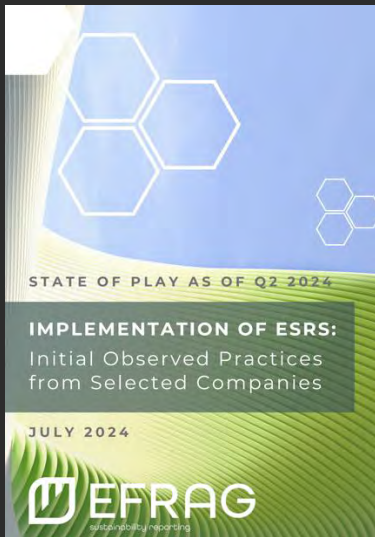


# Implementation of ESRS

## Initial Observed Practices from Selected Companies as of Q2 2024

Tim Mohin

# Overview of the market study



## Goal

Identify preliminary market practices, emerging approaches and key challenges

## Chapters

- 1 Goal of this study and caveats
- 2 Executive summary
- 3 Introduction
- 4 Methodology

- 5 ESRS implementation practices
  - I. Double Materiality Assessment (DMA)
  - II. Datapoints
  - III. Value Chain (VC)
  - IV. ESG Reporting organizational approach

- 6 Appendix

### Content:

- Overall insights across sectors
- Aggregation of practices and archetypes
- Key challenges of emerging approaches



## Preparers in scope

- Participation = 28
- Intentionally focused on large/mature reporters
- Split equally between Financial and Non-Financial Institutions

Industry	%
<b>Non-Financial Institutions</b>	<b>50%</b>
Healthcare technology	14%
Chemicals	14%
Road transport	7%
Textiles	7%
Utilities	7%
<b>Financial Institutions</b>	<b>50%</b>
Banks	21%
Insurance	18%
Asset management	11%



## Surveys and Interviews

- Initial survey of selected practices
- Interviews to validate results and context

# Key learnings (I/II)

## Double Materiality Assessment



### *Selection of key insights*

- ~85% intend to integrate ESG reporting into business strategy and decision-making
- ~70% deploy an objective evidence-based approach to Double Materiality, using a combination of data sources, enhanced by the inputs of internal experts and stakeholders

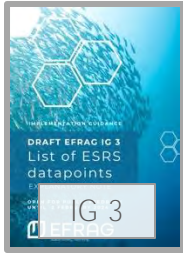
## Value chain



- Value chain is the least developed and sector guidance could provide further clarity
- Many have adopted a simplified aggregated mapping of the value chain (i.e., upstream, downstream and own operations only) and use transitional provisions, with improvements planned in the next reporting cycles

# Key learnings (II/II)

## Datapoints



### *Selection of key insights*

- ~80% mention the complexity of retrieving data, with obstacles across E,S,G
- ~40% use Information materiality at a datapoint level
- ~10% target full disclosure of datapoints related to material topics

## ESG Reporting org. approach<sup>1</sup>

All undertakings deploy cross-departmental collaboration

- ~65% allocate ownership to a single function<sup>2</sup> 35% adopt co-leadership<sup>3</sup>
- ~90% started improving data quality controls similar to financial reporting
- ~85% acknowledge the need for IT transformation

1. The organizational approach to ESG reporting rests outside any mandate from EFRAG. The insights below represent the state of play captured by the interviews. In most cases, it is noted that the new reporting regime is triggering a renewed organizational approach to ESG reporting: 2. E.g., the CSO or CFO; 3. E.g., CFO in charge of reporting, CSO in charge of DMA)  
Source: EFRAG; BCG

## Key takeaways and Implications



Only a few mature companies included in the 1<sup>st</sup> market study  
- no representative sample

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All preparers are working through transformation with cross-functional coordination, new capabilities, and tools

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Most preparers plan to incorporate material information into strategy

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Some areas may need further guidance (e.g., the concept of information materiality which is leading to “overcompliance”)



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