

# Sustainability reports in EU Institutions: European Sustainability Reporting Standards and Synergies with EMAS



EMAS Interinstitutional Day / Beate Hollweg/ 30 November 2023

# European Sustainability Reporting Standards

A set of sustainability reporting standards covering environmental and social impact and governance



- [Corporate Sustainability Reporting Directive \(CSRD\)](#) entered into force on 5<sup>th</sup> of January 2023
- ESRS to harmonize presentations of the impact of companies on people and the environment
- First reports on the 2024 financial year, for reports published in 2025, latest 2029.
- Tailored to EU policies, building on and contributing to international standardization initiatives.



## Who will disclose?

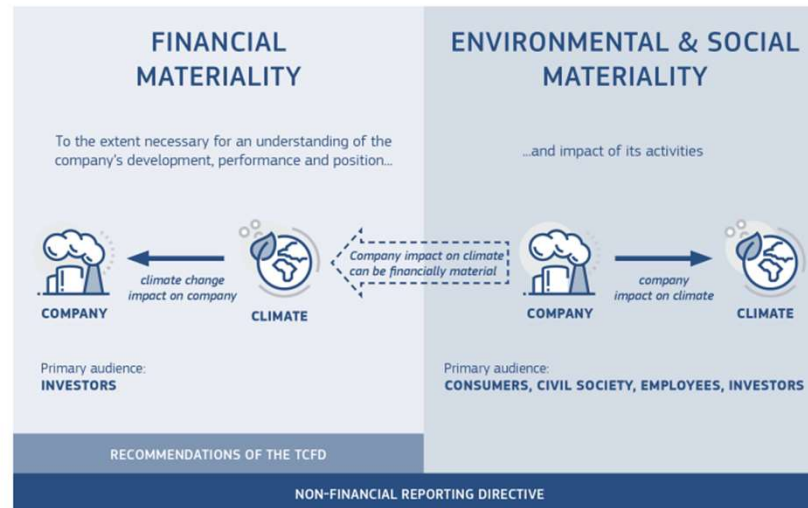
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- Companies previously subject to the Non-Financial Reporting Directive (NFRD) if they have more than 500 employees), financial year 2024, with first sustainability statement published in 2025.
- Other large companies, including other large non-EU listed companies: financial year 2025, with first sustainability statement published in 2026.
- Listed SMEs, including non-EU listed SMEs: financial year 2026, with first sustainability statements published in 2027. with option for a further two years phase in. The last possible date for a listed SME to start reporting is financial year 2028, with first sustainability statement published in 2029.
- Non-EU companies that generate over EUR 150 million per year in the EU and that have in the EU either a branch with a turnover exceeding EUR 40 million or a subsidiary that is a large company or a listed SME will have to report on the sustainability impacts at the group level of that non-EU company as from financial year 2028, with first sustainability statement published in 2029. Separate standards will be adopted specifically for this case.

# ESRS: Double Materiality Perspective

The CSRD incorporates the concept of **'double materiality'**. This means that companies have to report not only on how sustainability issues might create financial risks for the company (financial materiality), but also on the company's own impacts on people and the environment (impact materiality).

The double materiality perspective of the Non-Financial Reporting Directive in the context of reporting climate-related information



\* Financial materiality is used here in the broad sense of affecting the value of the company, not just in the sense of affecting financial measures recognised in the financial statements.

<https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52019XC0620%2801%29&from=EN>

What to disclose: Max 1,178 data points.

If Climate is material, ESRS E1 requires to report Governance / Strategy / Impact, risk and opportunity management / Metrics and targets

Transition Plan: Is the **business model** compatible with the limiting of global warming to 1.5 °C & with the objective of achieving climate neutrality by 2050.

- **GHG emission reduction targets and climate change mitigation actions**
- **Decarbonization levers and potential locked-in GHG emissions**
- **Explanation and quantification of the undertaking's investments and funding**
  
- An explanation of **Taxonomy related KPIs** (CapEX, CapEx plans, OpEX)
- Significant CapEx amounts invested **related to coal, oil and gas-related economic activities**;
- Whether or not the undertaking is excluded from the **EU Paris-aligned Benchmarks**;
- How TR is **aligned with the undertaking's overall business strategy and financial planning**;
- Whether TR is approved by the **administrative, management and supervisory bodies**; and
- An explanation of the **undertaking's progress in implementing** the transition plan.



