



How to navigate from the GRI to the CSRD

Example topic: Biodiversity

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The journey from GRI to the CSRD



NFRD
NBG 2017
NBG 2019

CSRD



[GRI - EFRAG and GRI to co-construct biodiversity standard \(globalreporting.org\)](https://www.globalreporting.org)

GRI = EFRAG



When Commissioner Dombrovskis originally launched the revision of the Non-Financial Reporting Directive, he and the Commission made it clear that European Sustainability Reporting Standards should benefit from long-standing precursors and avoid reinventing the wheel while contributing at the same time to further substantial progress globally. Working with GRI fits well with this principle and we are pleased to further deepen our relation through the co-construction of this standard. Our aim is to create the highest possible level of alignment between the European Sustainability Reporting Standards and the GRI Standards. Such alignment will also help address a second requirement from the Commission, which was to minimize the additional reporting pressure on organizations.

- Patrick de Cambourg, Chair of the EFRAG Project Task Force

EFRAG: Towards EU sustainability reporting standards



The European Financial Reporting Advisory Group (EFRAG) following the request of the European Commission, is developing draft European Sustainability Reporting Standards (ESRS) and Guidelines (ESRG)

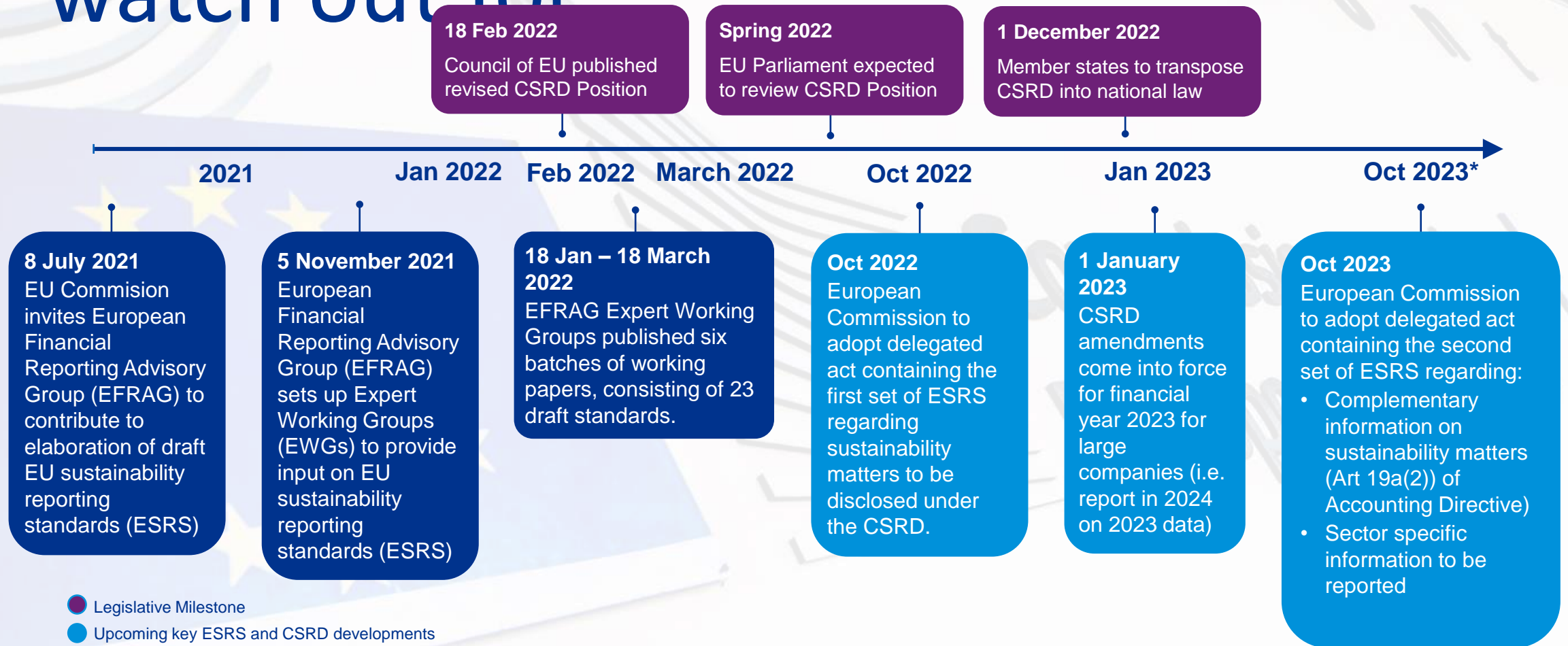


Expert Working Groups were formed in November 2021 to review, provide input, and contribute to the work of the finalising the draft standards.



EFRAG ESRS will eventually be adopted as CSRD reporting standards while ESRG guides the standard setting process

The road ahead and key dates to watch out for



*Reporting standards are reviewed to take into account relevant developments (for e.g. in international standards) every three years

Sustainability reporting architecture

- Batch 1 working papers (18 Jan 2022)
- Working papers ESRS E1 Pollution, E3 Water and marine resources, E5 Circular economy (18 Feb 2022)
- Working paper ESRS SEC 1 Sector Classification Standard (15 Feb 2022)
- Working papers released on 3 March 2022
- Working papers released on 10 March 2022
- Working paper ESRS1 General Provisions (16 March 2022)

