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GERMAN EMAS ADVISORY BOARD

Synergies between CSRD and EMAS

Executive Summary

This paper analyses the synergies and differences between the European Sustainability Reporting Standards (ESRS)[1] and the European Eco-Management and Audit Scheme (EMAS)[2] and provides recommendations for a beneficial dovetailing of the two.

EMAS is an ambitious environmental management and reporting system that has been established and constantly developed since 1993. It incorporates the international environmental management system ISO 14001 and adds additional requirements resulting in higher credibility, effectiveness and transparency.

Among these is the requirement to annually publish an environmental statement which contains validated information about an organisation's environmental performance, policies, objectives/targets and actions.

With the Corporate Sustainability Reporting Directive (CSRD) and the accompanying ESRS, the EU aims at improving transparency on the sustainability performance of companies as well as on their associated risks and opportunities in order to provide financial market participants and other stakeholders with decision-relevant information. EMAS can and should play a vital role to support this goal.

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[1] The ESRS are established in Commission Delegated Regulation (EU) 2023/2772 of 31 July 2023. They supplement the European Corporate Sustainability Reporting Directive (CSRD).

[2] EMAS is an management and reporting scheme which organisations can adopt to improve their environmental performance. It is established in Regulation (EC) 1221/2009.

This paper addresses two groups of companies that will be obliged to report under the ESRS:

1) companies that have implemented EMAS in the past and consider options for dovetailing their environmental management and reporting processes with the ESRS and

2) companies that have no systematic environmental management and reporting system in place and look for guidance on how EMAS can help them to comply with the environmental reporting requirements under the ESRS.

The first group benefits from having implemented EMAS already as it provides the necessary organisational structures, established processes and valid data to identify and manage environmental impacts. EMAS organisations may extent their management and reporting system to include additional aspects required by the ESRS. Requirements of ESRS and EMAS correspond well to one another, although some differences must be noted, e.g. the topical coverage or organisational boundaries. To avoid double reporting, this paper presents two options for preparing an ESRS-compliant environmental statement, either as a separate document incorporated by reference or fully integrated into the company's management report.

For the second group of companies, EMAS is an instrument that can build the foundations for robust sustainability reporting and compliance with the ESRS. EMAS follows the Plan-Do-Check-Act (PDCA) cycle which facilitates continuous improvement of environmental performance. EMAS is focused on the management of environmental impacts but can be extended to include social and governance issues. As such, companies may find value in the detailed guidance and concrete action steps provided by EMAS when navigating the complexities of CSRD reporting obligations. As EMAS is site-specific, implementing EMAS at different sites of a company subject to the CSRD may also serve as tool to enhance environmental ambition throughout the company and generate high quality environmental information to inform the management report.

This paper discusses the synergies and differences of both frameworks, EMAS and the ESRS, regarding their requirements, including the objective and general approach pursued, the target group for reporting, the involvement of stakeholders, the materiality assessment, reporting on the management approach, environmental performance metrics, the level of assurance required and the location of reporting. Overall, and considering the conceptual differences – EMAS being a management scheme and the ESRS aiming to provide transparency only – the paper finds a high level of consistency and that EMAS can well complement the implementation of the environmental ESRS.

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Content

1 Introduction: Background information regarding CSRD and EMAS - Status-Quo and latest developments

The **Corporate Sustainability Reporting Directive 2022/2464/EU** (CSRD) from 14 December 2022 raises sustainability reporting to the same level as financial reporting. The aim is to make sustainability performance, risks and opportunities of European companies transparent and comparable for their stakeholders.

The CSRD significantly expands existing rules on non-financial reporting to all large companies[3], all companies listed on an EU-regulated market (with the exception of micro-undertakings) and certain small credit and insurance institutions. Across Europe, it is estimated that up to 50,000 companies will be affected[4]. Among these 50,000 companies, there are up to 700 affected listed SMEs (LSME) in Europe[5] for which a simplified reporting standard (ESRS LSME[6]) will be issued.

The CSRD follows a double materiality perspective. This means that undertakings must on the one hand record the financial effects of sustainability matters with focus on risks and opportunuties (outside-in perspective).

