

CFRR –Vienna

Update on sustainability reporting developments

First set of draft ESRS

30 November 2022

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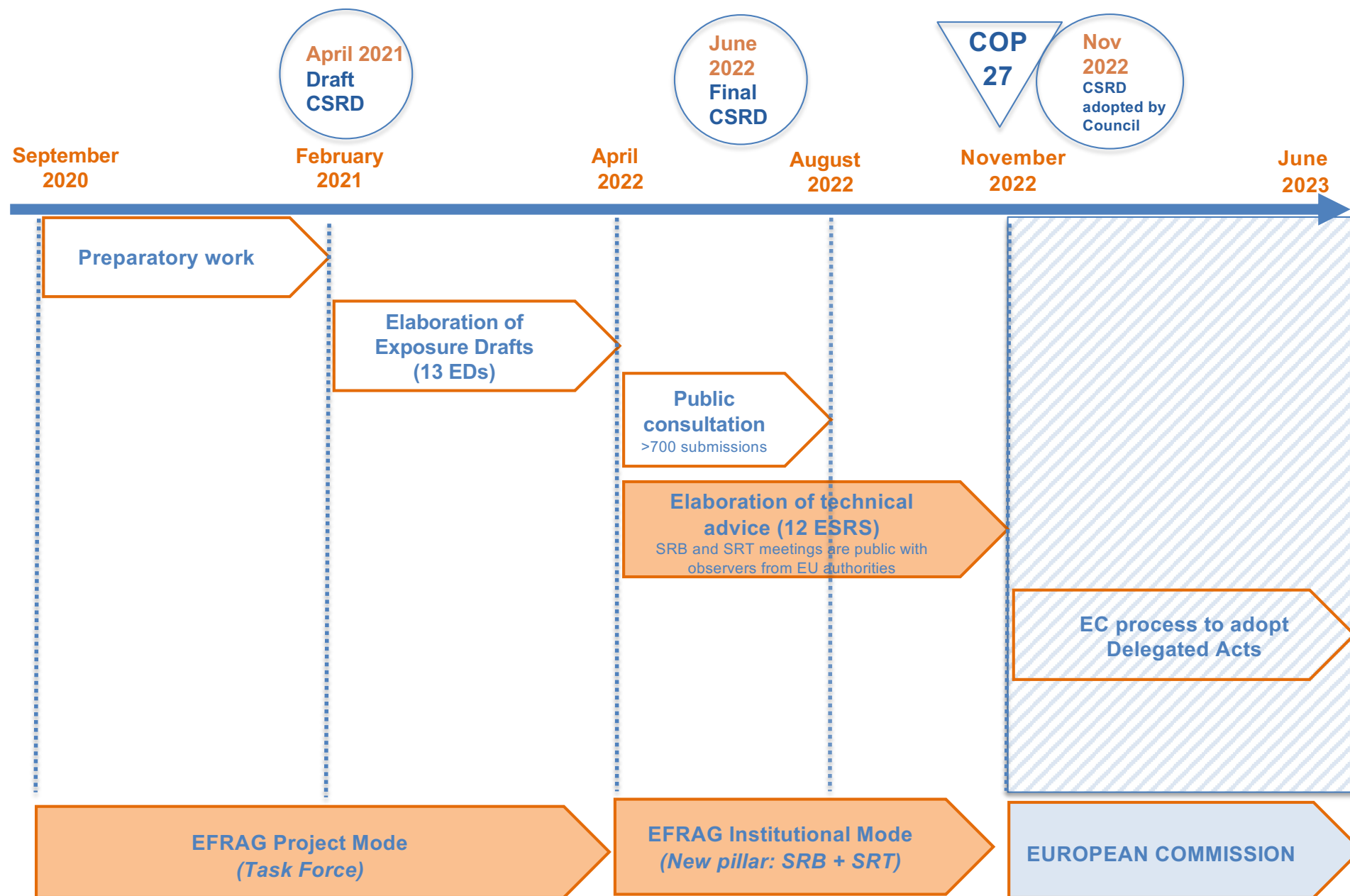
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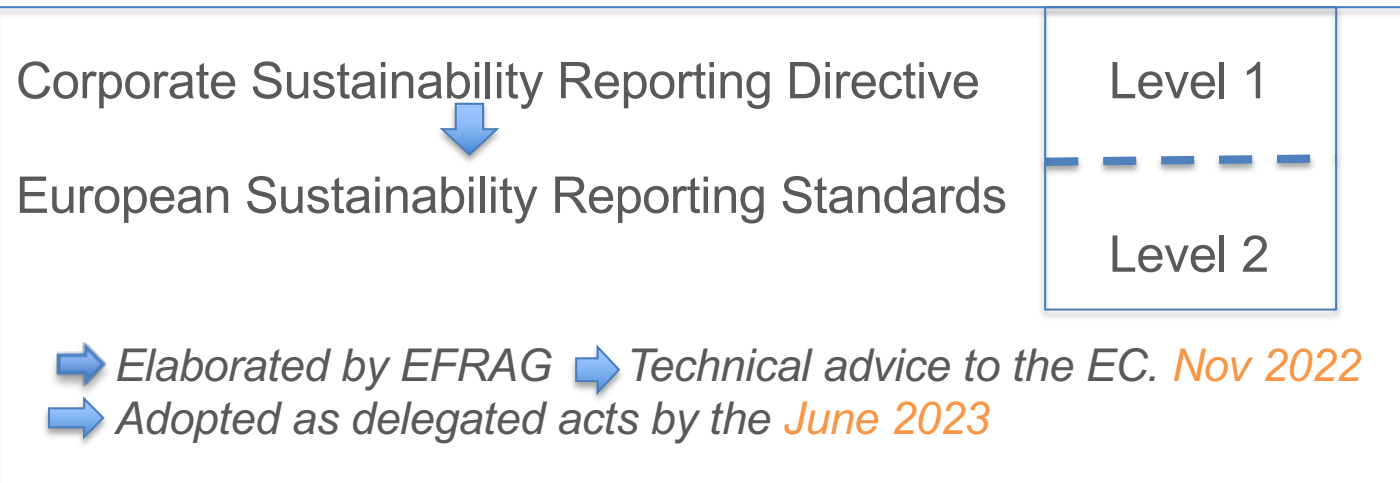
OVERVIEW OF THE FIRST SET OF DRAFT ESRS

