



Business for
Biodiversity
Ireland

THE JOURNEY TO NATURE POSITIVE

Goal A3: Step 2

Reporting Standards for SMEs

Goal A3.2_Standardise your Reports_ V1.0 March 2024

REPORTING UNDER CSRD

So now you know that listed SMEs are required to report under the Corporate Sustainability Reporting Directive (CSRD), right?

So how do you formulate those reports? It's best to get this right from the outset, which is why this step appears so early in our roadmap.

Although there are a number of reporting frameworks accessible to SMEs, the European Sustainability Reporting Standards (ESRS) have been specifically designed for use with CSRD.

A great deal of effort has been made to ensure that ESRS aligns with other prevailing standards and assessment frameworks. You may hear the term “interoperability” used, which means that the different frameworks and standards complement each other and work in sync.



THE EUROPEAN SUSTAINABILITY REPORTING STANDARDS (ESRS)

ESRS have been developed by the European Financial Reporting Advisory Group (EFRAG), a private association established in 2001. EFRAG extended its mission in 2022 following the new role assigned to it in the Corporate Sustainability Reporting Directive (CSRD), providing technical advice to the European Commission in the form of fully prepared draft EU Sustainability Reporting Standards and/or draft amendments to these Standards.

Under CSRD, companies will have to report according to the ESRS. There are a total of twelve draft standards, which are divided into groups:

- Cross-cutting (x2)
- Environment (x5)
- Social (x4)
- Governance (x1)

Details of the twelve standards can be accessed through the link below. There have been some modifications to reporting obligations in the published draft ESRS to take account of the difficulties and complexity of gathering sustainability information, in particular for SMEs.



More on ESRS





WHY ALIGN TO ESRS?

- Fully aligned with requirements under CSRD
- High level of technical input
- 12 interoperable standards including a specific standard for biodiversity (E4)
- Proportionality and flexibility for newcomers and smaller companies

Structure of the ESRS

General

ESRS 1

General Requirements

ESRS 2

General Disclosures

Environmental

ESRS E1

Climate Change

ESRS E2

Pollution

ESRS E3

Water and Marine
Resources

ESRS E4

Biodiversity and
Ecosystems

ESRS E5

Resource Use and
Circular Economy

Social

ESRS S1

Own Workforce

ESRS S2

Workers in the Value
Chain

ESRS S3

Affected Communities

ESRS S4

Consumers and End-
users

Governance

ESRS G1

Business Conduct



ESRS - Useful Links

Questions and Answers on ESRS

Q&A on adoption of ESRS



Questions & Answers on sustainability reporting

Q&A on the adoption of ESRS - EU Commission 31st July 2023



VOLUNTARY REPORTING FOR NON-LISTED SMES

The Voluntary Sustainability Reporting Standard (VSRS)

The VSRS development is currently underway through EFRAG, the body that developed ESRS. They are developing a proposal for the adoption of a voluntary standard that may apply to SMEs that do not fall into the scope of CSRD.

VSRS will not be legally binding but aims to align with the disclosure principles within the ESRS, whilst being appropriately designed and simplified for smaller organisations.

Learn more about VSRS



VOLUNTARY REPORTING FOR NON-LISTED SMES

The Global Reporting Initiative (GRI)

Another useful standards system comes from the GRI and is designed for use by organisations of any size. We find the GRI standards particularly useful here at BFBI.

GRI is an independent, international organisation that helps businesses and other organizations take responsibility for their impacts, by providing them with the global common language to communicate those impacts.

Their reporting standards are the most widely used by businesses and are referenced in policy instruments and stock exchange guidance across the world.

Why align with GRI Standards?

- Free and available in multiple languages
- Applicable for any organisation regardless of size or sector
- Comprehensive range of topics
- Flexible structure
- Modular system
- Sector-specific standards
- Specific reporting standard for biodiversity (GRI 101: Biodiversity 2024)
- Aligned with CSRD
- Compatible with other reporting frameworks
- Aligned with best practice
- Constantly updated

The Global Reporting Initiative (GRI)

GRI Standards

Universal Standards

-  Requirements and principles for using the GRI Standards
GRI 1
-  Disclosures about the reporting organization
GRI 2
-  Disclosures and guidance about the organization's material topics
GRI 3

Apply all three Universal Standards to your reporting

Sector Standards

-  GRI 11
-  GRI 12
-  GRI 13
-  GRI 14
-  GRI 15
-  GRI 16
-  GRI 17
-  GRI 18
-  ...

Use the Sector Standards that apply to your sectors

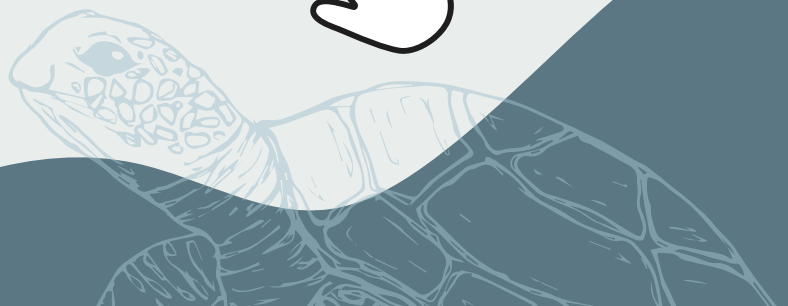
Topic Standards

-  GRI 201
-  GRI 403
-  GRI 305
-  GRI 415
-  GRI 303
-  GRI 202
-  GRI 304
-  GRI 205
-  ...

Select Topic Standards to report specific information on your material topics



More on GRI



In relation to non-listed SMEs and micro-enterprises that are not in scope of CSRD, the Commission notes that:

'...many SMEs are facing growing requests for sustainability information - typically from banks that lend them money and large companies that they supply. The transition to a sustainable economy is likely to mean that collecting and sharing sustainability information becomes common business practice for companies of all sizes.'

SMEs listed on regulated markets could use these simpler standards to meet their legal reporting obligations, while non-listed SMEs could choose to use them on a voluntary basis. These standards would be carefully adapted to the capacity of SMEs. They would make it easier for SMEs to report information to banks, large-company clients and other stakeholders. They can help SMEs play a full role in the transition to a sustainable economy.'