On the other hand, they must assess and report their impacts on sustainability matters within their own operations and value chain (inside-out perspective). Policies, targets, actions and performance metrics must be reported for all matters identified as material. The **European Sustainability Reporting Standards** (ESRS)

adopted by the European Commission (EC) as a Delegtated Regulation in July 2023 specify the rules for reporting. The ESRS consists of 12 reporting standards laid down in Annex I of the Delegated Regulation, which include cross-cutting standards and standards on environmental, social and governance matters.

Moreover, the **European Financial Reporting Advisory Group** (EFRAG) is developing guidance such as a list of data points for implementation[7] and implementation guidance for the materiality assessment[8] and considering value chain information[9].

The **Eco-Management and Audit Scheme** (EMAS), regulated in Regulation (EC) No. 1221/2009, is a well-established voluntary tool for companies and other organisations to improve their environmental performance. Currently, about 4,000 European organisations with almost 13,000 sites have implemented EMAS. EMAS requires the implementation of a management system, which comprises policies, targets and actions, the processes necessary for their effective implementation and covers the breadth of environmental topics. Its main focus is on reducing the environmental impacts of an organisation but also contains requirements to assess associated risks and opportunities.

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[3] According to the Delegated Directive C/2023/7020 amending Directive 2013/34/EU, a large undertaking meets at least two of the three following criteria: (1) total assets > 25 million euros, (2) net sales > 50 million euros, (3) employees > 250. Source last accessed: 16.01.2024

[4] It can be assumed that the figures will be somewhat lower following the adjustment of the threshold values that define a large undertaking.

[5] EFRAG: EFRAG Sustainability reporting – Work programme for 2024. Source last accessed: 16.01.2024

[6] EFRAG: Exposure Draft – ESRS for listed small- and medium-sized enterprises (ESRS LSME). Source last accessed: 01.02.2024

[7] List of EFRAG's ESRS data points can be accessed here, last accessed: 16.01.2024

[8] EFRAG: Implementation guidance for the materiality assessment. Source last accessed: 16.01.2024

[9] EFRAG: Implementation Guidance – Draft EFRAG IG 2 – Value Chain. Source last accessed: 01.02.2024

This policy paper points out synergies between EMAS and CSRD from the following two perspectives:

1) It is estimated that at a minimum of around 900[10] EMAS-registered companies in Europe[11] will also fall under the CSRD. How can these organisations make best use of EMAS to fulfill the requirements of the CSRD and ESRS?

2) EMAS can play a role as a management and reporting system to help companies fulfill the requirements of the CSRD. Companies which are obliged to report under the ESRS may consider to implement EMAS in order to achieve an overall better environmental performance and profit from the detailed guidance on management processes and the credibility that EMAS offers.

2 Overview of the main requirements of EMAS and the ESRS

2.1 EMAS

EMAS requires the implementation of a management system, which comprises policies, targets and actions as well as the processes necessary for their effective implementation. EMAS covers the breadth of environmental topics such as biodiversity, land use, resource use, emissions and waste. Some social and governance topics are also addressed such as noise, occupational health and safety as well as legal compliance. Organisations that participate in EMAS, demonstrate that they comply with environmental laws, achieve environmental performance improvements and fulfill the requirements of the EMAS Regulation. EMAS includes the requirements of the international environmental management standard ISO 14001, for which more than 500,000 certifications exist worldwide[12] EMAS is also a reporting standard, requiring organisations to publish an externally validated environmental statement to interested parties and the general public.

The participation in EMAS is voluntary. The requirements of EMAS are commensurate to the size of the implementing organisation as well as to their respective industry and product and service portfolio, which makes the scheme applicable for all sectors and types of organisations. EMAS assigns individual responsibility to companies in achieving their environmental objectives and being accountable for them. The implementation of EMAS is anually checked by external subject-matter experts, called environmental verifiers. The verifiers also validate the information published by the organisations in their environmental statement, a process comparable to "reasonable assurance" engagements in financial and sustainability reporting[13] . Once an organisation demonstrably meets the EMAS requirements, it is awarded with the EMAS logo and listed in a national and the European EMAS Register[14]

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[10] It can be assumed that the figures will be somewhat lower following the adjustment of the threshold values that define a large undertaking.

