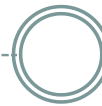


Sustainability information

Santiago Durán Domínguez

ICAC



March 12th 2024



CSRD

CSRD

Sustainability information

- ✓ EU commitment with implementation of 2030 Agenda
- ✓ EU instruments:
 - ✓ European Green Deal
 - ✓ Sustainable Finance strategy
- ✓ Areas for regulatory developments:
 - ✓ Taxonomy: common classification of economic activities.
 - ✓ Tools for companies (example regulation on green bonds)
 - ✓ Disclosure regime: to give investors information for investment decisions.

CSRD

Sustainability information

- ✓ EU commitment with implementation of 2030 Agenda
- ✓ Regulatory developments
 - ✓ Regulation on sustainability disclosures in the financial services sector (Regulation (EU) 2019/2088)
 - ✓ Taxonomy Regulation (Regulation (EU) 2020/852)
 - ✓ Corporate Sustainability Reporting Directive (Directive (EU) 2022/2464)
- ✓ CRSD brings the opportunity to include all the regulation of sustainability issues to avoid regulatory dispersion

CSRD

CSRD

- ✓ Transposition to local regulation must be done before July 6th 2024.
- ✓ Relevant aspects
 - ✓ Clarification of the principle of double materiality.
 - ✓ More detailed information
 - ✓ All companies have to report according to European standards.
 - ✓ Sustainability information in the management report.
 - ✓ Financial statements and management report, including sustainability information, will be prepared in the Single Electronic Format.
 - ✓ An audit opinion on compliance with the obligations provided for in the Directive.

CSRD

CSRD

- ✓ **Progressive entry into force** for financial years beginning on 1/1/2024:
 - ✓ Large companies that are public-interest entities with more than 500 employees and in the case of public-interest entities that are dominant of a large group with more than 500 employees: 1/1/2024.
 - ✓ Other large entities and groups (compliance with 2 of the 3 size requirements Accounting Directive): 1/1/2025
 - ✓ Small and medium-sized enterprises issuing securities admitted to trading at EU level (with the exception of micro-enterprises): 1/1/2026.
 - ✓ Subsidiaries and branches in third countries: from 1/1/2028.



SUSTAINABILITY REPORTING STANDARDS

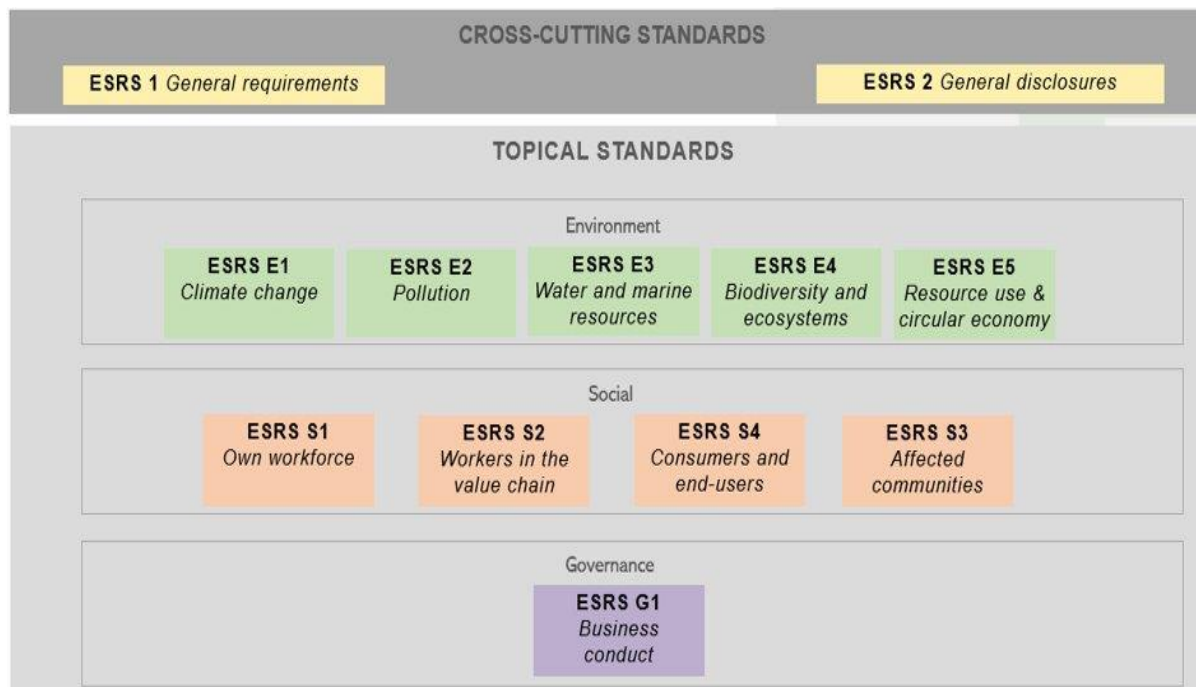
SUSTAINABILITY REPORTING STANDARDS

STANDARDS

- ✓ European Commission adopted the delegated act to approve the COMMISSION DELEGATED REGULATION (EU) with sustainability reporting standards.
- ✓ Three categories of sustainability reporting standards:
 - ✓ Cross-cutting standards (2)
 - ✓ Thematic standards:
 - ✓ Environmental standards (5)
 - ✓ Social (4)
 - ✓ Governance (1)
 - ✓ Sectorial standards

SUSTAINABILITY REPORTING STANDARDS

STANDARDS



SUSTAINABILITY REPORTING STANDARDS

STANDARDS

- ✓ Basic elements of the framework
 - ✓ Double materiality (financial and impact).
 - ✓ There are four pillars within the company in relation to sustainability
 - ✓ Governance
 - ✓ Strategy
 - ✓ Management of impacts, risks and opportunities
 - ✓ Metrics and goals
- ✓ EFRAG role
- ✓ A progressive phase-in of some requirements.



