

The Digital European Sustainability Reporting Standards (ESRS)

MDD, 6 September 2023



This document presents EFRAG secretariat insights on the ESRS XBRL taxonomy. The content of this presentation has not been discussed nor approved by SR TEG or SRB and as such cannot be understood to represent an EFRAG position.

It has been prepared on the basis of the EFRAG Secretariat latest understanding of the future ESRS XBRL taxonomy, that at this stage is still in progress and has not yet been finalized nor approved by EFRAG SR TEG or SRB nor it has been subject to the public comments.

As such, samples of the ESRS XBRL taxonomy could differ from will be published as a final ESRS XBRL taxonomy.

HISTORY and INTRODUCTION

WHO IS EFRAG



Located in Brussels, Belgium

Private not-for-profit established in 2001

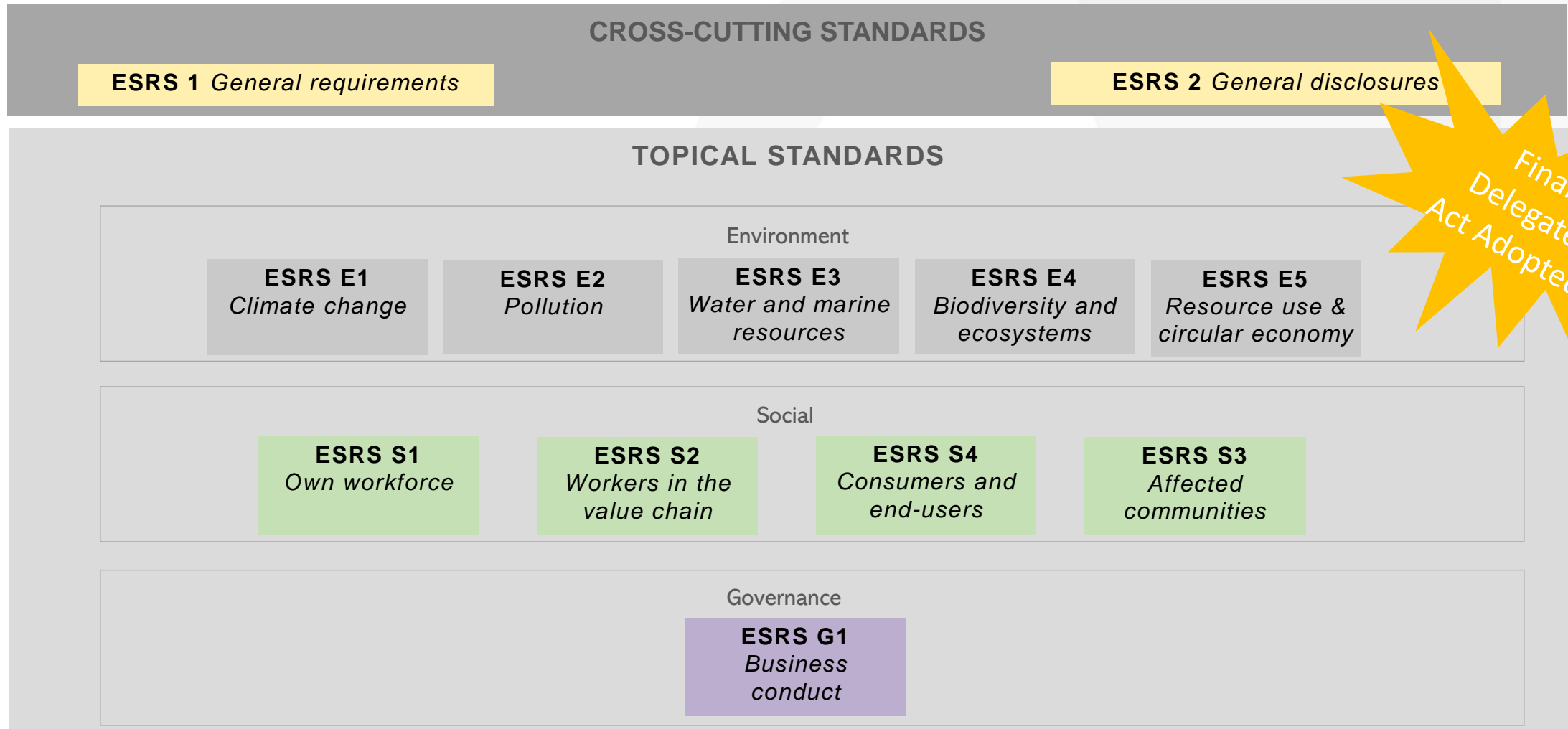
Encouraged by the EC to serve the public interest