[11] EMAS Helpdesk: Meeting Minutes: Second CSRD Working Group Meeting DRAFT (unpublished)

[12] ISO: The ISO Survey – ISO Survey 2022. Source last accessed: 16.01.2024

[13] Office of the German EMAS Advisory Board: Study on the Expertise Profile of Environmental Verifiers for the National Implementation of the CSRD Reporting Requirement (in German only). Source last accessed: 16.01.2024

[14] EU EMAS Register can be accessed here, last accessed: 01.01.2024
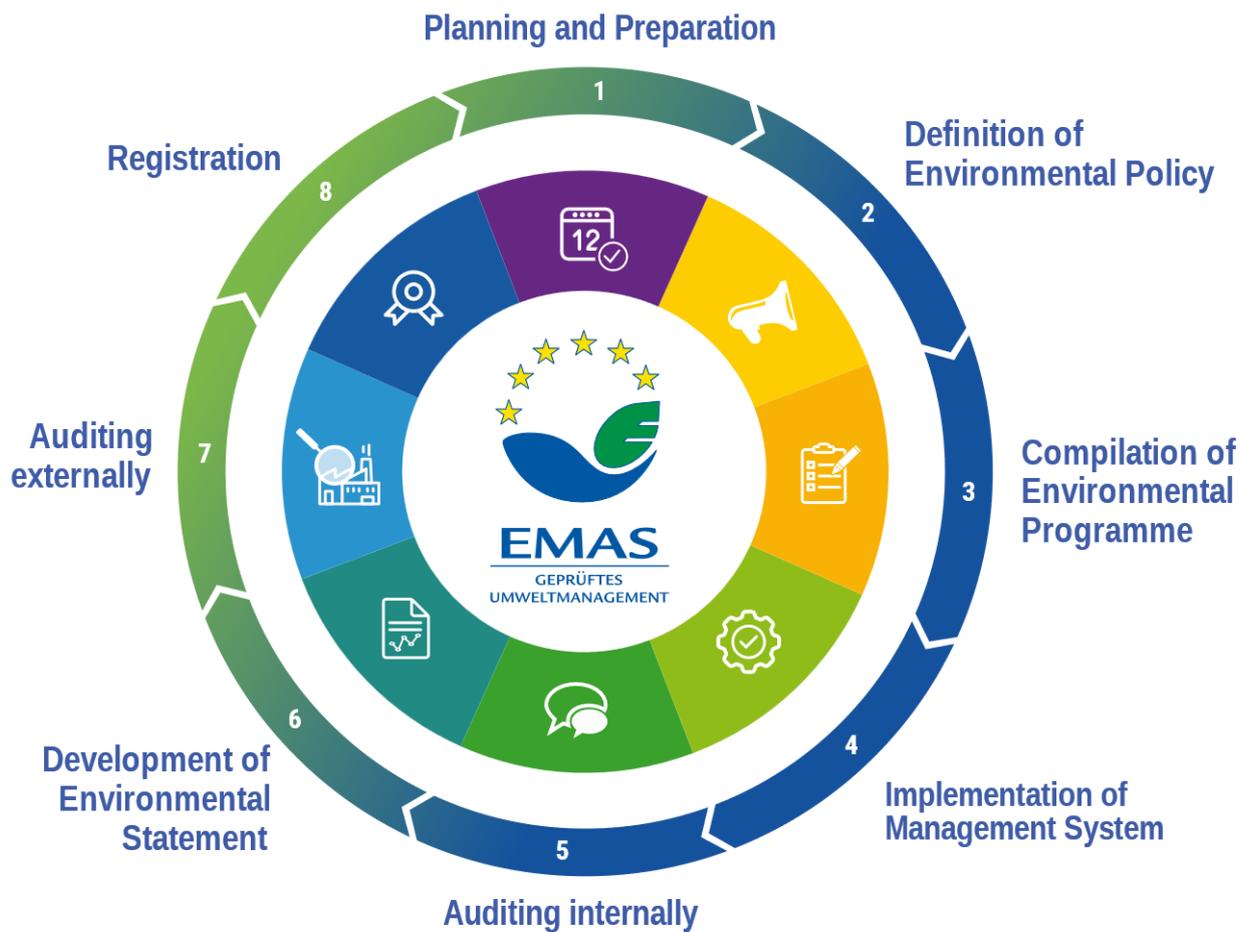
In summary, there are a few core qualities of EMAS from which its user benefit:

- EMAS requires to demonstrate continuous improvement of the organisation's environmental performance by defining policies, setting objectives and targets and implementing effective actions.

