

## **Cross-cutting:**

ESRS 1 General principles

ESRS 2 General, strategy, governance and  
materiality assessment

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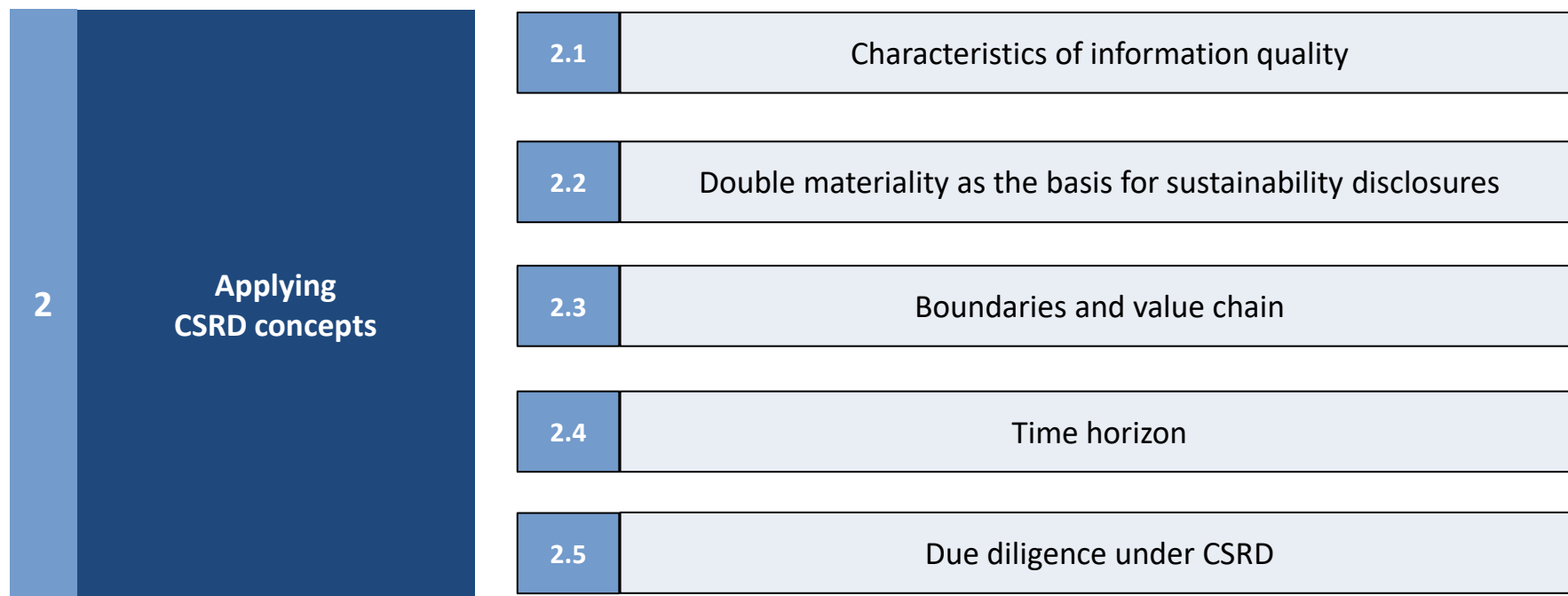
Prof. Dr. Alexander Bassen

## 5.1 Chapter 1 Reporting under ESRS: implementation of the “rules of three”

(CSRD information quality) **High degree of comparability** across undertakings:  
standardized **sector-agnostic (and sector specific) disclosure requirements are mandated**  
for all undertakings

