



*Sustainable  
Stock Exchanges*

Q3

WEBINAR

25 September 2024  
9AM and 4PM CET (Geneva)

# ESRS and CSRD: Update for Exchanges globally

## SSE Team:

- Anthony Miller, Chief Coordinator
- Tiffany Grabski, Head of SSE Academy
- Lisa Remke, Deputy Coordinator
- Landon Wilcock, Project Officer

# Agenda

1

**Secretariat Update:**  
Upcoming COP 29

2

**ESRS and CSRD: Update for Exchanges globally:**  
Presentation from Saskia Slopka, CEO, EFRAG and Fredré Ferreira,  
Governance Lead, EFRAG

3

**Open Floor Discussion**  
Ask our expert and share your experience!

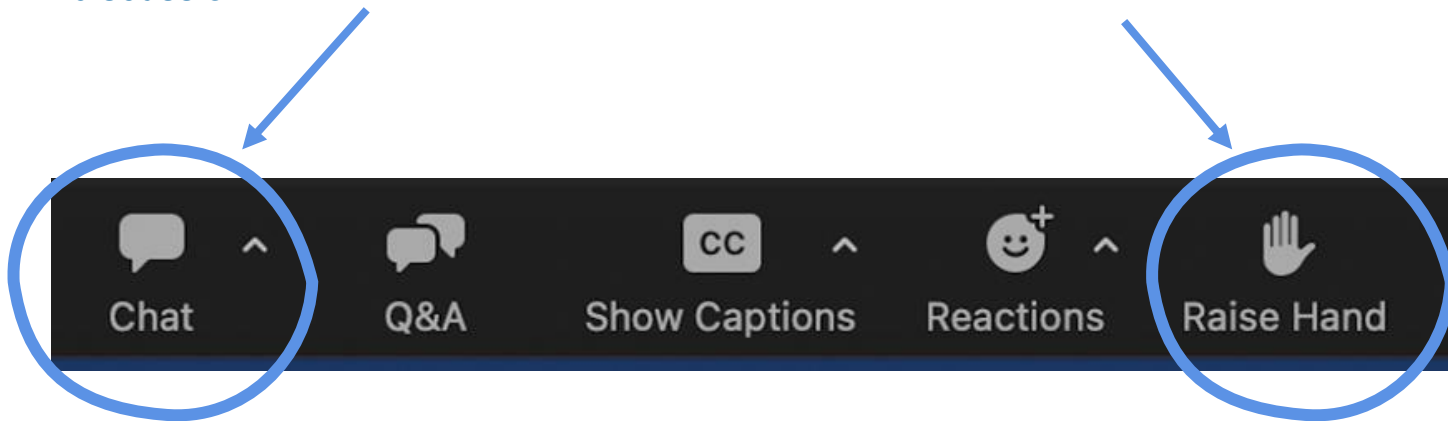
# Housekeeping

During the presentations, you can ask questions and provide comments at any time by using the **chat function**.

We will ensure that questions get answered during the Open Floor discussion.

Please use the **hand symbol** to indicate that you wish to speak during the Open Floor discussion.

The team will allow you to enable your video function while you speak.