- EMAS requires a publicly available annual report, the environmental statement, which includes environmental performance indicators.

- EMAS requests demonstrated compliance with applicable environmental law.

- EMAS has a strong participatory approach. There has to be a system for employee participation at all levels and the needs and expectations of stakeholders have to be considered in the management system.

- EMAS provides a sustainability label for external communication which is permitted under the rules of the upcoming Directive on empowering consumers for the green transition[16].

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[15] German EMAS Advisory Board (in German only). Source last accessed 02.02.2024

[16] Proposal COM (2022) 143/final for a Directive of the European Parliament and the Council. Source last accessed: 13.02.2024
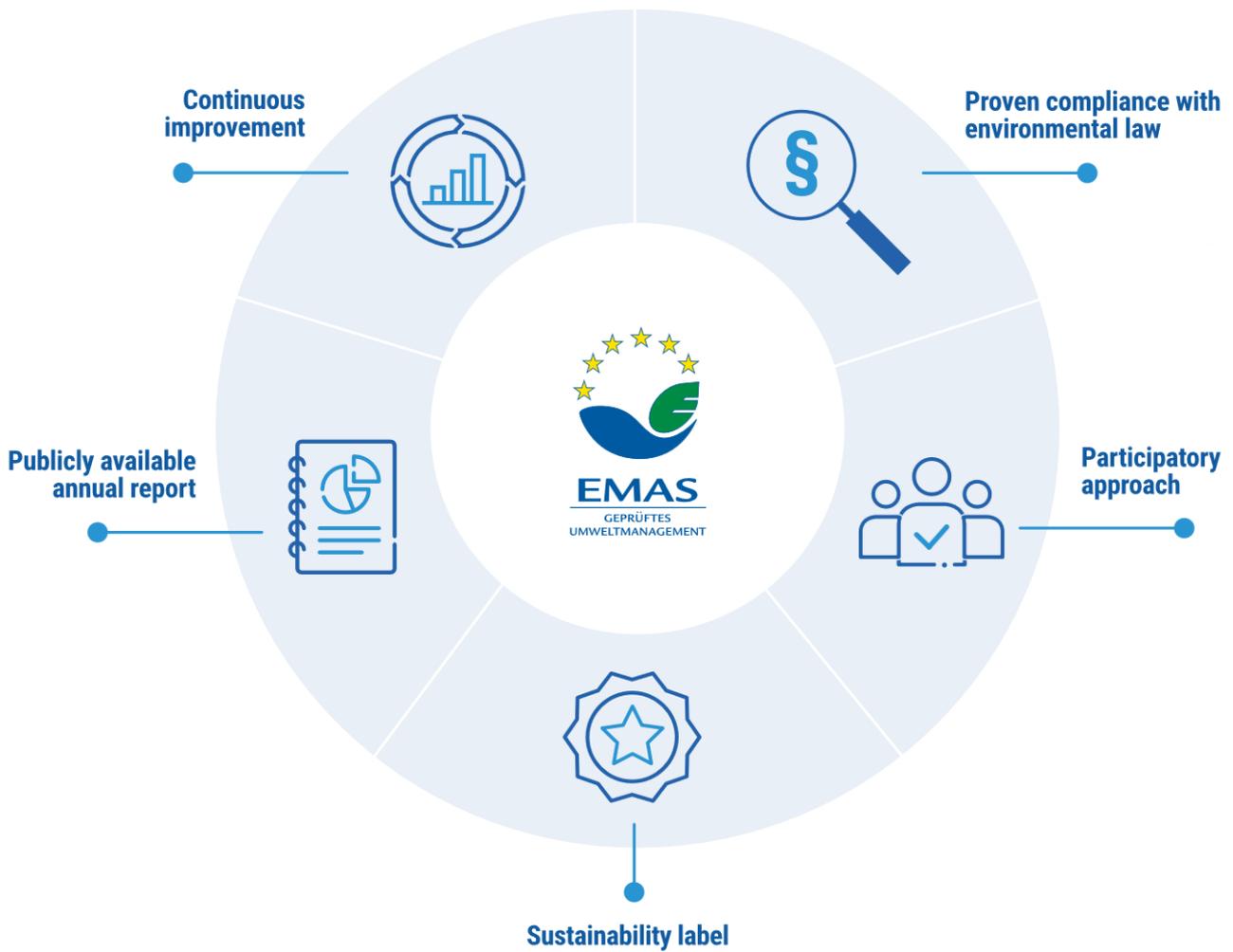
Because of its effectiveness to reduce the environmental impacts of companies and other organisations, the EU and Member States promote the widespread adoption of EMAS.