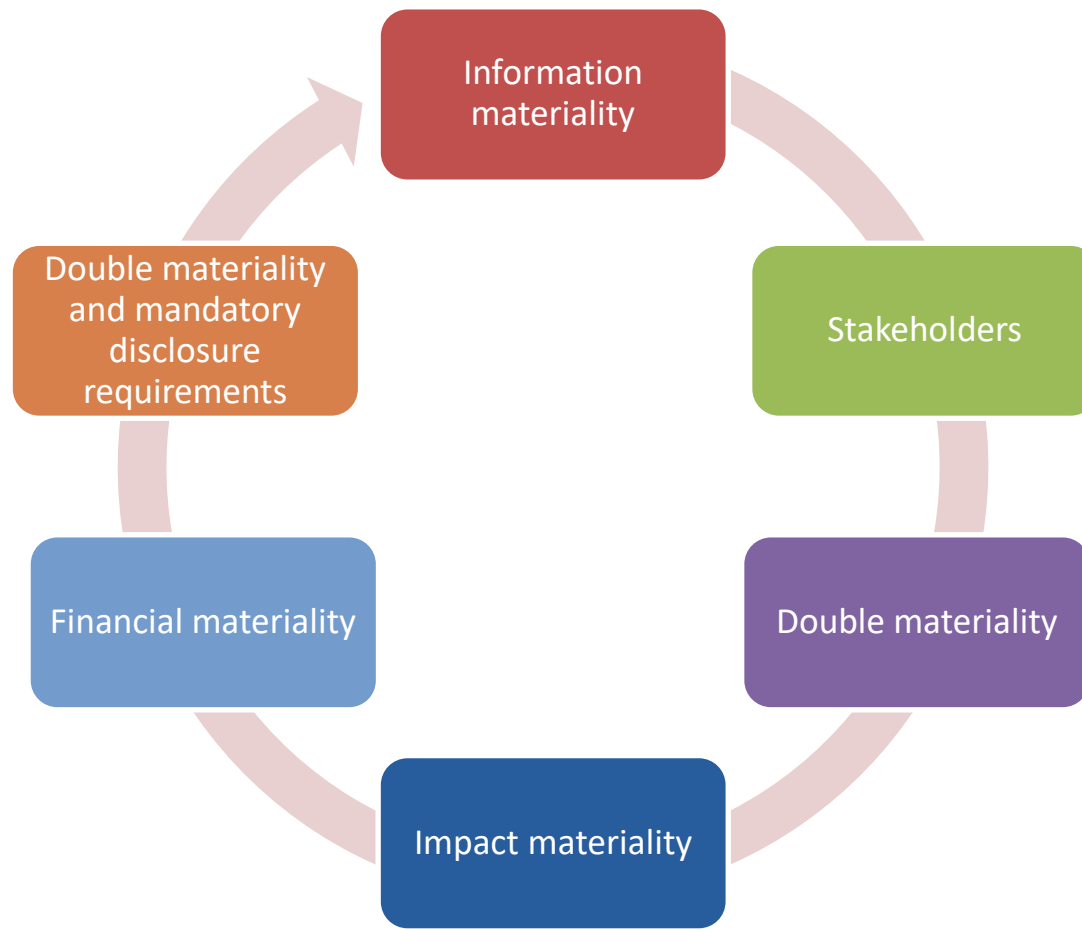
1	Reporting under European Sustainability Reporting Standards (ESRS)	1.1	Complying with ESRS
		1.2	Standardised and entity-specific disclosures
		1.3	Sector-agnostic and sector-specific standards
		1.4	Relationship between cross-cutting standards and topical standards
		1.5	Developing entity-specific disclosures

