

European Sustainability Reporting Standards in Action: Context, Implementation, Ramifications

Call for chapters for a monograph

The European Sustainability Reporting Standards (ESRSs) apply to undertakings subject to the Corporate Sustainability Reporting Directive (CSRD), for financial years starting on or after 1 January 2024. They represent a significant advancement and will profoundly affect the range, amount, and specificity of sustainability-related information organisations must collect and disclose. ESRSs introduce the principle of double materiality and extend a company's reporting scope to encompass critical information throughout its value chain. As a result, companies are required to disclose how their operations and value chain impact both the environment and society, as well as how sustainability-related factors influence their cash flows, financial status, and performance metrics. Thus, well-designed and effective support initiatives formulated at the various levels (i.e. European, national, regional and local) will be needed to alleviate costs and reduce the burdens. The ESRS application poses many challenges and reporting obligations to organisations. For instance, ESRS 2 sets the *Disclosure Requirements* on the information the organisations shall provide at a general level in the following reporting four areas: (1) Governance (GOV), (2) Strategy (SBM), (3) Impact, risk and opportunity management (IRO), and (4) Metrics and targets (MT), across all material sustainability matters. Reporting organisations are also expected to deliver information prescribed by the *Disclosure Requirements and datapoints* included in the topical and sector-specific ESRSs in reference to material sustainability matters. Moreover, policies (MDR-P), actions (MDR-A), and targets (MDR-T) required in the ESRS 2 under the *Minimum Disclosure Requirement* (MDR) should be disclosed.

In 2024, the European Financial Reporting Advisory Group (EFRAG) published a document that provides conclusions on preliminary practices and challenges in implementing ESRSs observed for 28 large European undertakings (EFRAG, 2024)¹. It reflects issues arising in four focus areas: double materiality assessment, data points, value chain and ESG reporting organisational approaches. Interestingly, 85% of undertakings are looking to integrate ESG reporting and the findings from the double materiality assessment into their business strategies and decision-making processes. 80% of the organisations report challenges associated with data retrieval, with comparable difficulties observed across environmental, social, and governance dimensions. 90% of undertakings are still in the process of enhancing their value chain mapping, striving to achieve the optimal degree of granularity. Based on evidence from the EFRAG report, all organisations deploy cross-departmental collaboration, whereas 90% of them have begun to enhance their data quality controls, akin to those employed in financial reporting.

Through this book, we would like to adhere to the wave of changes in the sustainability reporting area and address the preliminary practices and challenges observed in the initial phase of ESRS implementation. The process continues, and some organisations have already begun implementing sustainability reporting concepts (i.e., double materiality assessment) or disclosing information on specific topics within ESG dimensions. We invite all the authors interested in the topic to submit the chapters that may refer (but are not limited) to the following issues:

- Status of ESG disclosures before the ESRS implementation.
- Scopes and roles of governance processes, controls and procedures used to monitor, manage and oversee impacts, risks and opportunities (IROs).

¹ EFRAG (2024). Implementation of ESRS: Initial observed practices from selected companies.

- Interaction of organisations' strategies and business models with material impacts, risks and opportunities.
- Processes by which organisations identify IROs, assess their materiality, and manage material sustainability matters through policies and actions.
- Stakeholders and their relevance to the materiality assessment process.
- Double materiality assessment: insights from reporting organisations.
- Due diligence process in addressing the actual and potential negative impacts on the environment and society.
- Mapping upstream and downstream value chains.
- Roles of protocols in measuring, monitoring, and reporting sustainability performance of organisations.
- Qualitative characteristics of information in ESRs (relevance, faithful representation, comparability, verifiability, understandability) and their impact on reporting quality
- Review of extent, content and overall quality of ESG disclosures.
- Setting ESG performance goals, metrics and targets and monitoring progress.
- Implementing internal controls (i.e. audits or third-party verifications) to validate the accuracy and reliability of the reported data.
- The changing regulatory environment in the EU countries due to the ESRs implementation.
- New technologies in supporting ESG reporting processes.

Interested authors are invited to submit the abstract (up to 250 words) of the proposed chapter by 15 February 2025 in an electronic form (Word or PDF) by e-mail to Joanna Dyczkowska - (joanna.dyczkowska@ue.wroc.pl).

After the initial review of the abstracts, the authors will receive an invitation to provide full chapters.

The manuscripts are expected to be submitted by 31 March 2025.

Guidelines for manuscripts:

Language of the manuscript: English

Font: Times New Roman, 12pt, 1.5 line spacing

Extent: 5.000 – 6.000 words (13-15 pages), including references.

Specific stylesheets for publication will be provided to the authors.

Publication fee: 1250 zł (brutto).

The monograph will undergo a standard blind review process.

The book will be published by the Publishing House of Wrocław University of Economics and Business in printed and electronic form.

Please share this information with Your colleagues who may be interested in this topic.

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