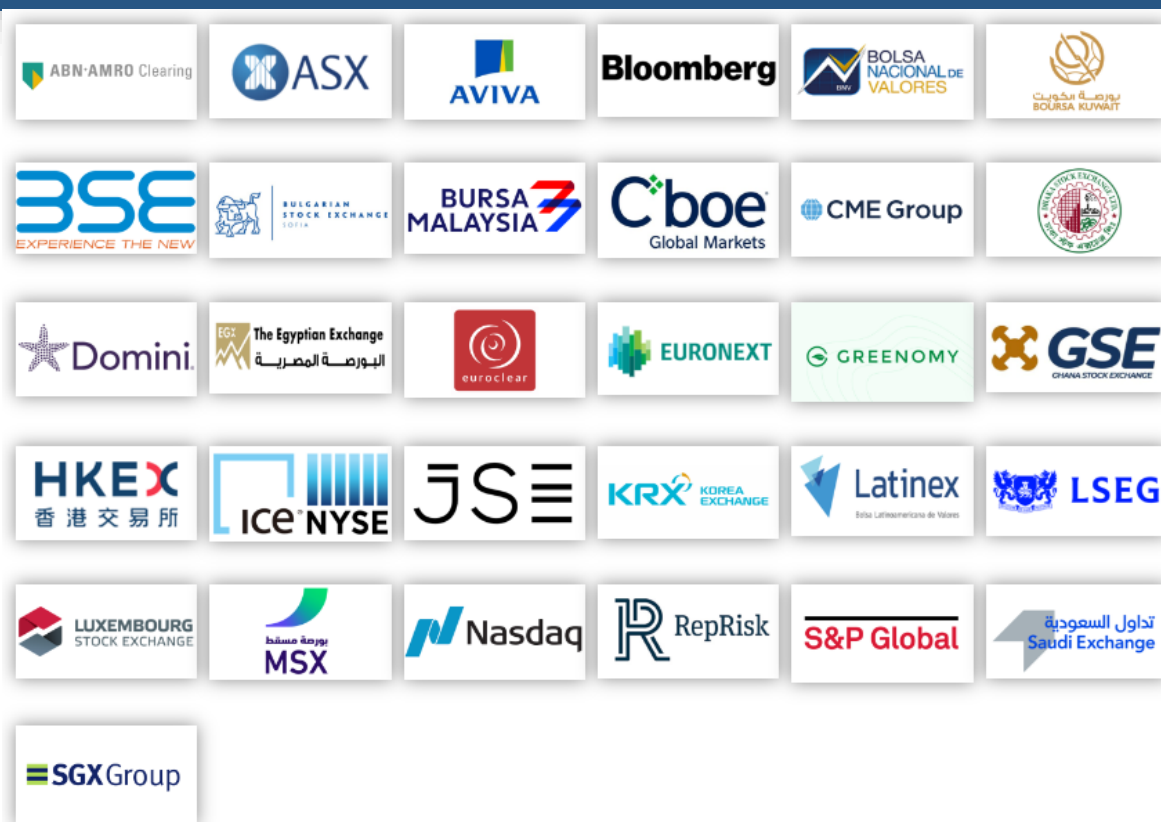


# Secretariat Updates:

Welcome, Landon!  
Official Supporters  
COP29

# THANKS TO OUR SSE OFFICIAL SUPPORTERS

17 PARTNERSHIPS  
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**Become an SSE Official Supporters!** Contact us to learn how.

Supporting the SSE's mission is one of the Actions you can take to be an "Active" member.

[www.SSEinitiative.org](http://www.SSEinitiative.org)

[info@SSEinitiative.org](mailto:info@SSEinitiative.org)

[@SSEinitiative](https://twitter.com/SSEinitiative)

# COP29 Finance Day 14 Nov

## SSE-IOSCO: High-level event

- Location: Baku, Azerbaijan, 14 Nov, time tbc
- High-level discussion with CEOs, standard setters and representatives for the regulatory community
- Opportunity for exchanges to join the NZFSP Alliance (GFANZ)
- Opportunity for existing NZFSPA Members to showcase their work and commitment to climate action
- Speakers and Official Supporters can receive assistance in receiving Blue Zone badges
- 15 Nov side event at Baku Exchange
- 14 Nov Green Zone event (TBC)



The Exchange hosts. The SSE delivers. It's free.

**Register now!**

Limited training slots available.

# SSE Academy: current offers

## Gender Equality



- 4h live training over two sessions
- Partners are IFC, UN Women and Columbia University
- With guest speakers from LuxSE (Gender Bonds), Bloomberg (Gender Indices) and Brightmine (Gender Pay Gap) and others!
- **Why** is action needed
- **What** tools can improve gender equality in organisations
- **How** to capture value from markets for gender equality performance
- **Where** to communicate gender-related information
- CPD-certified

## IFRS S1 and S2



- 3.5h live training + homework exercise (voluntary)
- Partners are IFC, IFRS Foundation
- The evolution of sustainability disclosures and **why** the ISSB standards are seen as a 'Global Baseline'
- **What** disclosure is required with the ISSB Standards, and how to add additional disclosures
- **How** to collect data through identifying, evaluating and integrating sustainability-related risks and opportunities
- **Where** and how to communicate your sustainability-information effectively
- CPD-certified