## TRANSITION PLANS: At the core of forward-looking reporting – Transition plan on biodiversity

AR 1. Targets under paragraph 16 may be: (a) ..targets under the **EU Nature Restoration Plan**:

i. - The decline of pollinators is reversed.

...

iii. - At least 25% of agricultural land is under organic farming management, and the uptake of agro-ecological practices is significantly increased.

...

vi. - At least 25,000 km of free-flowing rivers are restored.

...

viii. - The negative impacts on sensitive species and habitats, including on the seabed through fishing and extraction activities, are substantially reduced to achieve good environmental status.

Adverse Impact Indicators, CapEx-OpEx, Impacts, Risks & Opportunities

DRAFT EUROPEAN SUSTAINABILITY  
REPORTING STANDARDS

ESRS E4  
Biodiversity and ecosystems



November 2022

EFRAG

European Environment Agency



# ESRS and EMAS: How they might look like

Sustainability statement	
<p><b>1. General information</b></p> <p><b>ESRS 2 General Disclosures</b></p> <ul style="list-style-type: none"> <li>• Specific topical DR from topical ESRS</li> <li>• Additional DR from sector specific ESRS</li> <li>• List of Disclosure Requirements complied with</li> <li>• Table of all the datapoints deriving from other EU legislation</li> </ul>	<p><b>3. Social information</b></p> <p><b>ESRS S1 Own workforce</b></p> <ul style="list-style-type: none"> <li>• Impact, risk and opportunity management and Metrics and targets DR from ESRS S1</li> <li>• Additional DR from sector specific ESRS</li> <li>• Potential additional entity specific information</li> </ul> <p><b>ESRS S2 Workers in the value chain</b></p> <ul style="list-style-type: none"> <li>• Impact, risk and opportunity management and Metrics and targets DR from ESRS S2</li> <li>• Additional DR from sector specific ESRS</li> <li>• Potential additional entity specific information</li> </ul> <p><b>ESRS S4 Consumers and end-users</b></p> <ul style="list-style-type: none"> <li>• Impact, risk and opportunity management and Metrics and targets DR from ESRS S4</li> <li>• Additional DR from sector specific ESRS</li> <li>• Potential additional entity specific information</li> </ul>
<p><b>2. Environmental information</b></p> <p>Disclosures pursuant to Article 8 of Regulation 2020/852 (Taxonomy Regulation)</p> <p><b>ESRS E1 Climate change</b></p> <ul style="list-style-type: none"> <li>• Impact, risk and opportunity management and Metrics and targets DR from ESRS E1</li> <li>• Additional DR from sector specific ESRS</li> <li>• Potential additional entity specific information</li> </ul> <p><b>ESRS E5 Resource Use and Circular Economy</b></p> <ul style="list-style-type: none"> <li>• Impact, risk and opportunity management and Metrics and targets DR from ESRS E5</li> <li>• Additional DR from sector specific ESRS</li> <li>• Potential additional entity specific information</li> </ul>	<p><b>4. Governance information</b></p> <p><b>ESRS G1 Business conduct</b></p> <ul style="list-style-type: none"> <li>• Impact, risk and opportunity management and Metrics and targets DR from ESRS G1</li> <li>• Additional DR from sector specific ESRS</li> <li>• Potential additional entity specific information</li> </ul>

## European Environment Agency Environmental Statement 2022

The EEA routinely monitors the following environmental aspects to measure its environmental performance against performance indicators and quantified annual environmental targets (see Chapter 5):

- electricity consumption and energy consumption for heating;
- paper consumption;
- water consumption;
- waste generation;
- greenhouse gas (GHG) emissions.



## ESRS and EMAS: Synergies

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EMAS: Initial assessment (environmental audit) makes sustainability-related data systematically collected and classified to initiate and sustain strategies and transformation processes in the company.

The external review of the management system and the statements, data, and metrics for sustainable corporate governance by authorized environmental auditors ensures reliable progress monitoring over the years.

ESRS: Incorporates international standards such as (GRI).

The ESRS standards reference EMAS – According to the ESRS1 standard, statements on individual pieces of data and metrics from the environmental declaration can be referenced in the CSR report, provided they also meet the ESRS requirement.

CSRD requires an external independent review. Member states have the option to allow, in addition to auditors, other "independent providers of assurance services".





“If you can’t measure it, you can’t manage it.” Peter Drucker

“If you can’t measure it, you can’t improve it.” William Thomson



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