

Sustainability reporting
in spotlight

Current topics in sustainability reporting

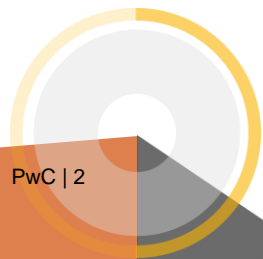
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Introduction

Our Sustainability Reporting spotlights (Kestävyysraportointi valokeilassa) are designed to help keeping up to date with the latest developments in global sustainability reporting as the landscape of corporate sustainability and reporting continues to evolve. This issue includes updates on the recent activities of the standard setters in addition to sharing updates on the latest available PwC guidance.

Standard setter news and updates

1. EU updates

EU Commission (EC)

- On 7 August 2024, the EC published a draft commission notice containing a set of frequently asked questions (FAQs) and responses on the implementation of the EU corporate sustainability reporting rules. The FAQs consider input received from companies and cover issues such as scope, application dates, and exemptions. The final commission notice was published in the Official Journal of the EU in November 2024. The final commission notice is available at <https://eur-lex.europa.eu/eli/C/2024/6792/oj/eng>
- On 29 November 2024, the EC published a set of frequently asked questions (FAQs) to provide technical clarifications on the application of EU taxonomy, in particular on the technical screening criteria for new activities included in the EU Taxonomy Climate and Environmental Delegated Acts, the generic 'do no significant harm' (DNSH) criteria and the related reporting requirements. For more information, visit https://finance.ec.europa.eu/news/commission-provides-further-clarifications-eu-taxonomy-sustainable-economic-activities-2024-11-29_en
- On 26 February 2025, the EC is expected to launch an "omnibus package" for reducing the reporting burden, which might, as suggested by the EU Commission President, Ursula von der Leyen, focus at least on the existing EU corporate sustainability reporting requirements. Those requirements are contained within the EU Taxonomy Regulation (the Taxonomy Regulation), the Corporate Sustainability Reporting Directive (CSRD) and the Corporate Sustainability Due Diligence Directive (CSDDD). At this stage, it is unclear what changes exactly the EC will be proposing and in what format.

EFRAG

- On 17 December 2024, EFRAG announced the delivery of its technical advice to the European Commission on the VSME, the voluntary reporting standard for non-listed small and medium sized undertakings.

The VSME is designed for undertakings that are not in the mandatory scope of the Corporate Sustainability Reporting Directive ('CSRD').

For more information, visit <https://www.efrag.org/en/news-and-calendar/news/efrag-releases-the-voluntary-sustainability-reporting-standard-for-nonlisted-smes>

- On 19 December 2024, EFRAG released its update to the Compilation of Explanations to respond to stakeholder's technical questions on the ESRS Set 1. This release of Explanations for five environmental questions brought the overall number of questions answered to 162.

The December 2024 batch of Explanations is expected to be particularly relevant to certain sectors. The questions relate to Climate Change mitigation and adaptation targets and biodiversity and ecosystems.

The Explanations will later be added to the next major update to the Compilation of Explanations expected to be released in Spring 2025.

For more information, visit <https://www.efrag.org/en/news-and-calendar/news/efrag-esrs-qa-platform-compilation-of-explanations-december-2024>

- On 20 December 2024, EFRAG published a technical addendum to the implementation guidance document EFRAG IG 3: Detailed ESRS Datapoints. The name of the addendum is Addendum to IG3: Technical adjustments to the List of Datapoints.

EFRAG released the implementation guidance document IG 3: List of ESRS Datapoints in May 2024 with the aim of supporting undertakings in their preparation of the first sustainability statement according to the ESRS Set 1. The technical addendum provides a limited number of clarifications and corrections based on the suggestions received from stakeholders.

EFRAG plans to provide an updated version of the IG 3 Excel Workbook in the spring of 2025 after the first cycle of ESRS reporting.

For more information, visit <https://www.efrag.org/en/news-and-calendar/news/efrag-publishes-technical-addendum-to-esrs-ig-3>

- On 16 January 2025, the European Commission and EFRAG have jointly published a staff paper mapping the synergies between the European Sustainability Reporting Standards and the Eco-Management and Audit Scheme (EMAS). Amongst others, the paper shows that many of the environmental disclosure requirements of the ESRS can be built on data already available within the EMAS framework.