1. DRAFTING AND ADOPTING THE FIRST SET OF STANDARDS OVER 34 MONTHS



2. A ROBUST MANDATORY REGIME OF SUSTAINABILITY REPORTING IN THE EUROPEAN UNION : CSRD and ESRS

- A legal regime of sustainability reporting under double materiality



- Comprehensive coverage of **environmental, social and governance matters**: sector agnostic for the first set.
- **Mandatory for large undertakings within the European Union** (2024 or 2025 year end). SME and sector-specific standards to follow on set .
- **Limited assurance** that will evolve into reasonable assurance
- **Report located in a separate section of the management report:** Sustainability statements. It forms part of the annual report.

3. SUSTAINABILITY STATEMENTS : Content

Article 19 (a) / (29 (a) Content of the ESRS

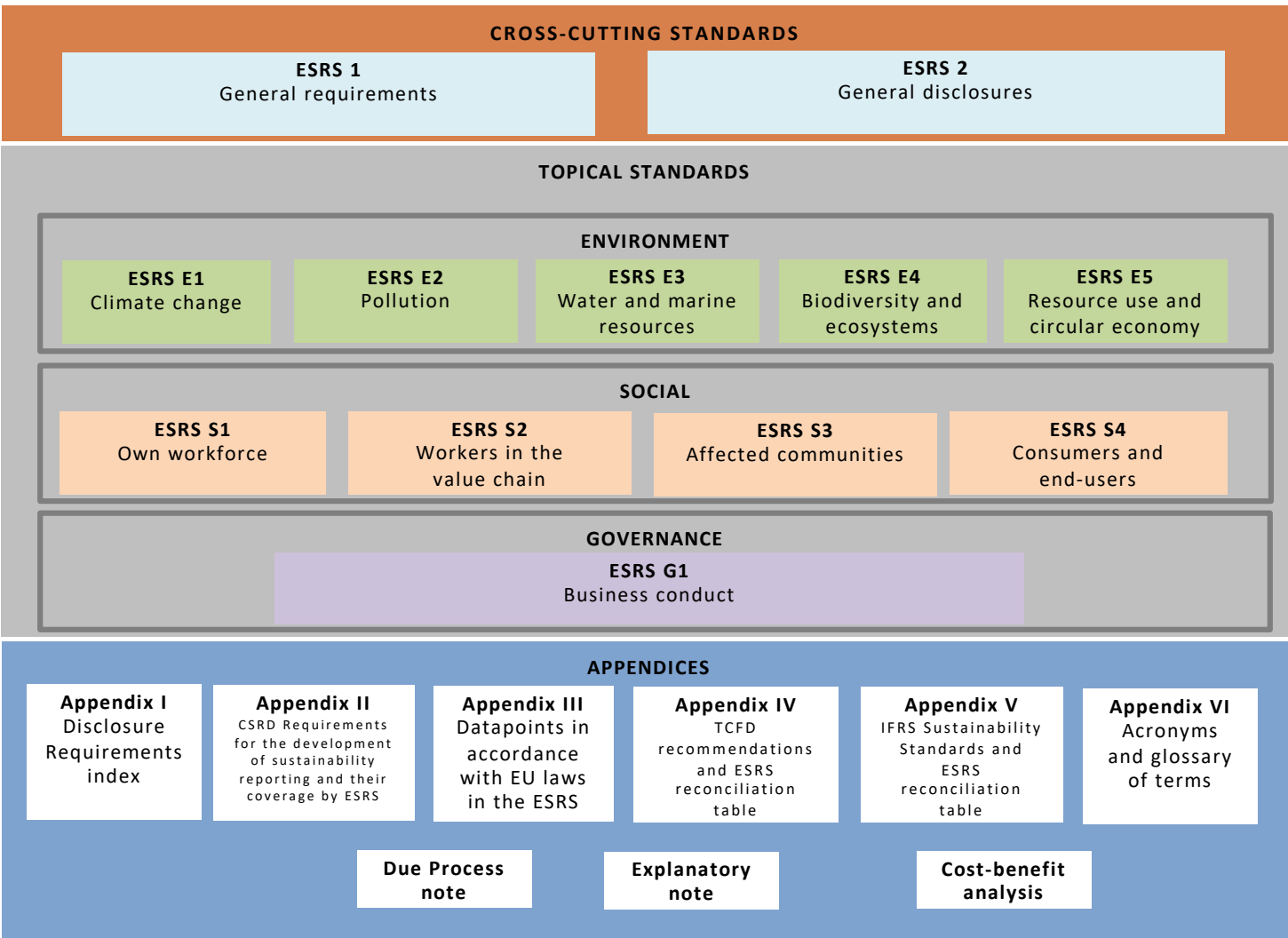
- 1. Business model and strategy** Resilience to sustainability-related risks and opportunities; transition plan in line with Paris agreements...)
- 2. Policies and time-bound targets** related to sustainability matters
- 3. Administrative, management and supervisory bodies (AMS)** re sustainability matters : role, expertise & skills and incentive schemes
- 4. Due Diligence process.** Principal and potential adverse impacts connected with the undertaking's own operations and value action; actions to identify and monitor impacts and actions to prevent, mitigate or remediate those.
- 5. Principal risks and how the undertaking's manages those**
- 6. Indicators relevant to 1-5 above**

