



EUROPEAN SUSTAINABILITY REPORTING STANDARDS

FACTSHEET #3

FEBRUARY 2023



**CROSS
CUTTING
STANDARDS
CONTENT
IN A
NUTSHELL**

ESRS 1

- **Fundamental concepts** of the CSRD
- **Mandatory concepts and principles** to be applied
- **Requirements in terms of policy to identify material sustainability impact, risks and opportunities**

ESRS 2

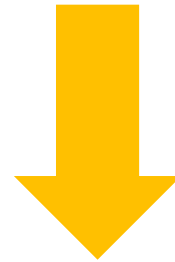
It determines the reporting areas for the topical standards:

- Governance:** the governance processes, controls and procedures used to monitor and manage impacts, risks and opportunities
- Strategy:** how the undertaking's strategy and business model(s) interact with its material impacts, risks and opportunities, including the strategy for addressing them
- Impact, risk and opportunity management:** the process(es) by which impacts, risks and opportunities are identified, assessed and managed through policies and actions
- Metrics and targets:** how the undertaking measures its performance, including progress toward the targets it has set

It also includes general characteristics of the company: **An overview of the company's business but also specific disclosures on compliance such as approximations in relation to value chain and boundaries, estimation uncertainty, changes in preparation and presentation, and prior period errors.**

ESRS IN A NUTSHELL: KEY CONCEPTS

CONCEPTUAL REQUESTS
KEY CONCEPTS & PRINCIPLES



DOUBLE
MATERIALITY

CARACTERISTICS
OF INFORMATION

TIME HORIZON

BOUNDARIES &
VALUE CHAIN

EU &
INTERNATIONAL
ALIGNMENT

CONNECTIVITY

TOPICAL STANDARDS CONTENT IN A NUTSHELL

The topical standards include disclosure requirements covering environmental, social and governance matters.

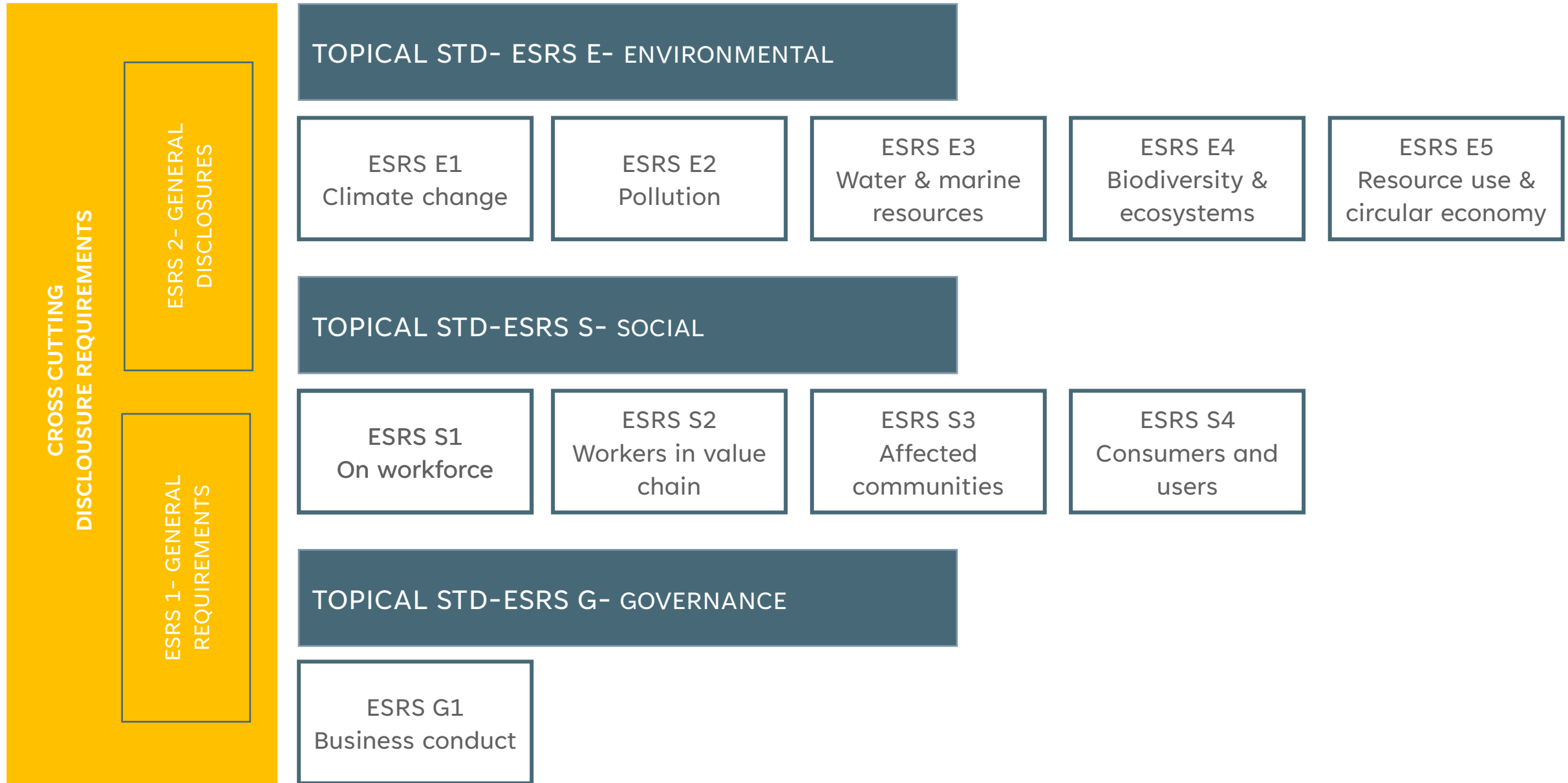
These requirements are **sector-agnostic**.