## 5.2 Chapter 2 Applying CSRD concepts: CSRD concepts as « Bedrock » of ESRS

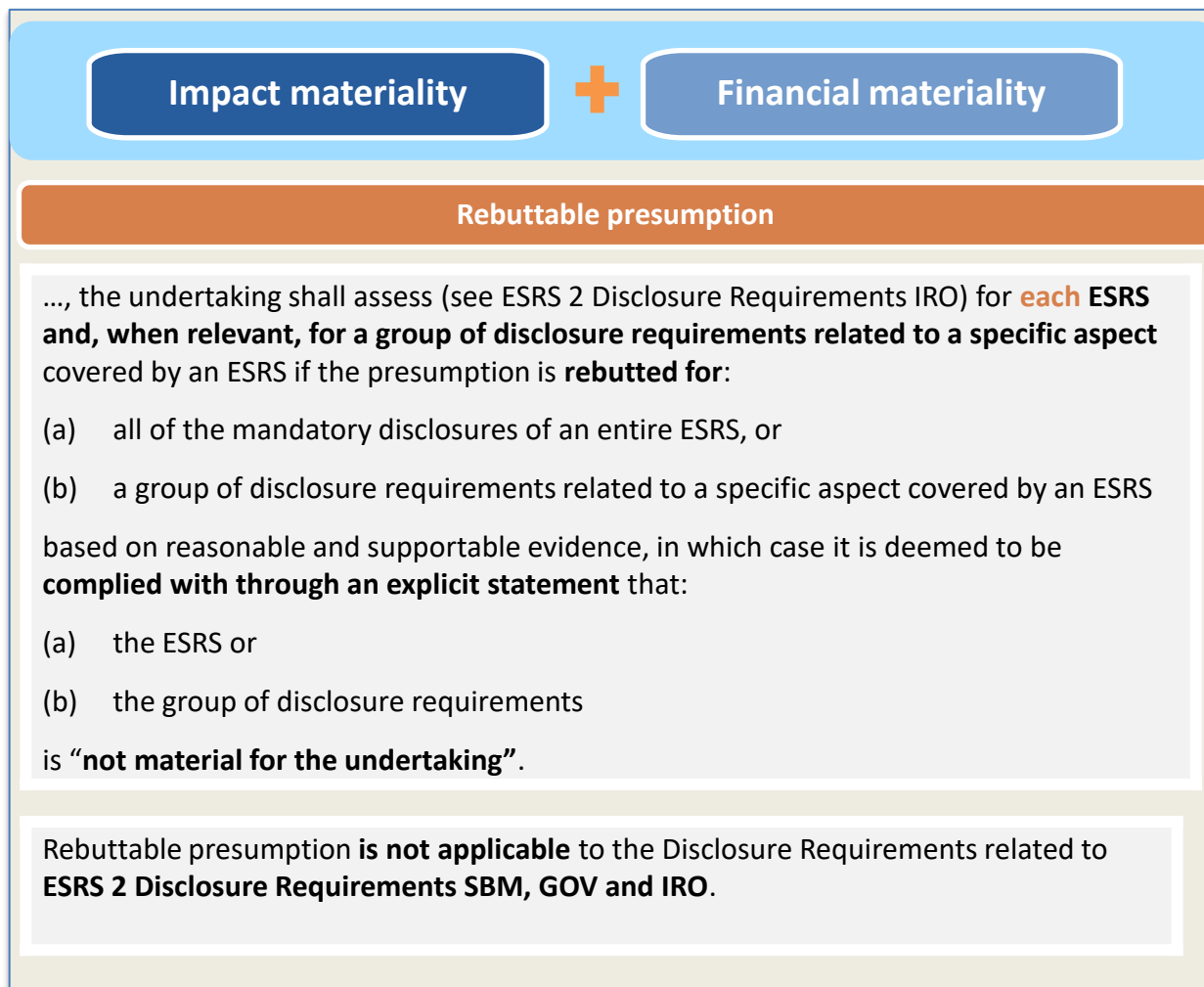


## 5.3 Chapter 2 Applying CSRD concepts:

### 2.2. Double materiality as the basis for sustainability disclosures



## 5.4 ESRS 1 – Key concepts: Double materiality and the possibility of rebutting the presumption of materiality



- No additional costs expected compared to assessing materiality without a list of requirements - in both cases judgement and evidence are required
- Having a predefined list supports comparability
- Having to rebut the presumption mitigates the risk of loss of relevant information

## 5.5 Chapter 2 Applying CSRD concepts: 2.2 Double materiality: From mandated DR to information material for the undertaking

Universe of sector-agnostic and sector-specific **mandated** disclosure requirements

-

Rebuttable presumption (at level of ESRS or group of DR)