Since 2010 over 50% funded by the European Union

2018 European Corporate Reporting Lab@EFRAG
following EC Action Plan: *Financing Sustainable growth*

2022 Sustainability reporting pillar

Set 1 Draft ESRs: overview



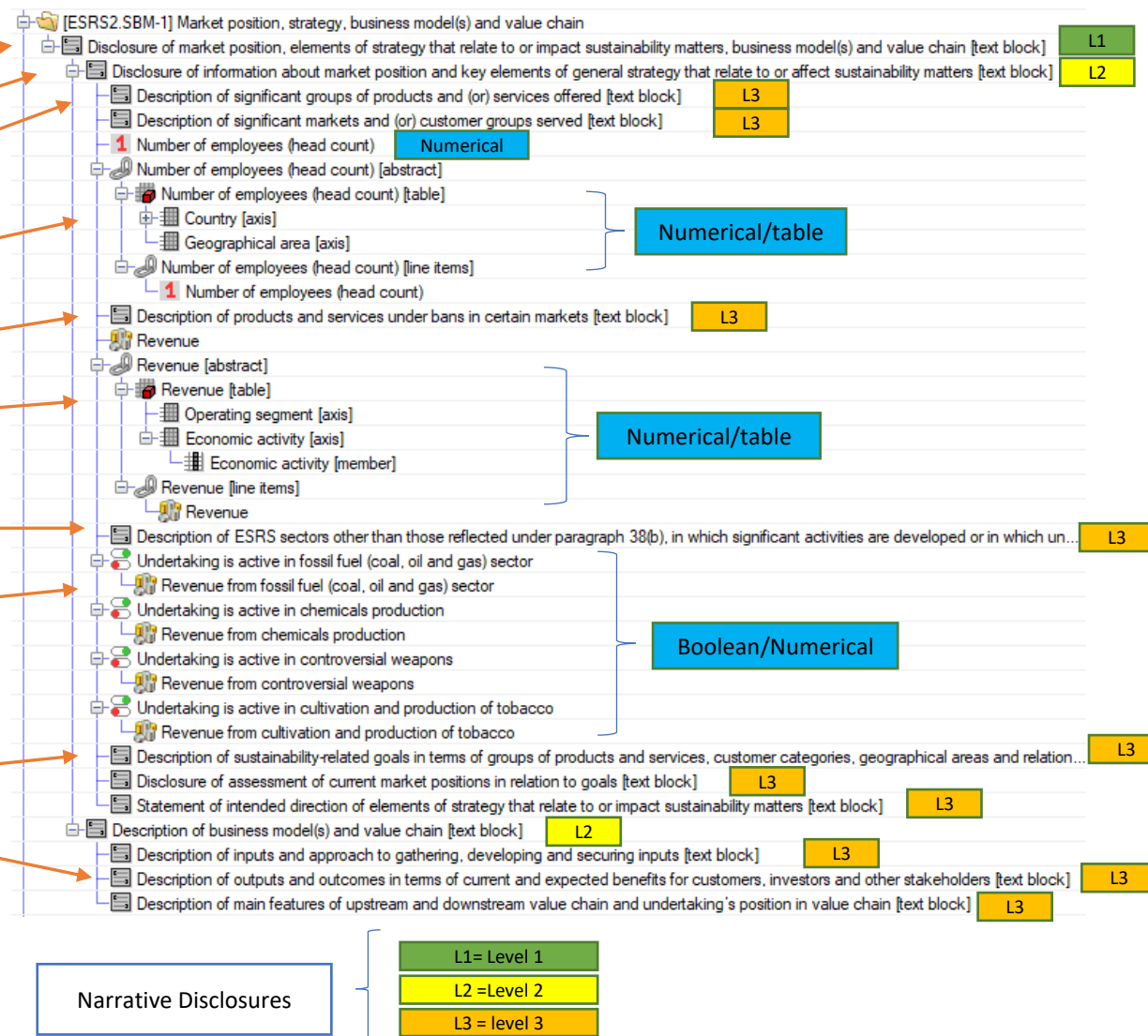
- The **Corporate Sustainability Reporting Directive (CSRD)** requires undertakings in the EU to report **EU Taxonomy** disclosures and **ESRS** statements as part of the management report, starting from FY 2024.
- The **European Single Electronic Format (ESEF)** will be used, which is based on **Inline XBRL**.
- Companies have to tag (markup) the disclosures with a **digital XBRL taxonomy**, having a unique definitions for every data point.
- The XBRL taxonomy has **more than 1000 data points** with a wide range of types, e.g. GHG emissions, water & energy consumptions, headcount, pollution, and large number of **narrative disclosures** etc.
- The Inline XBRL report is **human-readable and machine-readable** at the same time.
- It allows users (analysts, investors, etc.) to **easily identify individual disclosures** and **extract numerical data points** for analytical purpose.