Article 29 (b) ESG Matters to be covered

- 1. Environmental factors :**
i) Climate change mitigation and adaptation; ii) water and marine resources; iii) resource use and circular economy; iv) pollution; v) biodiversity and ecosystems.
- 2. Social and human rights factors:** i) equal treatment and opportunities (e.g. gender equality); ii) working conditions (e.g. collective bargaining); and iii) respect for the human rights, fundamental freedoms, democratic principles and standards
- 3. Governance factors :** i) role and composition of AMS; ii) internal control and risk management re sustainability matters; iii) business ethics and corporate culture; iv) political influence activities; v) relationships with customers, suppliers and communities.

4: SET 1 DRAFT ESRS : Comprehensive technical advice delivered to the European Commission

EFRAG Technical advice package 22 November 2022



12 Standards across ESG

- 2 Cross-cutting
- 5 Environment
- 4 Social
- 1 Governance

82 Disclosure Requirements

Qualitative or quantitative

Double materiality

- Financial materiality
- Impact materiality

4 pillars

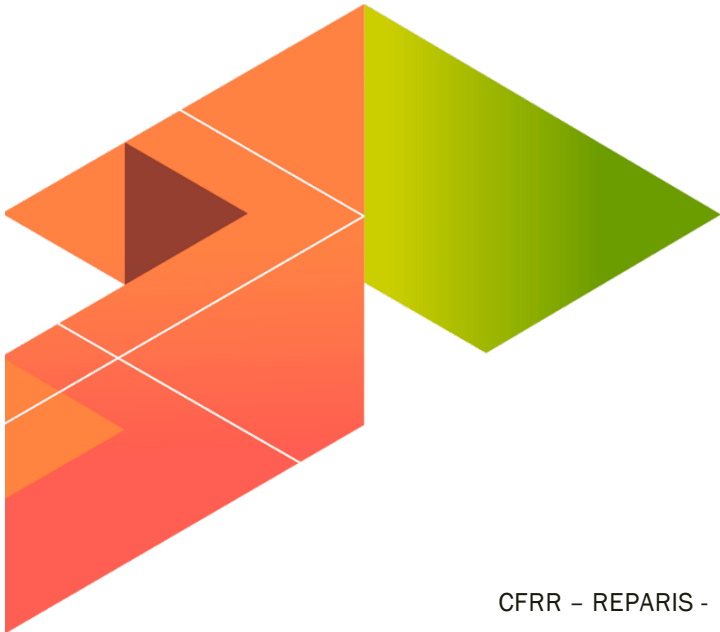
- Governance
- Strategy
- Impact, risk and opportunity management
- Metrics and objectives

Digital reporting

XBRL taxonomy *ongoing*



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