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Individual **disclosure requirement**/datapoint that **is below materiality criteria/thresholds** and that is not part of an ESRS (or a group) for which the presumption has been rebutted **may be omitted** and therefore considered implicitly disclosed as “not material”

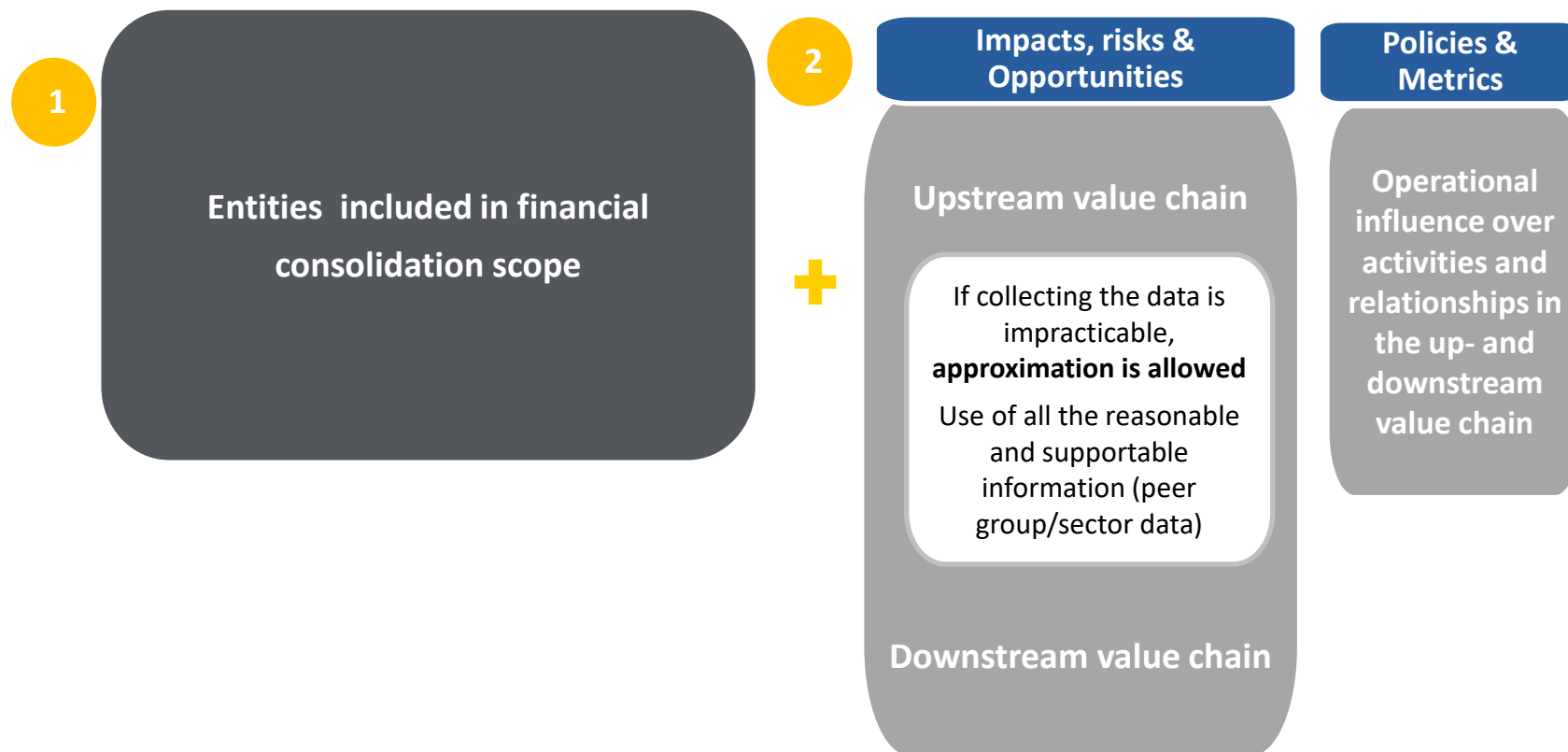
+

Entity specific disclosures

=

**Material disclosure requirements for the undertaking**

## 5.6 ESRS 1 – Key concepts: Boundaries and value chain: Consolidation scope plus up- and down-stream



Not all the data need to include value chain information: “Risk-based” approach and link to materiality. The boundary has to be expanded when the integration is necessary to allow a proper understanding of material impacts, risks and opportunities and to produce a set of complete information that meets the qualitative characteristics of information quality.