Example: ESRS 2 SBM-1

Disclosure Requirement SBM-1 – Market position, strategy, business model(s) and value chain

36. The undertaking shall disclose its market position, the elements of its strategy that relate to or impact sustainability matters, its business model(s) and its value chain.
37. The objective of this Disclosure Requirement is to describe: the undertaking's market position; the elements of its general strategy that relate to or affect sustainability matters, the undertaking's business model(s) and key value chain, in order to provide an understanding of the undertaking's exposure to impacts, risks and opportunities and where they originate.
38. The undertaking shall disclose the following information about the undertaking's market position and the key elements of its general strategy that relate to or affect sustainability matters:
- (a) a description of:
- i. significant groups of products and/or services offered, including changes in the reporting period (new/removed products and/or services);
 - ii. significant markets and/or customer groups served, including changes in the reporting period (new/removed markets and/or customer groups);
 - iii. headcount of employees by geographical areas; and
 - iv. where applicable and material, products and services under bans in certain markets, including potential bans in relation to material public initiatives and considerations;
- (b) a breakdown of total revenue, as included in its financial statements, by significant ESRs sectors. When the undertaking provides segment reporting as required by IFRS 8 *Operating segments* in its financial statements, this sector revenue information shall be, as far as possible, reconciled with IFRS 8 information;
- (c) a list of the additional ESRs sectors beyond the ones reflected under paragraph 38(b), in which the undertaking develops significant activities, or in which it is or may be connected to material impacts. The identification of these additional ESRs sectors shall be consistent with the way these have been considered by the undertaking when performing its materiality assessment and with the way it discloses material sector-specific information;
- (d) where applicable, a statement indicating, together with the related revenues, that the undertaking is active in:
- i. the fossil fuel (coal, oil and gas) sector⁵, i.e. mining, extraction, production, processing, transport, storage and trade, of fossil fuel Regulation (EU) 2018/1999 of the European P
 - ii. chemicals production⁶, i.e., its activities fall unc (EC) No 1893/2006;
 - iii. controversial weapons⁷ such as anti-person weapons and biological weapons; and/or
 - iv. the cultivation and production of tobacco⁸;
- (e) its sustainability-related goals in terms of group categories, geographical areas and relationships with
- (f) an assessment of its current market positions in relation to
39. The undertaking shall disclose a description of its business model(s) and value chain, including:
- (a) its inputs and its approach to gathering, developing and securing those inputs;
- (b) its outputs and outcomes in terms of current and expected benefits for customers, investors and other stakeholders; and
- (c) the main features of its upstream and downstream value chain and the undertaking's position in its value chain, including a description of the main business actors (such as key suppliers, customers distribution channels and end-users) and their relationship to the undertaking. When the undertaking has multiple value chains, the disclosure shall cover the key value chains.
40. Reflecting the specific circumstances of the undertaking, there may be more than one value chain to be reported on in the sustainability statements. As a convention, in this and other [draft] ESRs the term "value chain" refers to both single and multiple value chains.