# ESRS and CSRD: Update for Exchanges globally



# ESRS and CSRD: Update for Exchanges globally

Euronext: Introduction and experiences



# ESRS and CSRD: Update for Exchanges globally

Expert Presentation

 **EFRAG**  
European Financial Reporting Advisory Group

European Financial Reporting Advisory  
Group (EFRAG)  
**CEO**



**Saskia Slomp**

 **EFRAG**  
European Financial Reporting Advisory Group

European Financial Reporting Advisory  
Group (EFRAG)  
**Governance Lead**



**Fredré Ferreira**

# EFRAG and ESRS

AN INTRODUCTION

UNCTAD SSE Q3 webinar

Saskia Slomp, CEO

Fredré Ferreira, Governance leader



# DISCLAIMER

The views expressed in this presentation are those of the presenter, except where indicated otherwise. EFRAG positions, as approved by the EFRAG SRB, are published as comment letters, discussion or position papers, or in any other form considered appropriate in the circumstances.



## About EFRAG

# WHAT IS EFRAG?

- Established **2001**, serving European public interest
- **Missions**: mandated to provide technical advice to the European Commission on
  - i. the development of ESRS (sustainability reporting pillar) and
  - ii. the endorsement of IFRS (financial reporting pillar)
- Involved in sustainability reporting since **2018**
- **Robust governance**: multi-stakeholder composition and involvement
- Overall: EFRAG positioned in a **leading role** in support of front-running European reporting regime and in support of global sustainability reporting momentum.



CSRD

# 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

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



# Key features of CSRD

Mandates the use of European Sustainability Reporting Standards (ESRS) developed by EFRAG and adopted by the EC via delegated acts - comprehensive coverage of sustainability matters: E, S & G

## Key features

01

### Reporting Regime

A mandatory reporting regime for all large entities (250+ employees, Balance sheet €25m and Net turnover €50m) and listed SMEs. A voluntary standard for SME (i.e. VSME) is also being drafted.

02

### Phase-in

Progressive by reporting year:

- 2024 for NFRD reporters,
- 2025 other large entities,
- 2026 for listed SMEs (with opt-out option until 2028),
- 2028 for Non-EU groups with branches/subsidiaries in EU

03

### Location & Timing

Reporting: in the management report, i.e., at the same time as financial statements

