



ESRS

The European Sustainability Reporting Standards

The ESRS – European Sustainability Reporting Standards

- The ESRS or European Sustainability Reporting Standards are the first specific reporting standards which are published by EFRAG.
- The ESRS were adopted in Q4 2023

COMMISSION DELEGATED REGULATION (EU) .../...

of 31.7.2023

supplementing Directive 2013/34/EU of the European Parliament and of the Council as regards sustainability reporting standards

ANNEX II ACRONYMS AND GLOSSARY OF TERMS

ANNEX I

EUROPEAN SUSTAINABILITY REPORTING STANDARDS (ESRS)

ESRS 1	General requirements
ESRS 2	General disclosures
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
ESRS S1	Own workforce
ESRS S2	Workers in the value chain
ESRS S3	Affected communities
ESRS S4	Consumers and end-users
ESRS G1	Business conduct

What is ESRS?

- The ESRS is a **concrete translation of CSRD** and **determines exactly** what the sustainability **reporting** should look like.
- The standards must be **aligned with the financial statements** so that non-financial and financial reporting are combined.

The main purpose is to form a **manual** on how companies can get started with sustainability reporting. Companies should provide an answer to the following questions:

- **What are your current and potential impacts, both positive and negative concerning the ESG aspects?**
- **What actions can you take to reduce, eliminate or prevent these impacts?**
- **What is your company's contribution to a specific theme such as pollution?**
- **What plan of action is needed to become more sustainable?**
- **What risks and opportunities are associated with implementing such sustainability plan?**

Disclosure requirement & datapoints

- 12 ESG standards
 - 2 cross-cutting
 - 5 environmental
 - 4 social
 - 1 governance
 - sector-specific standards still need to be determined
- 85 disclosure requirements (reduced from 136)
- 1.178 data points (reduced from 2.161)
- Main focus: materiality assessment

Cross-cutting standards	Topical sector-agnostic standards		
	Environment	Social	Governance
ESRS 1 General principles	ESRS E1 Climate change	ESRS S1 Own workers	ESRS G1 Business conduct
ESRS 2 General, strategy, governance, and materiality assessment disclosure requirements	ESRS E2 Pollution	ESRS S2 Workers in the value chain	
	ESRS E3 Water & marine resources	ESRS S3 Affected communities	
	ESRS E4 Biodiversity & ecosystems	ESRS S4 Consumers & end-users	
	ESRS E5 Resource use & circular economy		

EFRAG's 1.178 ESRS Data Points

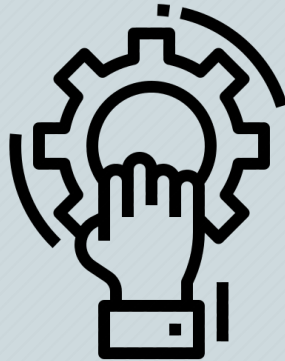
Cross-cutting standards	Topical sector-agnostic standards		
ESRS 1 General principles	Environment	Social	Governance
ESRS 2 General, strategy, governance, and materiality assessment disclosure requirements 193 datapoints	ESRS E1 Climate change 220 datapoints	ESRS S1 Own workers 199 datapoints	ESRS G1 Business conduct 51 datapoints
	ESRS E2 Pollution 68 datapoints	ESRS S2 Workers in the value chain 67 datapoints	
	ESRS E3 Water & marine resources 48 datapoints	ESRS S3 Affected communities 65 datapoints	
	ESRS E4 Biodiversity & ecosystems 119 datapoints	ESRS S4 Consumers & end-users 64 datapoints	
	ESRS E5 Resource use & circular economy 84 datapoints		

ESRS: MDR's

The ESRS introduces a concept of “minimum disclosure requirements”, for certain specific topics. For each of them four levels are introduced.



Policies



Actions



Targets



Metrics

- **Policies:** policies in place to reduce, mitigate, prevent, ... a certain impact, risk or opportunity
- **Actions:** the actual actions taken, or described to be taken in the policy
- **Targets:** Targets define the goals where a company wants to go regarding certain specific topics (e.g.: 55% reduction on GHG emissions for Scope 1 – 2 – 3)
- **Metrics:** the metrics used to measure these targets. Across all ESRS metrics are not omnipresent. It depends on the type of ESRS whether metrics are used, and usefull.

ESRS – Data points

- Datapoints lead the total approach in a CSRD-reporting, with the materiality assessment as a guiding principle to define which topics are material, and thus the related datapoints.