Example: E1 GHG Emission E2 Pollution in Inline XBRL

Inline Viewer Report Highlight ? XBRL Elements

Sed et libero sagittis, porttitor arcu ac, hendrerit tortor.

Phasellus ac massa a nulla volutpat imperdiet. Praesent in enim id eros interdum porttitor. Fusce blandit lectus id velit efficitur feugiat nec ornare lacus. Mauris scelerisque nulla ac nisi pellentesque, ut tincidunt lacus sodales. Interdum et malesuada fames ac ante ipsum primis in faucibus. Suspendisse vestibulum mattis varius. Donec fringilla tincidunt urna, in ornare nibh. Pellentesque ac ullamcorper sapien, ac venenatis quam. Fusce laculis blandit rutrum.

Table 2

	Geographical area A		Geographical area B		Geographical area C	
	2025	2026	2025	2026	2025	2026
Emissions of air pollutants generated	840	780	320	315	60	55
Emissions to water generated	670	640	270	250	80	70
Emissions of inorganic pollutants generated	120	110	60	57	22	20
Emissions of ozone-depleting substances generated	50	48	30	31	5	4
Microplastics generated	87	72	63	52	11	8
Microplastics used	97	92	73	62	21	18

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Sed non porta nibh. Quisque ut lacus vitae ligula ultricies luctus. Curabitur efficitur arcu id sodales venenatis. Cras facilisis pulvinar nulla vitae maximus. Pellentesque luctus leo at sapien

Fact Properties

Disclosure of pollutants that are generated or used during production processes or that are procured, and that leave facilities as emissions, as products, or as part of products or services [text block]

Microplastics generated

Concept

- (esrs) Microplastics generated

Dimensions

- Site location [typed axis]
 - NA
- Type of source [typed axis]
 - NA
- Geographical area [typed axis]
 - Area A

Date 1 Jan 2025 to 31 Dec 2025

Inline Viewer Report Highlight ? XBRL Elements

[E1-6] Gross Scopes 1, 2, 3 and Total GHG emissions

Vivamus pellentesque eros et rhoncus dignissim. Etiam risus sem, consequat maximus ex a, malesuada sagittis neque. Duis id lorem augue. Phasellus id tellus ornare, malesuada magna id, mattis tortor. Duis sagittis finibus eros, quis varius lacus elementum eget. Cras varius, dui ut placerat aliquam, ligula nulla sagittis mi, at iaculis mi massa ac tortor. Maecenas vel quam commodo, mattis lacus ac, ultricies turpis.

Table 3 GHG emissions

	2025	2026	% N / N-1	2030	2040	2050	Annual % target / Base year
Scope 1 GHG emissions							
Gross Scope 1 greenhouse gas emissions	320	300	6.25%	200	50	8	-3.89%
Percentage of Scope 1 GHG emissions from regulated emission trading schemes	10%	10%		10%	10%	5%	
Scope 2 GHG emissions							
Gross location-based Scope 2 greenhouse gas emissions	210	200	4.76%	110	20	2	-3.96%

Fact Properties

Disclosure of GHG emissions [text block]

Gross Scope 1 greenhouse gas emissions

Concept

- (esrs) Gross Scope 1 greenhouse gas emissions

Dimensions

Date 1 Jan 2025 to 31 Dec 2025

Fact Value 320 utr.tCO2e

Accuracy 0 (ones)

Change No prior fact in this report

Entity [LE] EFRAG

Concept esrs:GrossS...

