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**Intergovernmental Working Group of Experts on International  
Standards of Accounting and Reporting  
(ISAR)**

**41<sup>st</sup> SESSION  
6 – 8 November 2024**

Wednesday, 6 November 2024

**Opening panel**

Presented by

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# EFRAG and ESRS

Intergovernmental Working Group of Experts on International  
Standards of Accounting and Reporting 41<sup>st</sup> session

6 November 2024

Saskia Slomp, EFRAG CEO



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## In a nutshell ...

The goal is to organise a second pillar of standardised corporate reporting alongside financial reporting on an equal footing and therefore ...

... to provide quality sustainability related information on E, S & G to capital markets and other stakeholders in order ...

... to avoid green or ESG washing and ...

... to foster the creation of a single harmonised and reliable data platform.

# Sustainability reporting in the EU

- A robust mandatory legal regime of sustainability reporting under double materiality for all “large” undertakings (EUR 50M turnover, EUR 25M total assets, over 250 employees), i.e., 50% of EU GDP
- Firstly, sector agnostic, then sector specific
- Application dates: 2024 & 2025 for two groups

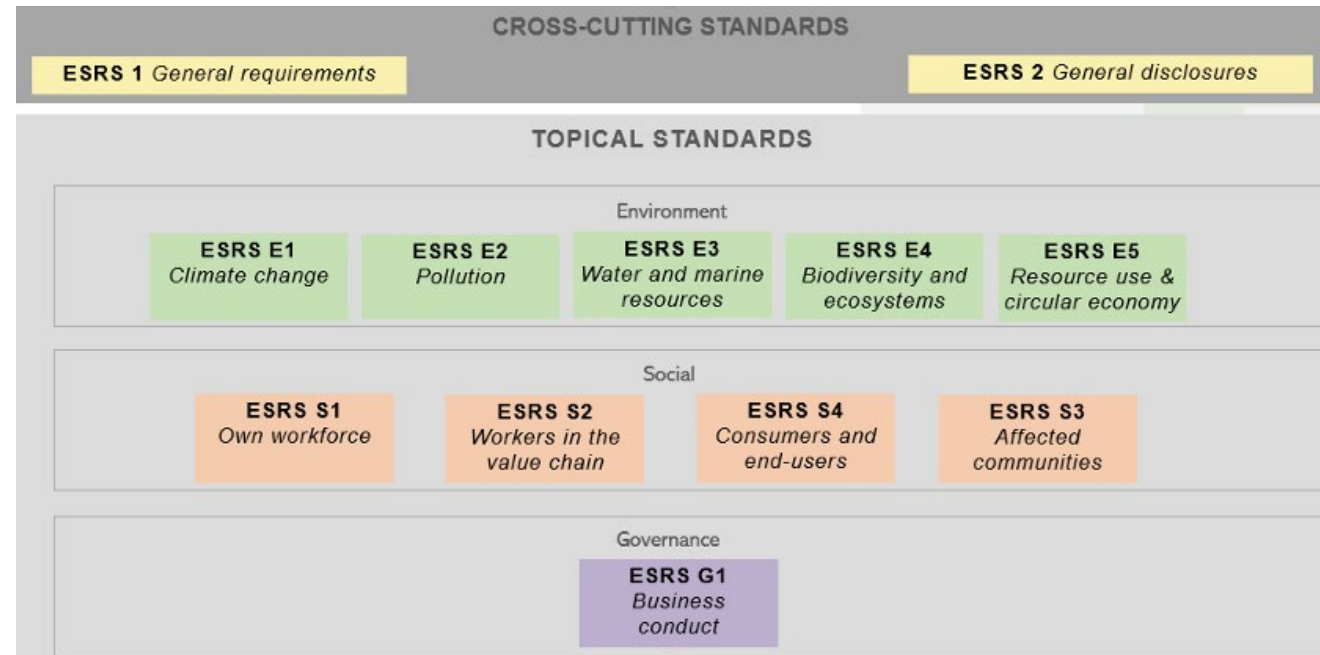
CSRD = LEVEL 1

ESRS: LEVEL 2

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- Draft ESRS developed by EFRAG
  - Provided as technical advice to the EC
  - Adopted as delegated acts by the EC

# The first set of sector agnostic ESRS

- Categories of ESRS Standards for large companies (EU criteria)
  - Cross cutting standards
  - Topical Standards
  - Sector specific standards
- +
- Other ESRS Standards
  - LSME standard (Listed SME)
  - VSME (voluntary SME)



## 4 Reporting areas :

- Governance (Gov)
- Strategy (SBM)
- Impacts, Risks and Opportunities management (IRO)
- Metrics and Targets (topical standards)



# Exposure drafts for SMEs and (draft) standards

- Exposure drafts for both LSME (for listed SMEs) and the voluntary reporting standard for unlisted SMEs (VSME)
- Both draft standards to be delivered as technical advice to the EC in **December 2024**
- **VSME**: to provide a simple reporting tool, that can credibly **replace a substantial part of the questionnaires used by business partners** in requesting ESG data from SMEs and that can support SMEs in monitoring their sustainability performance.
- **Value chain cap**: LSME, VSME AND trickle-down effect