04

### Mandatory audit

Limited assurance to start with, moving to reasonable assurance

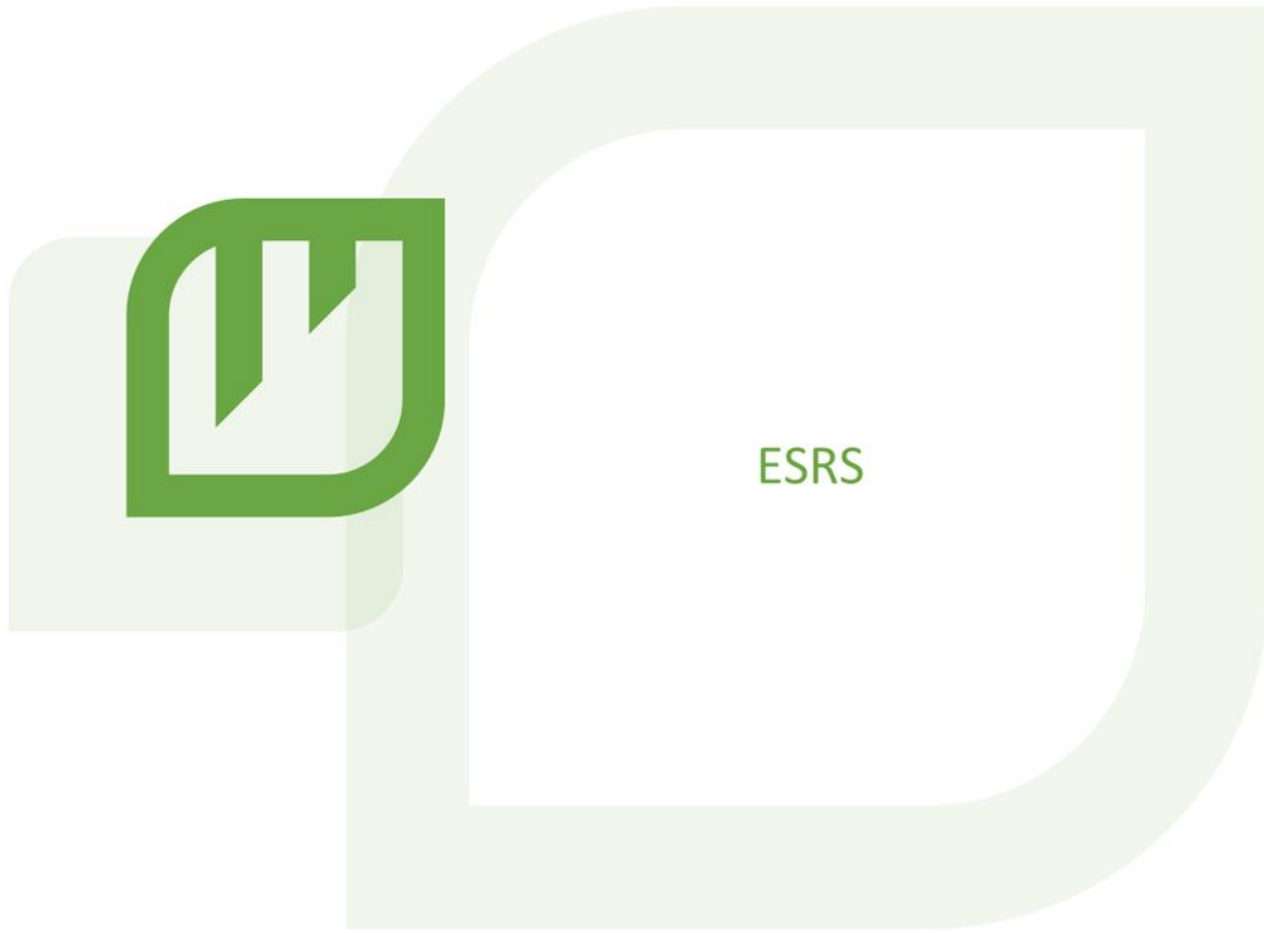
05

### Digitalisation

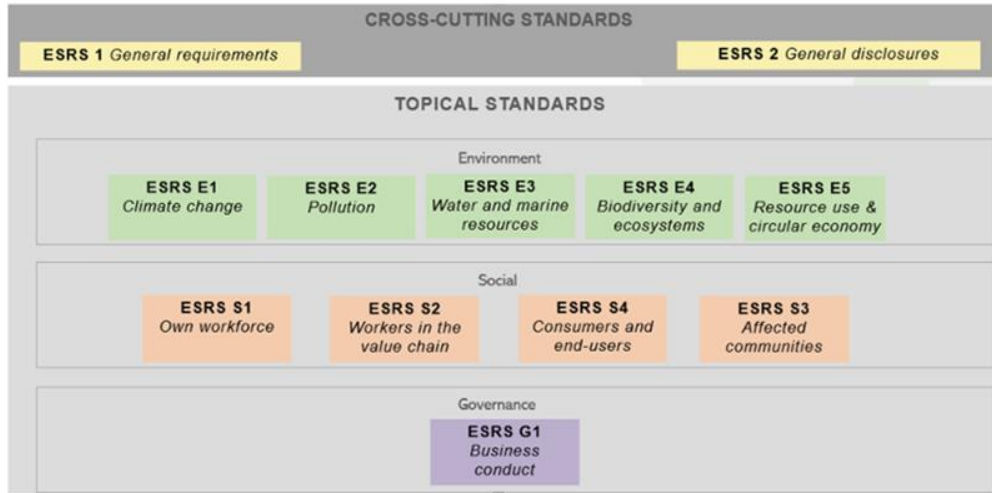
Digital tagging of the ESRS and Article 8 « EU Taxonomy » disclosures – EFRAG tasked to develop the draft XBRL taxonomy