Validation


```
<esrs:GrossScope1GreenhouseGasEmissions contextRef="c-32" unitRef="u-2" id="fact-188" decimals="0">320</esrs:GrossScope1GreenhouseGasEmissions>
<esrs:MicroplasticsGenerated contextRef="c-10" unitRef="u-3" id="fact-159" decimals="0">87</esrs:MicroplasticsGenerated>
```

Example: EU Taxonomy Disclosure in Inline XBRL

file:///C:/Users/richard.boessen/Downloads/OneDrive_2023-05-31/2022 report/efrag-20221231_preview.xhtml#f-fact-43														
Inline Viewer														
Highlight ? <input checked="" type="checkbox"/> XBRL Elements														
Fact Properties														
<div> <div> <div></div> <div></div> </div> <div> <div></div> <div></div> </div> </div> <div> <div></div> <div></div> </div>														
<div> <div>Concept</div> <div> <ul style="list-style-type: none"> (art8) KPI, turnover, amount </div> </div> <div> <div>Dimensions</div> <div> <input type="checkbox"/> Name of economic activity [typed axis] <input checked="" type="checkbox"/> nil <input type="checkbox"/> Economic activities pursuant to EU Taxonomy [axis] <input checked="" type="checkbox"/> Taxonomy-aligned [member] </div> </div> <div> <div>Date</div> <div>1 Jan 2022 to 31 Dec 2022</div> </div> <div> <div>Fact Value</div> <div>€ 339,000,000</div> </div> <div> <div>Accuracy</div> <div>0 (ones)</div> </div> <div> <div>Change</div> <div>No prior fact in this report</div> </div> <div> <div>Entity</div> <div>[LEI] efrag</div> </div> <div> <div>Concept</div> <div>art8:KPITurnoverAmount</div> </div> <div> <div>< 1 of 1 ></div> </div> <div> <div>Validation</div> </div>														
E.U. taxonomy indicators: 2022 turnover														
		Substantial contribution criteria		DNSH criteria ("do no significant harm")							Proportion of taxonomy-aligned turnover		Category (enabling activity)	Category (transitional activity)
Economic activities	Turnover	Proportion of turnover	Climate change mitigation	Climate change adaptation	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	In %	Yes/no	Yes/no
	Million €	In %	In %	In %	Yes/no	Yes/no	Yes/no	Yes/no	Yes/no	Yes/no	Yes/no		Yes/no	Yes/no
A. Taxonomy-eligible activities														
A.1. Environmentally sustainable activities (taxonomy-aligned)														
3.05 Manufacture of energy efficiency equipment for buildings	63	0.1	100.0	-	-	Yes	Yes	Yes	Yes	Yes	Yes	0.1	Yes	-
3.12 Manufacture of soda ash	6	0.0	100.0	-	-	Yes	Yes	-	Yes	Yes	Yes	0.0	-	Yes
3.14 Manufacture of organic basic chemicals	249	0.3	100.0	-	-	Yes	Yes	-	Yes	Yes	Yes	0.3	-	Yes
3.17 Manufacture of plastics in primary form	20	0.0	100.0	-	-	Yes	Yes	-	Yes	Yes	Yes	0.0	-	Yes
Total taxonomy-aligned activities	339	0.4	100.0	-	-							0.4	0.1%	0.3%
A.2. Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned)														
3.04 Manufacture of batteries	1,423	1.6												
3.05 Manufacture of energy efficiency equipment for buildings	3	0.0												
3.10 Manufacture of hydrogen	25	0.0												
3.12 Manufacture of soda ash	6	0.0												
3.13 Manufacture of chlorine	1	0.0												
3.14 Manufacture of organic basic chemicals	2,931	3.4												
3.15 Manufacture of anhydrous ammonia	296	0.3												
3.16 Manufacture of nitric acid	217	0.2												
3.17 Manufacture of plastics in primary form	6,374	7.3												
Total not taxonomy-aligned activities	11,277	12.9										-		
Sum A.1. + A.2.	11,616	13.3										0.4	0.1%	0.3%
B. Taxonomy-non-eligible activities														
Turnover from taxonomy-non-eligible activities	75,710	86.7												
Total	87,327	100.0												