Strategy, governance, impacts, risks, opportunities				SECTOR-SPECIFIC STANDARDS		PRESENTATION	Strategy, governance, impacts, risks, opportunities				SECTOR-SPECIFIC STANDARDS		PRESENTATION
Environment	Social	Governance	Classification	ESG sector-specific disclosures		Environment	Social	Governance	Classification	ESG sector-specific disclosures			
ESRS 1 General provisions	ESRS E1 Climate change	ESRS S1 Own workforce – general	ESRS G1 Governance, risk management and internal control	ESRS SEC1 Sector classification	ESRS P1 Sustainability statements	ESRS 5 Definitions for policies, targets, action plans and resources	ESRS E5 Circular economy	ESRS S5 Workers in the value chain					
ESRS 2 Strategy and business model	ESRS E2 Pollution	ESRS S2 Own workforce – working conditions	ESRS G2 Products and services, management and quality of relationships with business partners					ESRS S6 Affected communities					
ESRS 3 Sustainability governance and organisation	ESRS E3 Water & marine resources	ESRS S3 Own workforce – equal opportunities	ESRS G3 Responsible business practices					ESRS S7 Consumers/ End-users					
ESRS 4 Sustainability material impacts, risks and opportunities	ESRS E4 Biodiversity & ecosystems	ESRS S4 Own workforce – other work-related rights				CONCEPTUAL GUIDELINES							
						ESRG 1 Double materiality	ESRG 2 Characteristics of information quality	ESRG 3 Time horizons	ESRG 4 Boundaries and levels of reporting	ESRG 5 EU and international alignment	ESRG 6 Connectivity		

Reference: PTF-ESRS working papers, 18 January 2022 and onwards



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ESRS E4 Biodiversity & Ecosystems

Disclosure Requirement 1 – Transition plan in line with the targets of no net loss by 2030 and net gain by 2050

15 The undertaking shall disclose its plans to ensure that its business model and strategy are compatible with the transition to achieve no net loss by 2030 and net gain by 2050.

Disclosure Requirement 2 – Resilience of the Strategy and Business Model to principal biodiversity and ecosystems-related physical and transition risks

16 The undertaking shall disclose an assessment of the resilience of the current business model(s) and strategy to biodiversity and ecosystems-related physical and transition risks in light of a range of biodiversity and ecosystems-related scenarios.