**Double materiality:** financial and impact materiality



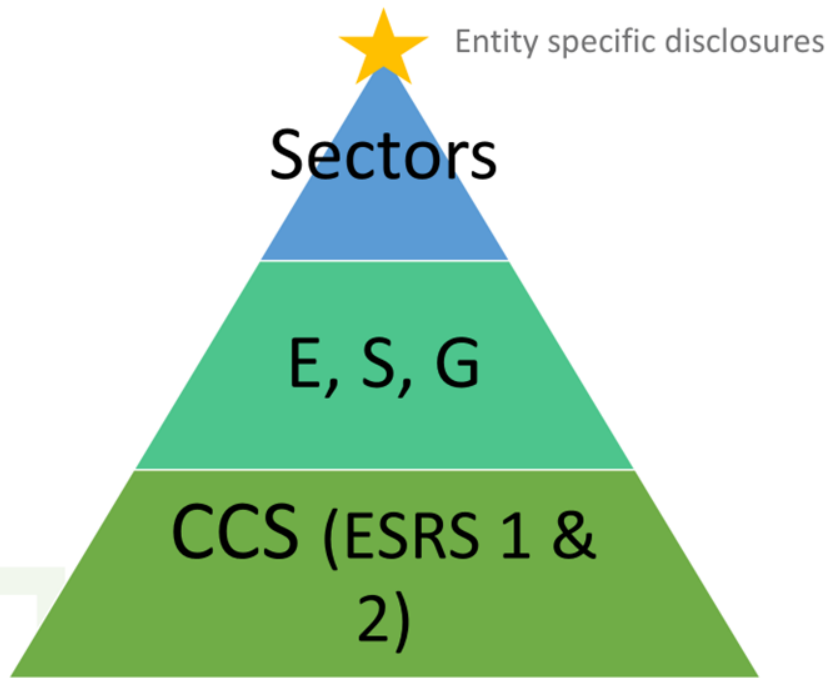
# The first set of sector agnostic ESRS



Proposed XBRL taxonomy for Set 1  
Published on 30 August 2024

# The first set of sector agnostic ESRS (continued)

Categories of ESRS standards and disclosures



Reporting areas



# Exposure drafts for SMEs

- 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

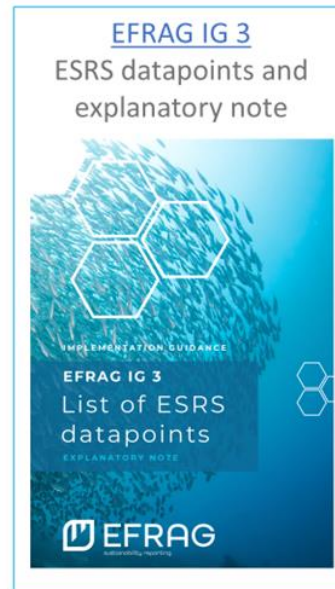
The graphic features the EFRAG logo at the top right. On the left, the text reads: "EFRAG PUBLIC CONSULTATION" in yellow, "Exposure drafts on sustainability reporting standards for SMEs" in white, and "Deadline: 21 May 2024" in white. On the right, there is a 2x2 grid of draft covers. The top-left cover is dark blue with the EFRAG logo and text: "EXPOSURE DRAFT", "VOLUNTARY ESRs FOR NON-LISTED SMALL- AND MEDIUM-SIZED ENTERPRISES (VSME ESRs)", "JANUARY 2024", and "OPEN FOR COMMENTS UNTIL 21 MAY 2024". The top-right cover is yellow with the EFRAG logo and text: "EXPOSURE DRAFT", "ESRS FOR LISTED SMALL- AND MEDIUM-SIZED ENTERPRISES (ESRS LSME)", "JANUARY 2024", and "OPEN FOR COMMENTS UNTIL 21 MAY 2024". The bottom-left and bottom-right covers are dark blue and yellow respectively, with the same text as the top covers.



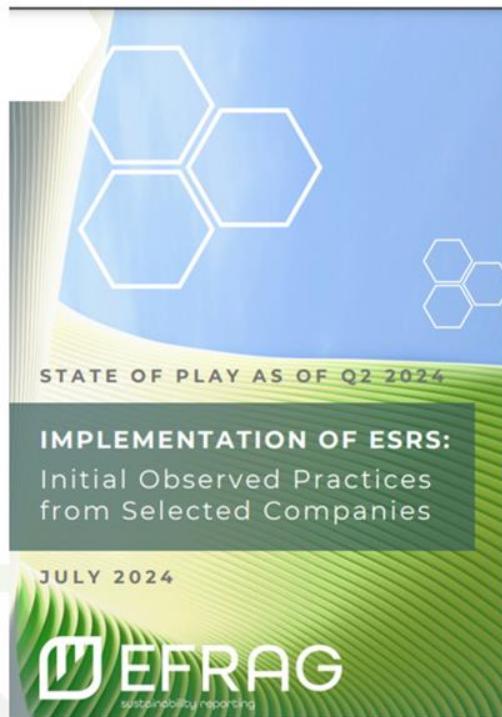
Implementation support

# Implementation Guidance documents

The first three ESRS IG's were published on 31 May 2024.