Topical standards prescribe disclosure requirements that cover:

- a. a description of the processes to identify and assess material impacts, risks and opportunities;
- b. the impact, risk, or opportunity management, including related policies, targets, action plans and resources;
- c. the metrics and targets in relation to specific topics



ESRS in a NUTSHELL - SECTOR AGNOSTIC STANDARDS



TOPICAL STANDARDS CONTENT IN A NUTSHELL

ENVIRONMENT TOPICAL STANDARDS (ESRS E1–E5)

Outline disclosure requirements for companies to report on matters related to climate change, pollution, water and marine resources, biodiversity and ecosystems, and resource use and circular economy.

In addition to these general objectives, the environmental standards aim to enable users of sustainability statements to understand the plans and capacity of a company to adapt its business model and operations in line with the transition to a sustainable economy, and how it contributes to the various environmental objectives of the European Green Deal, as well as to other EU strategic and regulatory frameworks in this context.



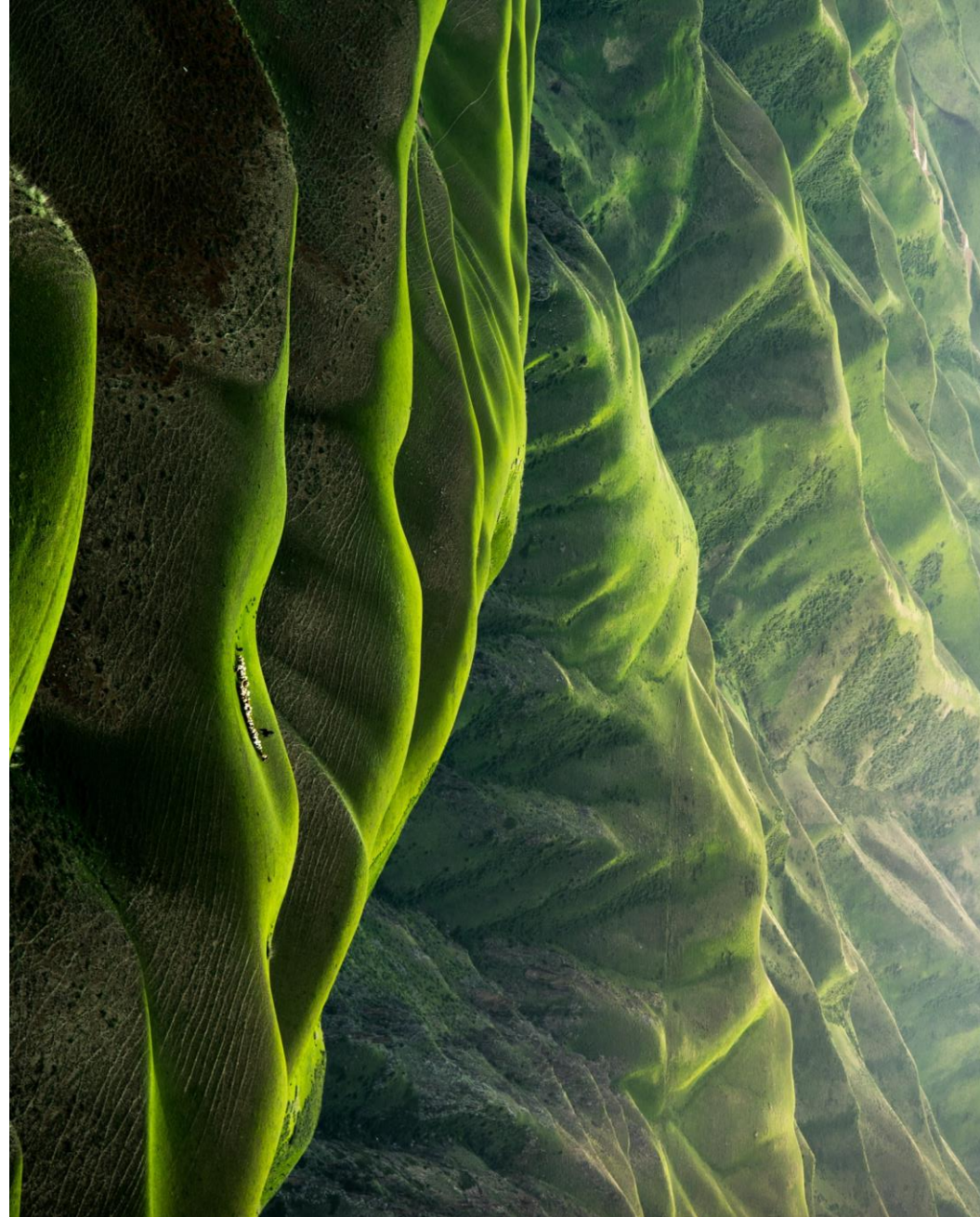
TOPICAL STANDARDS CONTENT IN A NUTSHELL

SOCIAL TOPICAL STANDARDS (ESRS S1–S4)

Provides a framework for entities to report on topics related to their own workforce, the workers in their value chains, the communities impacted by their operations and the consumers and end-users of their products or services.

GOVERNANCE TOPICAL STANDARDS (ESRS G1)

Sets out disclosure requirements that seek to enhance users' understanding of a company's strategy and approach, and the processes, procedures and performance in relation to their business conduct.



IMPORTANT CHANGES VS FINANCIAL STATEMENTS

EXTERNALITIES

THE COMPANY NEEDS TO IDENTIFY TWO MAIN GROUPS OF STAKEHOLDERS

- **Affected stakeholders:** individuals or groups that have interests that are or could be affected — positively or negatively — by the company's activities and through its value chain
- **Users** of sustainability reporting: stakeholders with an interest in the undertaking



Need to define the boundaries of due diligence process, including consideration over direct and indirect business relationships

Need to identify stakeholders & users

Need to create a real and meaningful dialogue with all stakeholders



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