## 5.7 Chapter 6 - Structure of sustainability statements: Three presentation options give flexibility. Incorporation by reference to other sections of MR

6	Structure of the sustainability statements	6.1	Content of the sustainability statements
			<p>Undertaking <u>shall</u> report all the applicable <b>disclosures required by ESRS within identifiable parts of the management report constituting the ‘Sustainability Statements’.</b></p> <p>Undertaking <u>may</u> include in its sustainability statements <b>additional disclosures clearly identified and referenced to local legislation or general accepted framework.</b></p>
		6.2	Structure of the sustainability statements
			<p>Options:</p> <ul style="list-style-type: none"> <li>a) <u>Single separately identifiable section</u> of the management report</li> <li>b) <u>Aggregating the disclosures into four separately identifiable parts</u> of the management report: i) general information; ii) environmental information; iii) social information; and iv) governance information</li> <li>c) <u>Aggregating the disclosures required by each ESRS</u> and reporting them as non-separable blocks in identifiable parts of the management report “on a standard-by-standard basis”</li> </ul>

**Par. 135/146 and AG 33 of ESRS 1:** information mandated by ESRS may be incorporated by reference to another section of the MR (if separate, clearly identified as addressing the relevant ESRS disclosure requirement). A list of incorporation by references is required. Incorporation by reference to the financial statements is also allowed.



## 5.8 Overview of ESRS 2

**22** Disclosure requirements

Provides DRs for principles laid out in  
ESRS 1

Not subject to "rebuttable  
presumption" = fully mandatory

Cross-cutting  
= provides context for all topical DRs

1st step in sustainability reporting in line with ESRS:  
**MATERIALITY ASSESSMENT**

## 5.9 Objective and Overview: Objective of ESRS 2

To set out the disclosure requirements of the undertaking's sustainability reporting that are of a cross-cutting nature. They are those:

A. of a general nature

2-GR 1

to

2-GR  
10

B. on the strategy and business model of the undertaking

2-SBM  
1

2-SBM  
2

2-SBM 3

2-SBM  
4

C. on its governance in relation to sustainability

2-GOV  
1

2-GOV  
2

2-GOV  
3

2-GOV  
4

2-GOV  
5

D. on its materiality assessment of sustainability impacts, risks and opportunities

2-IRO 1

2-IRO 2

2-IRO 3

## 5.10 Objective and Overview: Disclosure Requirements of ESRS 2 (I/II)

### GENERAL CHARACTERISTICS

DR 2-GR1: **General characteristics** of the sustainability reporting of the undertaking

DR 2-GR2: **Sector(s) of activity**

ISSB

SFDR

DR 2-GR3: **Key features** of the value chain

ISSB

TCFD

DR 2-GR4: **Key drivers** of the value creation

ISSB

DR 2-GR5: **Using approximations** on the disclosure in relation to boundary and value chain

DR 2-GR6: Disclosing on significant **estimation uncertainty**

ISSB

DR 2-GR7: **Changes** in preparation and presentation

ISSB

DR 2-GR8: Prior period **errors**

ISSB

DR 2-GR9: On other sustainability reporting **pronouncements**

ISSB

DR 2-GR10: General **statement of compliance**

ISSB

### STRATEGY & BUSINESS MODEL

DR 2-SBM1: **Overview** of strategy and business model

ISSB

CSRD

DR 2-SBM2: Views, interests and expectations of

ISSB

CSRD

**stakeholders**

DR 2-SBM3: **Interaction of impacts and the undertaking's**

ISSB

CSRD

**Strategy** and business model

DR 2-SBM4: **Interaction of risks and opportunities and the undertaking's strategy** and business model