- IG is developed on EFRAG SRB initiative or in responses to question on Q&A platform.
- **Non-authoritative:** supports understanding of ESRS and illustrates the content with examples and FAQs but **cannot go beyond content** of issued ESRS nor include new provisions.
- Any approach or methodology illustrated is a **possible way to implement the standard**. Determination of implementation approaches stays in the responsibility of the preparer
- Location: <https://www.efrag.org/en/projects/esrs-implementation-guidance-documents>
- Working on IG's for transition plan



- Educational material (no public feedback)
- It illustrates preliminary practices of ESRS implementation
- Based on interviews of 28 large EU-headquartered undertakings across eight sectors split between financial and non-financial enterprises.
- The emerging practices were analysed against four focus areas particularly relevant to the implementation of ESRS: Materiality assessment, Value Chain, Gap analysis on datapoints, ESG reporting organisational approach.
- The study intentionally focuses on larger undertakings and thus is not representative of the diverse mix of companies that will apply the ESRS.



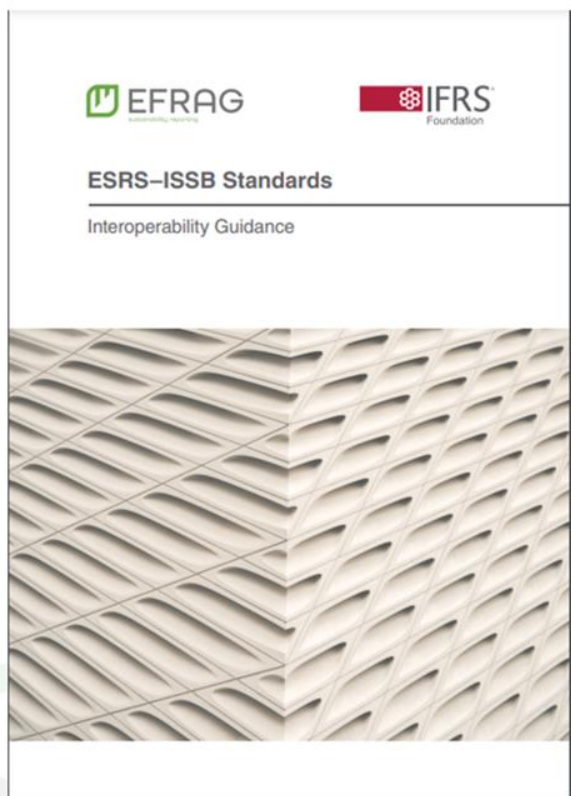


Interoperability

# Interoperability maps

- To avoid double reporting (key EU objective: no duplication of requirements)
- Leveraging on the high-level of interoperability achieved in published ESRS
- Implementation support material issued jointly
- Illustration of the correspondence of detailed requirements in ESRS that correspond to the other standard, with clarification of differences in terminology and substance (if any)
- Paving the way to digital interoperability





## International Sustainability Standards Board (ISSB)



- Comments received: great desire for interoperability
- Result of two years dialogue during standard setting and after
- Illustrates high level of alignment
- ESRS preparers can report on climate, also in compliance with ISSB Standards, only with a very limited number of points to consider, clearly identified in Section 3 of this document.
- This document explains that ESRS preparers can use ESRS to comply with ISSB Standards to report on matters beyond climate.
- Next steps:
  - (1) digital interoperability
  - (2) sector standards
  - (3) HC and Nature disclosure (future ISSB standards)

# Key interoperability steps achieved in practice

## Global Reporting Initiative (GRI)



- November 2023: Memorandum of Understanding: to continue working together to deliver technical support
- GRI-ESRS Interoperability Index made publicly available (draft): how the disclosure requirements and datapoints in each set of standards relate to each other, emphasizing the high degree of commonality already achieved and laying down solid foundations to build a reciprocal digital taxonomy.
- Interoperability prevents the need for double reporting.
- Entities reporting under ESRS will be deemed reporting 'with reference' to the GRI standards and existing GRI reporters will be able to leverage their current reporting efforts to prepare their ESRS "Sustainability statement"

