's processes for identifying, assessing and prioritising nature-related dependencies, impacts, risks and opportunities in its upstream and downstream value chain(s)</p>	<p>B. Describe the organisation's processes for managing nature-related dependencies, impacts, risks and opportunities .</p>	<p>C. Describe how processes for identifying, assessing, prioritising and monitoring nature-related risks are integrated into and inform the organisation's overall risk management processes.</p>
Metrics and targets 	<p>A. Disclose the metrics used by the organisation to assess and manage material nature-related risks and opportunities in line with its strategy and risk management process</p>	<p>B. Disclose the metrics used by the organisation to assess and manage dependencies and impacts on nature .</p>	<p>C. Describe the targets and goals used by the organisation to manage nature-related dependencies, impacts, risks and opportunities and its performance against these.</p>	

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