

Practical experiences in sustainability reporting A European perspective

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PULSAR 

Public Sector Accounting and Reporting Program

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Agenda



- How ESRS are impacting private and public sector
- Similarities and differences between ESRS and ISSB
- Conclusions for public sector sustainability reporting

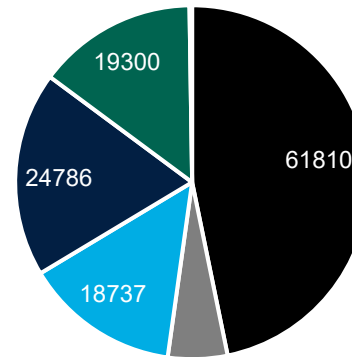
How ESRS are impacting private and public sector Sustainability reporting in Europe



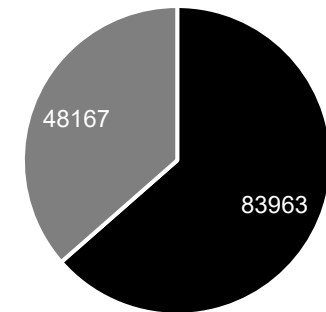
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- ESRS are **mandatory** for all entities with (2 out of 3):
 - more than 250 employees
 - More than 50 Mn EUR turnover
 - More than 40 Mn EUR total balancesheet

Effected sector by balance sheet total in Mn €



Effected balance sheet total by layer of government in Mn €



■ Infrastructure ■ Transport ■ Real Estate ■ Energy ■ Miscellaneous ■ IT

ESRS do not scope by sector or ownership. Therefore, many public sector entities (organised by private law and owned by the public sector) will fall under the CSRD. The **owner** would have to **consider** reporting under **IPSAS SRS**.

In AT public sector entities* covering more than 79.000 employees, 29.5bn of turnover and 132 bn of total assets will have to report under ESRS by 2025.

* Sample used was still small, 17 entities out of 121 state owned enterprises.

■ Federal ■ Local

Similarities and differences between ESRS and ISSB

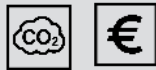
Bridging IFRS S and ESRS for the public sector



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Materiality Process

Impacts vs. Risks



Carbon emission is an impact but it is also a financial risk (its created by fossil energy use a cost), since it is harmful, governments might regulate it by taxes, levies or trading systems.

Investor vs. other Stakeholders



Investors are stakeholders, stakeholders can be investors. Perspective of the impacted.



Reporting Governance

Placement of information and mandatory assurance

- Connectivity to the financial statements
- Assurance on sustainability information



Common defined terms

Both standards use the concept of materiality of information

Disclosure Requirements

Climate related physical and transitional risks

ESRS:

Percentage of assets and monetary amount vulnerable before adaptation

ISSB:

Percentage of assets and monetary amount vulnerable

GHG Emission Balance

ESRS:

Scope 1, 2,3

Level of disaggregation differs, both reference GHG Protocol, both prefer measurement over estimates

ISSB:

Scope 1, 2,3

Comprehensiveness

- ESRS cover also circular economy, pollution, water resources, biodiversity, own workforce, workers in the value chain, affected communities, business ethics, etc.

Conclusions for public sector sustainability reporting

Will ESRS prepare for ISSB and/or IPSASB SRS



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- ESRS will **prepare** countries and their companies for ISSB/IPSASB SRS due to the fact that it tends to be **more comprehensive**
 - Degree of **use of SOEs** in the public sector (data collection already performed)
 - Public Sector in many cases will be a stakeholder to the **materiality assessment** and **part of the value chain**
- ESRS also introduces a **governance and oversight** mechanism for sustainability information
 - Public **authorities** will have to **enforce the law** (in the private sector as well as in the public sector)
 - **Mandatory assurance** pulls in the auditors and requires their professional view and opinion



- **Lack of consolidation** in the public sector will **decrease the benefits** of ESRS implementation, data collection will become an issue again
- **Strong SOE governance** is necessary to achieve consistency from a public sector perspective when applying ESRS
- Public **policy programs** will **not be covered by ESRS**, public services provided by SOEs might be underemphasised or not presented in a comprehensive way.


Thank you!



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