For more information, visit <https://www.efrag.org/en/news-and-calendar/news/streamlining-sustainability-reporting-mapping-the-voluntary-emas-against-the-esrs>

ESMA

- On 13 December 2024, the European Securities and Exchange Commission (ESMA) launched a public consultation on an amended European Single Electronic Format Regulatory Technical Standard (ESEF RTS), which requires affected companies in the EU to digitise their ESRS and Article 8 disclosures.

The consultation is open until 31 March 2025. ESMA will consider the feedback it received to this consultation in Q2 2025. In Q3 2025, ESMA expects to submit the draft technical standards to the European Commission for endorsement.

More information is available on [ESMA's webpage](#).

Finnish updates

- The Decree of the Ministry of Finance on the Regular Duty of Disclosure of an Issuer of a Security (1020/2012) has been amended with regards to the corporate governance statement (section 7 of the decree) so that the requirements regarding the description of the diversity of the board of directors and the supervisory board have been supplemented with a point regarding disability (section 7, subsection 1, paragraph 4).

A new subsection 6 has also been added to the mentioned section, which entitles the inclusion of the above-mentioned descriptive information in the sustainability report, which can be referred to in the corporate governance statement. The amendments came into force on 28 December 2024.

- The Finnish Accounting Board has published several statements on procedural issues related to sustainability reporting at the end of 2024. You can find the statements on the Accounting Board's website at <https://kirjanpitolautakunta.fi/etusivu>.

2. Global updates

ISSB

The International Sustainability Standards Board (ISSB) is committed to supporting the implementation of ISSB Standards around the world. To this end, on 19 November 2024, the IFRS Foundation published a guide designed to help companies with the fundamental task of identifying and disclosing material information about sustainability-related risks and opportunities that could reasonably be expected to affect their cash flows, their access to finance or cost of capital over the short, medium or long term.

The guide is not part of IFRS® Sustainability Disclosure Standards¹ and does not add to or change the requirements in the Standards.

The guide also sets out some of the considerations a company might make to drive connectivity between sustainability-related financial disclosures, prepared by applying ISSB Standards, and a company's financial statements.

For more information about the guide, visit <https://www.ifrs.org/news-and-events/news/2024/11/ifrs-foundation-publishes-guide-companies-sustainability-risks-opportunities/>

¹ Sustainability Disclosure Standards issued by the ISSB



PwC news and updates

- We have released new and updated chapters of our global Sustainability reporting guide (SRG), which is available free of charge upon registration on the PwC Viewpoint platform.

The SRG covers the essentials and provides our insights and perspectives, interpretive and application guidance, and illustrative examples on:

- European Sustainability Reporting Standards
- IFRS® Sustainability Disclosure Standards
- SEC and California climate disclosure rules

New SRG chapters address environmental, social, and governance topics, as well as the EU Taxonomy Regulation for non-financial entities.

You can access and register to PwC Viewpoint at <https://viewpoint.pwc.com/us/en.html>

- PwC has published examples of [sustainability disclosures under IFRS Sustainability Disclosure Standards](#). This publication contains an illustrative example of a basis of preparation and selected sustainability notes only for an entity reporting under the IFRS Sustainability Disclosure Standards for the first time.

The publication presents examples of how a fictional entity, VALUE Plc, might apply some of the requirements in IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures based on hypothetical scenarios and hypothetical risks to the entity. VALUE Plc is the same entity on which PwC's [IFRS Accounting Standards illustrative financial statements](#) are based. The group structure, nature of operations, financial performance etc. are consistent between this illustrative sustainability report and the illustrative financial statements. This publication is not a complete sustainability report – it only covers specific areas and selected disclosure requirements under the IFRS Sustainability Disclosure Standards, and the illustrated disclosures are not intended to represent the only way the requirements could be applied.

This publication is also available at [PwC Viewpoint](#).

- We have launched a Sustainability Reporting Adoption Tracker. The Sustainability Reporting Adoption Tracker provides an overview of the local regulatory or legal sustainability reporting requirements by territory.

Local regulatory or legal sustainability reporting requirements include but are not limited to: ESRS, IFRS® Sustainability Disclosure Standards, SEC's climate disclosure rules or local requirements.

For more information, please explore the tracker at <https://www.pwc.com/gx/en/services/audit-assurance/corporate-reporting/esg-reporting/sustainability-reporting-tracker.html>

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