TCFD

CSRD

ISSB

## 5.10 Objective and Overview: Disclosure Requirements of ESRS 2 (II/II)

### GOVERNANCE

DR 2-GOV1: <b>Roles and responsibilities</b> of the administrative, management and supervisory bodies	TCFD	ISSB	CSRD
DR 2-GOV2: <b>Information</b> of administrative, management and supervisory bodies <b>about sustainability matters</b>	TCFD	ISSB	
DR 2-GOV3: <b>Sustainability matters addressed</b> by the undertaking's administrative, management and supervisory bodies		ISSB	
DR 2-GOV4: Integration of sustainability strategies and Performance in <b>incentive schemes</b>	TCFD	ISSB	
DR 2-GOV5: Statement on <b>due diligence</b>		ISSB	SFDR

### IMPACTS, RISKS & OPPORTUNITIES

DR 2-IRO1: <b>Description of the processes</b> to identify material sustainability impacts, risks and opportunities	ISSB	CSRD	TCFD	
DR 2-IRO2: <b>Outcome of the undertaking's assessment</b> of material sustainability impacts, risks and opportunities as identified by reference to and in compliance with <b>sector-agnostic and sector-specific level ESRS</b>	SFDR	CSRD	ISSB	TCFD
DR 2-IRO3: <b>Outcome of the undertaking's assessment</b> of material sustainability impacts, risks and opportunities that are not covered by an ESRS ( <b>entity-specific level</b> )	SFDR	CSRD	ISSB	TCFD

## Focus on DR – GOV 5: Statement on due diligence

### DR related to Governance in ESRS 2

FOCUS

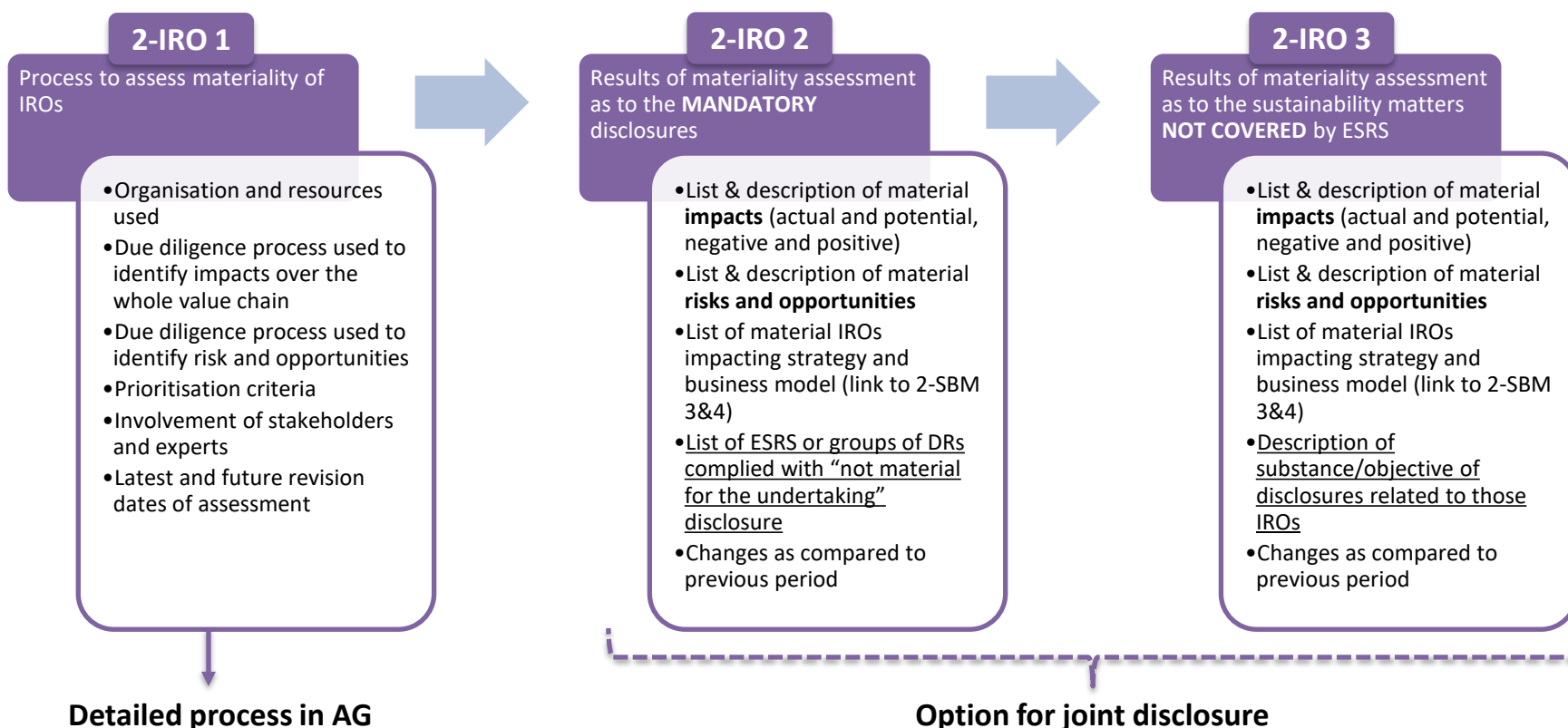
#### DR 2- GOV 5: Statement on due diligence