**EFRAG PUBLIC CONSULTATION**

Exposure drafts on sustainability reporting standards for SMEs

*Deadline: 21 May 2024*

**VSME ESRS**  
JANUARY 2024  
OPEN FOR COMMENTS UNTIL 21 MAY 2024

**ESRS LSME**  
JANUARY 2024  
OPEN FOR COMMENTS UNTIL 21 MAY 2024

# Implementation support

## IG issued:

- Materiality assessment
- Value chain
- Datapoints

## IG Pipeline:

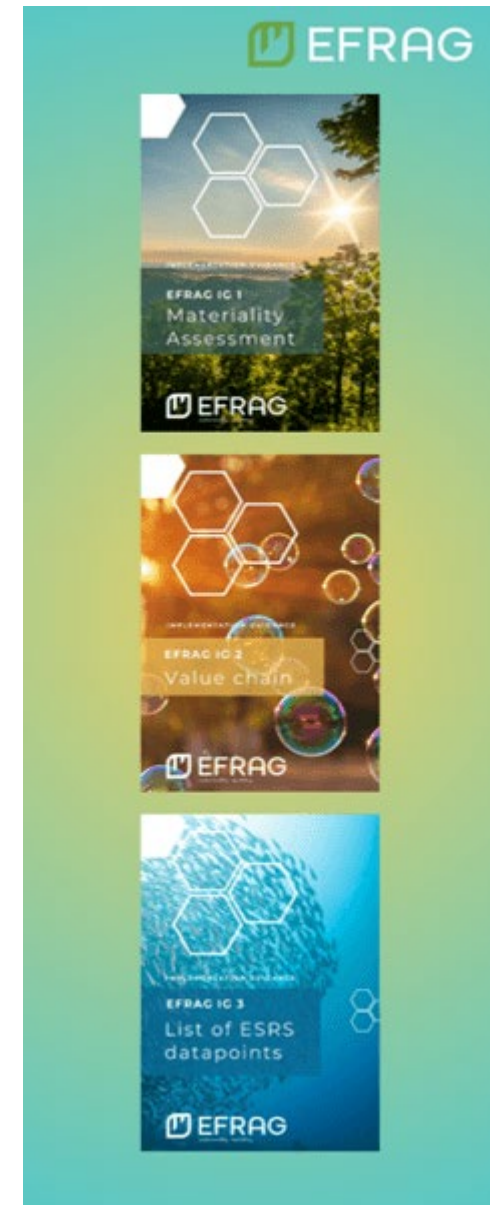
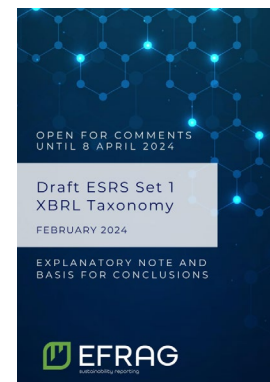
- Transition plans
- Training
- Pension fund emissions
- Guarantees of origin and other certificates
- Water storage
- Resource use

## EFRAG ESRS Q&A platform



## XBRL taxonomy first set of ESRS

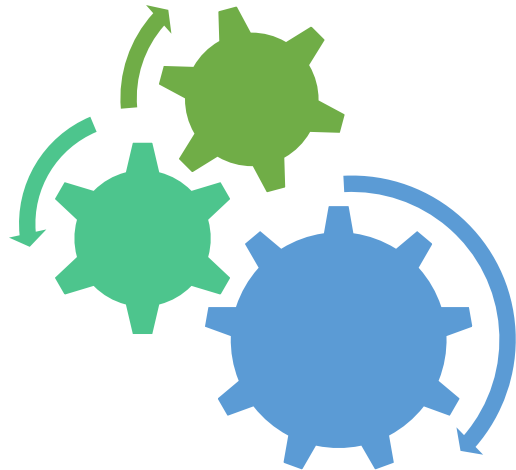
Published proposed taxonomy on 30 August 2024





# Interoperability workstreams

- Objective: To avoid double reporting
- Financial materiality definition aligned with IFRS Foundation
- Impact materiality definition aligned with GRI
- Implementation support material issued jointly
- Paving the way to digital interoperability



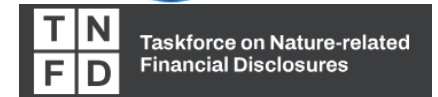
- EFRAG and IFRS Foundation [interoperability guidance](#) (ESRS and IFRS S standards)



- GRI-ESRS interoperability [index](#)



- Mapping with the [TNFD](#)



- Other mapping tables being work in progress: EMAS (of particular interest for SMEs and public authorities)

- MoUs with CDP; CEN-CENELEC



- New MoU's signed: TISFD



## What is in the pipeline? Tentative view

### Continuing

- Implementation support: Q&A Platform and explanations
- Interoperability

### 2024

- LSME: draft standard to EC (and publication) by 20 December 2024
- VSME standard (except for BCs) to EC by 20 December 2024

### 2025

- IG Transition Plans: feedback period Q1
- Non-EU draft standard to EC (and publication) by December 2025
- First batch of draft sector standards to EC by end 2025 (after public consultation)
- Endeavour draft standards for remaining high-impact sectors to EC by December 2026 plus Financial Institutions



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