Further reading: ESRS XBRL Taxonomy Architecture and Methodology

- EFRAG is developing the Sustainability Reporting (SR) XBRL Taxonomy, including:
 - ESRS XBRL taxonomy, which will reflect the approach and granularity of tagging that EFRAG, as advisory to the EC in charge of developing the content of draft ESRS, considers appropriate, i.e. technically consistent with the content of the draft ESRS delivered to the EC.; and
 - Article 8 XBRL taxonomy;
- The SR XBRL taxonomies will be issued for public consultation by EFRAG.
- ESMA is responsible for developing the draft RTS that relies on the taxonomy prepared by EFRAG. The draft RTS regulates the implementation (i.e. timing, level of tagging) of the Sustainability Reporting XBRL taxonomies described above.
- European Commission to adopt the XBRL taxonomy following the submission of the draft RTS from ESMA.
- An extensive XBRL Taxonomy methodology and architecture paper has been published and discussed in the SR TEG and SRB.
<https://efrag.org/Meetings/2303221128397656/EFRAG-SR-TEG-Meeting-17-April-2023>



EFrag SR TEG 17 April 2023
Issues Paper 03-02
EFRAG Digital Reporting Team

This paper has been prepared by the EFRAG Secretariat for discussion at a public meeting of EFRAG SR TEG. The paper forms part of an early stage of the development of a potential EFRAG position. Consequently, the paper does not represent the official views of EFRAG or any individual member of the EFRAG SRB or EFRAG SR TEG. The paper is made available to enable the public to follow the discussions in the meeting. Tentative decisions are made in public and reported in the EFRAG Update. 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.

Draft ESRS XBRL Taxonomy Methodology and Architecture Issues Paper

1. Objective and purpose of this paper

1 This paper illustrates the key methodological working assumptions and decisions adopted by EFRAG in developing the draft ESRS XBRL taxonomy for the first Set of ESRS.

2. Background

2 EFRAG issued on November 2022 the first set of draft ESRS. They will be issued as Delegated Act in June 2023.

3 The digital XBRL Taxonomy is designed for undertakings to report their sustainable reporting in a structured, machine-readable data format, helpful to the users of companies' sustainable information. The intent is for undertakings to digitally tag (or mark-up) sustainability information within their current human-readable reporting format, reflecting the content of the relevant requirements in ESRS.

4 The legal basis of the development of a digital taxonomy for the sustainability reporting is provided by the CSRD.

(a) The recital 55 states that "Digitalisation creates opportunities to exploit information more efficiently and holds the potential for significant cost savings for both users and undertakings. Digitalisation also enables the centralisation at Union and Member State level of data in an open and accessible format that facilitates reading and allows for the comparison of data" (ESAP Regulation).

(b) The art. 29d of the CSRD provides that "undertakings (...) shall prepare their management report in the electronic reporting format specified in Article 3 of Commission Delegated Regulation (EU) 2019/815 (*) and shall mark up their sustainability reporting, including the disclosures provided for in Article 8 of Regulation (EU) 2020/852, in accordance with the electronic reporting format

EFrag SR TEG meeting, 17 April 2023

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