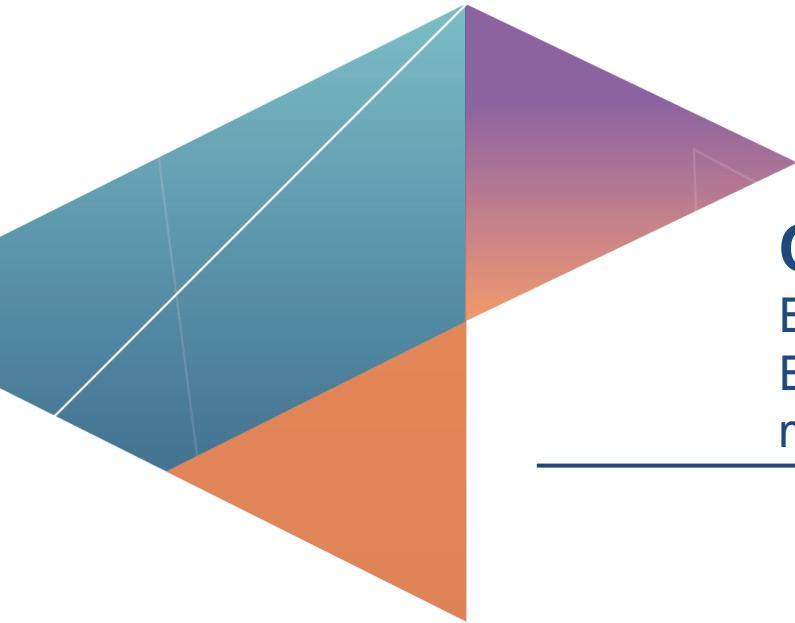
The undertaking shall provide a mapping that reconciles the main aspects of sustainability due diligence to the relevant disclosures in its sustainability statements

Main aspect of sustainability due diligence	Relevant disclosures
<ul style="list-style-type: none"><li>• Embedding due diligence in governance and organizations</li></ul>	
<ul style="list-style-type: none"><li>• Engaging with stakeholders</li></ul>	
<ul style="list-style-type: none"><li>• Identifying and assessing adverse impacts</li></ul>	
<ul style="list-style-type: none"><li>• Taking action</li></ul>	
<ul style="list-style-type: none"><li>• Tracking effectiveness and communicating</li></ul>	

## Focus on DR – IRO1, 2 and 3

DRs related to Materiality assessment impacts, risks and opportunities in ESRS 2





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