18 The disclosure required by paragraph [16] shall at least include:

- (a) whether the business model(s) has been verified using a range of biodiversity and ecosystems-related scenarios
- (b) an explanation on the choice of specific scenarios
- (c) key assumptions made
- (d) the scope of the resilience analysis... In operations and value chain... risks covered.
- (e) the time horizon over which analysis has been conducted
- (f) the results of the resilience analysis

Reference: PTF working paper ESRS E4 Biodiversity & Ecosystems 3 March 2022

ESRS E4 Biodiversity & Ecosystems

Disclosure Requirement 4 – Roles and responsibilities of governance bodies on public policy influence

- 24 The undertaking shall disclose a description of how it engages in activities that could either directly or indirectly influence public policy on biodiversity and ecosystems.
- 26 The information required under paragraph 24 shall include... direct engagement with policy makers, trade associations, funding research organisations and a description of the processes the undertaking has in place to ensure that all of its direct and indirect activities seeking to influence policy are consistent with its biodiversity and ecosystems policies and targets.

Disclosure Requirement 13 – Impact metrics

- 80 The undertaking shall report impact metrics for material geographical locations of site and/or material raw materials
- 81 The information required under paragraph 80 shall include the assessment and reporting on the impact of their operations... and the impact of their value chain on species, ecosystems and ecosystem services and in particular:
- (a) when reporting on the impact on species, the undertaking shall consider three aspects – population size, distinctiveness and extinction risk...
 - (b) when reporting on their impact on ecosystems, the undertaking shall consider four aspects: condition, extent, distinctiveness and functioning...

Reference: PTF working paper ESRS E4 Biodiversity & Ecosystems 3 March 2022

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ESRS 4 Sustainability material impacts, risks and opportunities

Disclosure Requirement 1 - Description of the processes to identify material sustainability impacts, risks and opportunities

5 **The undertaking shall provide a description of its processes to identify its material sustainability impacts, risks and opportunities. (...)**

9 In addition to the acknowledgement required by paragraph 7, the disclosure required by paragraph 5 shall include detailed explanations related to the organisation and processes put in place by the undertaking to assess its impacts, risks and opportunities under the required double materiality approach, including the following:

- (a) a description of the organisation put in place for and resources dedicated to the assessment, including comparing the organisation and resources put in place in relation to the size and activities of the undertaking
- (b) a description of the methodologies adopted and of the processes implemented for the assessment, including the related internal control procedures and the decision-making steps, through
 - i. an overview of the due diligence process used to identify potential and actual impacts on economy, environment and people connected with the undertaking together with an overview of the process used to identify sustainability risks and opportunities that affect or may affect its financial development, performance and position, and
 - ii. an explanation of how the undertaking has determined (...)

Reference: PTF-ESRS Batch 1 working papers, 18 January 2022

ESRS 4 Sustainability material impacts, risks and opportunities

Disclosure Requirement 2 - Outcome of the undertaking's assessment on material sustainability impacts, risks and opportunities as identified by reference to and in compliance with sector-agnostic and sector-specific level ESRS

10 The undertaking shall provide a description of the outcome of its assessment processes as regards mandatory disclosures under ESRS with a particular emphasis on relevant explanations on why certain mandatory disclosures are not material under the undertaking's specific facts and circumstances and therefore disclosed as such.

18 The disclosure required by paragraph 10 shall include the following information:

- (a) a clear statement of sustainability matters, as reflected by all ESRS, that are material to the undertaking, including:
 - i. description of the underlying actual and potential, negative and positive impacts on the economy, environment, and people, including whether the undertaking is involved with the negative impacts through its activities or as a result of its business relationships, and describe the activities or business relationships;
 - ii. description of the underlying sustainability-related financial risks and opportunities, including how (...)

Reference: PTF-ESRS Batch 1 working papers, 18 January 2022

How to prepare

- **Conduct a gap analysis of the CSRD**
- **Give the BoD a heads up of new/outspoken responsibilities**
- **Educate the BoD**
- **Upgrade the materiality analysis from single to double**
- **Get familiar with the CSRD & EU Taxonomy**



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Thank you!



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