The screenshot shows a document titled 'List of ESRS Data Points' from 'The Ecological Entrepreneur'. The document lists various standards and their corresponding data points. The standards listed are:

Standards:
ESRS 2 - General Disclosures
ESRS 2 - Minimum Disclosure Requirements (MDR)
E1 - Climate Change
E2 - Pollution
E3 - Water and Marine Resources
E4 - Biodiversity and Ecosystems
E5 - Resource Use and Circular Economy
S1 - Own Workforce
S2 - Workers in the Value Chain
S3 - Affected Communities
S4 - Consumers and End-users
G1 - Business Conduct

In attachment in this course you can find the overview of data points. This list is not final, nor can be used as a main source of identifying all points.

However, it is a good overview to understand more about the datapoints.

Later, in the next lessons, we dive into the specific Disclosure Requirements per topic, and the relevant datapoints.

ESRS – Division of datapoints

ESRS	Irrespective of MA	Subject to MA	May
2	134		12
E1	16	177	15
E2	3	41	19
E3	3	24	18
E4	12	43	62
E5	8	54	19
S1		131	58
S2		48	21
S3		46	22
S4		44	23
G1		39	10
Total	176	647	279

The phase-ins are not included.

ESRS – MDR's & datapoints

Next to these datapoints, for each sustainability matter, regarding the MDR-P, A, T, M. This is only applicable if the company has set a policy. A company can thus report that they have not yet developed a policy, but needs to include the reason why, and timeline when a policy will be developed.

	DPs
MDR-P	6
MDR-A	10
MDR-T	13
MDR-M	3

ESRS – Type of datapoints

ESRS	Narrative	Semi-Narrative	Numerical
2	99	15	20
E1	59	25	109
E2	18	3	23
E3	18	2	7
E4	37	14	4
E5	30	3	29
S1	61	23	47
S2	40	8	-
S3	40	6	-
S4	39	5	-
G1			

This division gives you a feeling on the type of datapoints per topic.

Numerical includes different types, as ‘monetary’, ‘volume’, ‘percentage’, ‘decimal’, ...

ESRS – Phase in’s for all undertakings

ESRS	Subject to phase-in <750 employees Year 1	Subject to phase-in <750 employees Year 2
2	-	-
E1	9	-
E2	-	-
E3	-	-
E4	55	55
E5	-	-
S1	131	-
S2	48	48
S3	46	46
S4	44	44
G1	-	-
Total	333	193

These omissions are related to the rules defined by ESRS 2 BP 2 par. 17.

This means that if the company does – after a materiality assessment – define these as material, policies, actions, targets and metrics must be defined.

ESRS – Phase in’s for undertakings smaller than 750 employees on year of reporting (Appendix C)

ESRS	Subject to phase-in Year 1	Subject to phase-in Year 2	Subject to phase-in Year 3
2	2	-	-
E1	26	26	26
E2	6	6	6
E3	3	3	3
E4	3	3	3
E5	3	3	3
S1	32	-	-
S2	-	-	-
S3	-	-	-
S4	-	-	-
G1	-	-	-
Total	75	41	41

All datapoints in Appendix C that can be omitted the first years.

However, the number does not indicate which datapoint, which should be specifically read for this topic in Appendix C.

It is crucial to balance out the previous slide with this one, dependent on your own specific situation.

XBRL tagging

- After a company has run through the materiality assessment, and can start working on the reporting, XBRL tagging becomes important.
- XBRL Tagging means that undertakings have to tag their sustainable statements in a structured, machine-readable data format. This avoids that people make wrong interpretations when reading the formats.
- The European Single Electronic Format (ESEF) according to an adjusted Regulatory Technical Standard (RTS) that will be developed by ESMA, on the basis of the technical advice on the draft ESRS-XBRL Taxonomy that will be released by EFRAG in 2024.
- Between all listed datapoints at the moment, they might be slightly adopted in nomenclature for the XBRL tagging, but content wise will not change.

Example of XBRL Consistency across companies



Does it stop here?

- No, EFRAG will be developing sector-specific standards in the coming two years (starting from January 2024).
- At the current moment, it is foreseen that by the end of 2026 sector-specific standards will be developed.
 - Mining, Quarrying and Coal mining
 - Oil and Gas
 - Coal, Quarries and Mining
 - Road Transport
 - Agriculture, Farming and Fisheries
 - Motor Vehicles
 - Energy Production and Utilities
 - Food and Beverages
 - Textiles, Accessories, Footwear and Jewellery
- Next to the sector-specific standards, EFRAG is developing standards for the L-SME's (Listed SME's) and V-SME's (Voluntary SME's). These last are at the moment strongly correlated with the VSRS (which we explain later in this course)

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