

# EY ESG Suite

Assessing your companies  
sustainability reporting readiness

December 2022



Building a better  
working world

With a whole new set of sustainability reporting standards, in scope companies should act now to be compliant with the upcoming reporting timelines

# 1 Challenges

With the introduction of the Corporate Sustainability Reporting Directive (CSRD), **50,000+ companies** in scope are facing various sustainability reporting requirements.<sup>1</sup>

On 10 and 28 November respectively, the European Parliament<sup>2</sup> and the European Council<sup>3</sup> approved the final text of the CSRD that will be officially published by end of the year. The rules will apply to all large companies and all companies listed on regulated markets, listed small and medium-sized enterprises (SMEs), and non-European companies with a subsidiary or branch with net turnover of EUR 40m in the EU and an overall net turnover of EUR 150m in the EU. The application of the CSRD will begin 1 January 2024 for companies already subject to the Non-Financial Reporting Directive (NFRD).

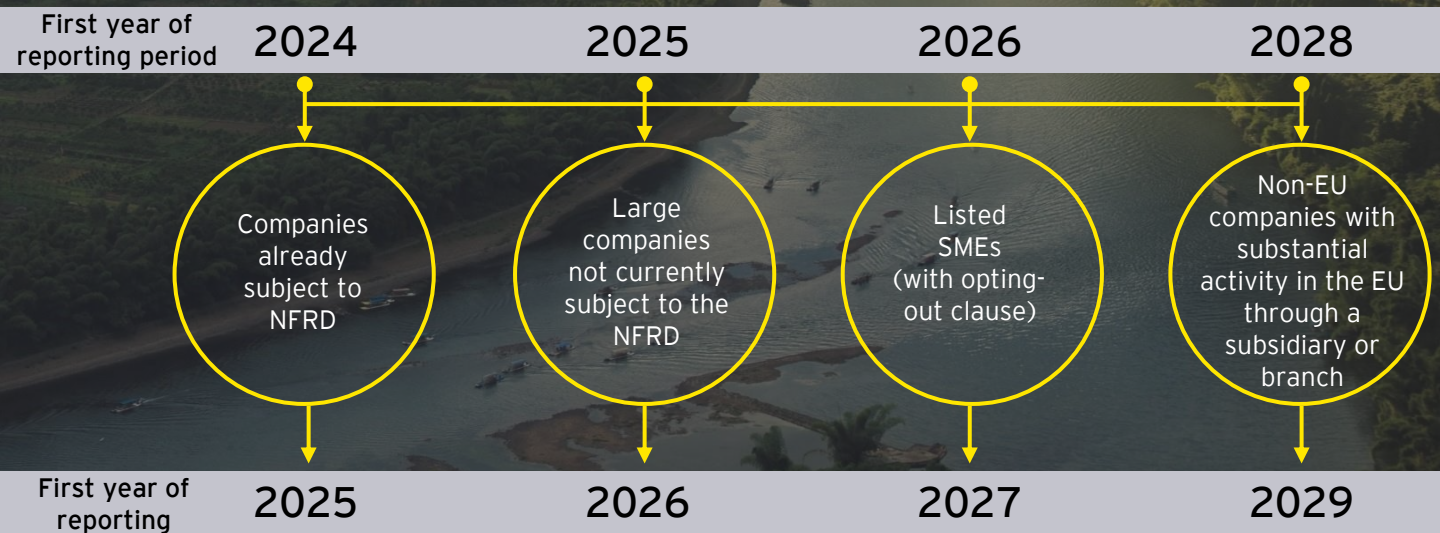
When companies report under the CSRD, they will need to use the European Sustainability Reporting Standards (ESRS) which have been developed by the European Financial Reporting Advisory Group (EFRAG). The first set was sent to the European Commission on 22 November. EU bodies and Member States will now be consulted on this first set of ESRS, before adopting the final standards as delegated acts by June 2023.

The first set of ESRS foresees **82 disclosure requirements**, including various KPIs.<sup>4</sup> The lack of a standardized method for assessing current 'readiness' in relation to the ESRS, as well as the availability of the required quantitative and qualitative data is a challenge for companies in scope. **Companies should identify specific sustainability matters to be disclosed** and develop an action plan, for example, as a roadmap, so that they are ready to report within the timelines.