## EFRAG and GRI agreement:

A high level of interoperability has been achieved in respect to impact reporting

Entities complying with ESRS considered reporting with reference to GRI Standard (as defined by GRI 1)

**EFRAG and GRI have issued on 4 September 2023 a joint statement of interoperability**

**Next step: Digital and Sector interoperability**



Next steps

# The journey has not ended...

## Sector-specific ESRS

- SEC 1 (standard setting approach for sectors and classification) and Oil & Gas ED's approved by SRB with Mining, quarrying and coal mining approval scheduled for 2 Oct.
- Release for public consultation (120 days) not yet approved
- Sector EDs for Road transport as well as Textiles, accessories, jewellery and footwear depend on resources
- Financial sector standards ED issuance in H2 2025
- Other high-impact sectors: preparation ongoing

## ESRS for non-EU groups

- Exposure draft expected Q1 2025
- Draft standard to be submitted to the EC by end of 2025

### Other high impact sectors:

- Agriculture, fishing and farming
- Energy production and utilities
- Food and beverages
- Motor vehicles

# Role and objective of sector-specific ESRS

- To complement the set 1 ESRS requirements
- Set 1 has transitional provisions require to cover sector information with entity specific disclosures, which is judgmental and challenging to prepare
- Contains a predefined list of sustainability matters most relevant to the sector, and related disclosures following ESRS architecture (PAT, metrics) including sector specifications of Set 1
- Will reduce the burden associated with entity specific disclosure
- Built following EFRAG transparent and multi stakeholder due process
- Approval process transparent and drafts available quite early in the process
- Public consultation and field test as key step
- Built following interoperability approach: SASB, GRI and other sectoral frameworks as a starting point, plus European specificities

## ESRS for non-EU groups

- Article 40a of CSRD requires non-EU groups with a branch or subsidiary in the EU and significant activity in the EU (more than EUR 150 million of turnover) to provide sustainability information from the 2028 financial year, with a report published in 2029.
- EFRAG to develop this standard
- Focus is on impact materiality
- Financial materiality-related aspects to understand/explain impacts
- Set 1 as basis.
- Consultation to start in January 2025 with field test during last 30 days of comment period. Watch EFRAG news items for further information.



*Entities can support EFRAG's mission and activities in the development of draft ESRS!*

## ADVANTAGES

- Visibility on website
- Private meetings with the EFRAG high-level representatives
- Mention in EFRAG's Annual report
- Reserved seats at physical events
- A possible EFRAG representation in the entities' events
- Use of "Friend of EFRAG" logo



### How to apply?

Complete the online application form [here](#) indicating your legal information, a description of your entity's mission and activities and a motivation statement in support of EFRAG' mission in its financial reporting activities.

Access more info about the Friends of EFRAG [here](#). If you want to request a meeting, please write to [caroline.martins@efrag.org](mailto:caroline.martins@efrag.org).



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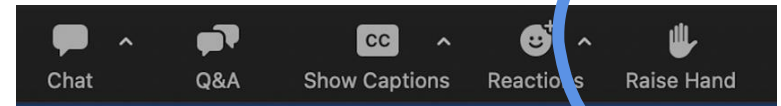
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THANK YOU

# Open floor discussion

Please use the **hand symbol** to indicate that you wish to speak

The team will make you a panelist so that you can speak. You can also turn on your camera once you are a panelist.



# SSE Workstream Updates

5

GENDER  
EQUALITY



Gender equality training under way! Contact to us for more information.

8

DECENT WORK AND  
ECONOMIC GROWTH



Upcoming workstream on human rights and modern slavery.

12

RESPONSIBLE  
CONSUMPTION  
AND PRODUCTION



ISSB training underway! Contact us for more information.

13

CLIMATE  
ACTION



Join the Net Zero alliance exchange group!

Are you planning to be in Baku for COP29?

# THANK YOU!

Get in touch

Email: [info@sseinitiative.org](mailto:info@sseinitiative.org)

Web: [www.sseinitiative.org](http://www.sseinitiative.org)



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