RELEVANT ISSUES

RELEVANT ISSUES

- ✓ Double materiality (financial and impact).
 - ✓ Impact
 - ✓ Financial
- ✓ Due Diligence: process to identify, prevent, mitigate, and account for how they address actual and potential negative impacts on the environment and people related to their business
- ✓ Interoperability with other international frameworks
- ✓ Value Chain: information on material impacts, risks and opportunities include value chain.

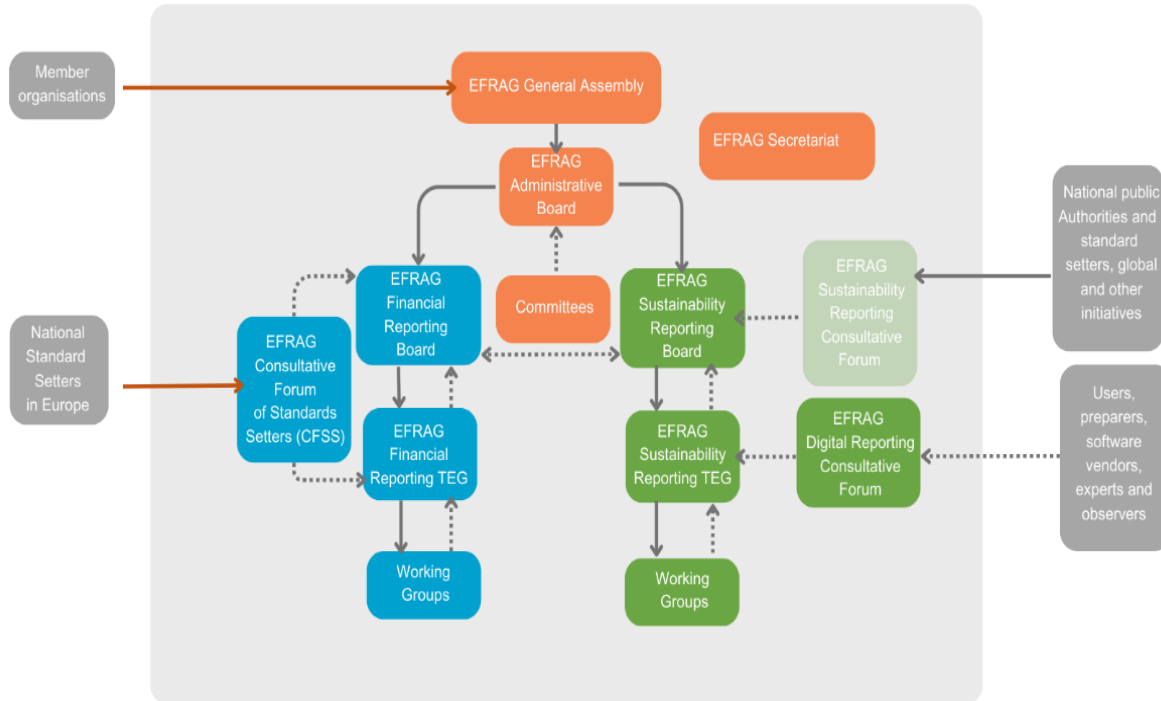
RELEVANT ISSUES

Interpretation (EFRAG)

- ✓ EFRAG Q&A
- ✓ EFRAG Actions:
 - ✓ Materiality and value chain implementation guidelines and list of ESRS data points in Excel. Available in early 2024 for comment.
 - ✓ Simplified draft standards
 - ✓ Listed SMEs, small non-complex banks, and captive insurers and reinsurers (LSMEs)
 - ✓ Small and Medium Business Volunteer (VSME)
 - ✓ Draft XBRL taxonomy for ESRS

RELEVANT ISSUES

EFRAG





VERIFICATION

VERIFICATION

- ✓ Limited assurance/reasonable assurance
- ✓ Assurance:
 - ✓ Compliance with reporting standards (ESRS).
 - ✓ The process carried out by the entity to prepare the information to be reported.
 - ✓ Compliance with the requirements on the marking of information for submission in accordance with EU electronic format.
 - ✓ Compliance with the requirements of Article 8 of Taxonomy Regulation 2020/852
- ✓ Audit framework
- ✓ Need of Assurance Standard (2026/2028)

Thank You

Santiago Durán Domínguez

Instituto de Contabilidad y Auditoría de Cuentas



GOBIERNO
DE ESPAÑA

VICEPRESIDENCIA
PRIMERA DEL GOBIERNO

MINISTERIO
DE ECONOMÍA, COMERCIO
Y EMPRESA

i/c/a/c/

**Instituto de Contabilidad y
Auditoría de Cuentas**