**50,000+**  
companies in scope

**1** and **12**  
CSRD and draft ESRS

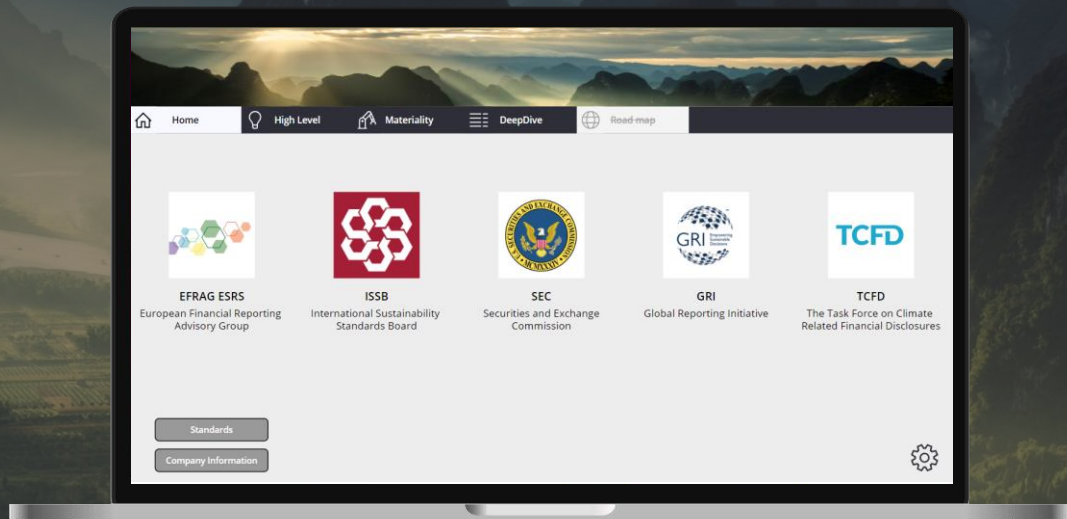
**82**  
new disclosure requirements



The EY ESG Suite is the path to an Environmental, Social and Governance (ESG) readiness assessment for the ESRS framework

## 2 Solution - EY ESG Suite

The EY ESG Suite is a comprehensive tool EY leverages to facilitate an ESG readiness assessment, based on the relevant sustainability frameworks for companies. The EY ESG Suite has been updated to reflect the latest ESRS drafts published in November 2022. Additional frameworks (e.g., ISSB, GRI, SEC or TCFD) can be added for comparison purposes.



### Customized landscape

A fully customized application that facilitates an individual overview to meet your goals and requirements.

### Standards

An overview and separate listing of current relevant sustainability standards provided in one place (e.g., ESRS, ISSB, SEC, GRI, TCFD, etc.).

### Assessment

An engagement leveraging the EY ESG Suite usually includes a (high-level) readiness, a materiality and a (deep dive) gap assessment.

### Roadmap and KPIs

A roadmap is generated to assist you with your next steps. Your KPIs can be observed in a dashboard output.

The EY ESG Suite provides a holistic approach with five modules to help get your company aligned with the sustainability strategy and ready for ESRS reporting

# 3 The EY approach



## 1 Initiation process

The initiation process includes a kick-off workshop, a CSRD (or other standards) onboarding workshop and a workshop series on requirements for general characteristics, strategy and business models, and governance.

## 2 Readiness assessment

The high-level readiness assessment includes interviews with internal stakeholders and a first screening of relevant documentation to assess the maturity score at a glance. It summarizes the results in illustrative multidimensional charts as a basis for further steps to be taken in the future.

## 3 Materiality assessment

The materiality assessment introduces sustainability impacts, risks and opportunities, and EY can help to assess (double) materiality under the ESRS (or alternative) framework.

## 4 Gap assessment

The deep dive gap assessment includes a detailed analysis by scoring detailed requirements along a defined scale and defining the key actions required. It supports the management behind the reporting requirements to prioritize tasks and assign responsibilities for identified gaps.

## 5 Roadmap

As an output of the assessments, action plans (compiled in a roadmap) are developed to close identified gaps, including dashboards and an implementation workshop to discuss results with internal stakeholders.

## Your benefits

### Modular approach:

A tailor made service offering

### All-in-one:

From initiation to roadmap

### Dashboard outputs:

To track progress and assist in actions

### One-pager:

Summaries of key progress metrics for each ESRS

Based on the outcome of the initial assessment, EY teams can support you to help establish your roadmap for ESG reporting readiness

# 4 Next steps

EY teams support you to help establish your roadmap for ESG reporting readiness with the following:

## Business model strategy and value chain

Review of strategy and business model to assess adherence with the transition to a sustainable economy aligned with the Paris Climate Agreement. Plan and help implement policies and due diligence process for the value chain.

## ESG material topics

EY teams can help identify ESG material topics based on a stakeholder dialogue in accordance with the double materiality concept.

## ESG risk management

Perform an ESG risk and opportunities assessment, including risk appetite. Help integrate ESG risks to company's existing risk management process.

## Decarbonization

Help to develop a net-zero strategy and carbon-reduction targets by leveraging climate scenario modelling tool. Help establish impact measurement capabilities to quantify carbon footprint, transform supply chain and decarbonize products.

## Governance

Help identify roles and responsibilities of the governance bodies with regard to sustainability matters and risk management.

## Metrics and targets

Help develop policies, targets action plans and resources for ESG material topics.

## Reporting

Help integrate ESG KPIs to a monitoring framework, including design methodology, definitions, data collection processes. Support drafting of the ESG integrated report.

## Assurance readiness

Assess assurance readiness of data process flows and internal control activities so that your ESG information is assurance ready.

# 5 Contacts

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2 "Sustainable economy: Parliament adopts new reporting rules for multinationals", European Parliament website, [europarl.europa.eu/news/press-room/2022/11/28/council-gives-final-green-light-to-corporate-sustainability-reporting-directive](https://www.europarl.europa.eu/news/press-room/2022/11/28/council-gives-final-green-light-to-corporate-sustainability-reporting-directive)

3 "Council gives final green light to corporate sustainability reporting directive", European Council website, <https://www.consilium.europa.eu/en/press/press-releases/2022/11/28/council-gives-final-green-light-to-corporate-sustainability-reporting-directive/>

4 "First Set of draft ESRS", EFRAG website, [efrag.org/lab6](https://www.efrag.org/lab6)



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