EMAS is dovetailed with multiple EU Directives and Regulations, for example the Industrial Emissions Directive (IED) – which requires the establishment of an environmental management system as best available technique or the Energy Efficiency Directive, which requires companies to implement energy management practices and periodical energy audits that can also be covered with EMAS. Likewise, the CSRD explicitly mentions EMAS and a reference to the scheme has been introduced in ESRS 1.

2.2 CSRD / ESRS

Figure 3: ESRS Standards Set comprising General Requirements, General Disclosures and Topical Standards[17]

CROSS-CUTTING STANDARDS

ESRS 1 General information	ESRS 2 General disclosures

ENVIRONMENT ESRS E

- E1 Climate change
- E2 Pollution
- E3 Water and marine resources
- E4 Biodiversity and ecosystems
- E5 Resource use and circular economy

SOCIAL ESRS S

- S1 Own workforce
- S2 Workers in the value chain
- S3 Affected communities
- S4 Consumers and end-users

GOVERNANCE ESRS G

- G1 Business conduct

The CSRD requires companies to publish sustainability information as part of their management report. The information must be checked by statutory auditors or, depending on implementation by the Member States, by so called independent assurance service providers. As regards the content, the CSRD madates the applications of common standards for sustainability reporting – the ESRS. This is to ensure clear and decision-relevant information and will improve comparability of companies' sustainability performance. The first set of ESRS contain 12 reporting standards covering a broad range of environmental, social and governance matters (see Figure 3).

The two cross-cutting standards ESRS 1 and ESRS 2 contain general principles and requirements.

ESRS 1 describes the general requirements and concepts for the preparation of a company's sustainability reporting, while ESRS 2 contains general disclosure requirements.

For example, ESRS 2 requires to describe the materiality assessment process and its outcome and to provide transparency how the strategy and business model of a company affect or is affected by sustainability matters. It also contains the minimum content that has to be reported on policies, targets and actions for all material sustainability topics.

ESRS 1 and 2 are to be considered and applied by all companies in scope of the CSRD. The application of the topical ESRS is subject to a company-specific materiality assessment..

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[17] Commission Delegated Regulation (EU) 2023/2772 of 31 July 2023 supplementing Directive 2013/34/EU of the European Parliament and of the Council as regards sustainability reporting Standards. Source last accessed: 13.02.2024

In the ESRS, materiality serves as the determining factor for the inclusion of information in the report. Given the significance of this concept, it is accompanied by a set of definitions and rules:

- First, all entities in scope of the CSRD must undertake a materiality assessment to identify the relevant sustainability topics and decide on the inclusion of information concerning these material topics. The outcomes of this assessment dictate which ESRS have to be applied and to which extent.

- Second, the perspective from which materiality has to be assessed is twofold: information can either be material because it relates to a positive or negative impact of the undertaking on the environment or people (inside-out perspective), or because it relates to risks or opportunities that affect the undertaking's financials (outside-in). For this reason, the concept is called „double materiality".

- Third, the concept encompasses both the impacts and financial effects that occurred in the reporting year and extends to the short-, medium-, and long-term future. It also encompasses not only an undertaking's own operations but its entire upstream and downstream value chain.

In the future, the current set of ESRS will be complemented by a simplified standard for listed small and medium enterprises (ESRS LSME) and sector-specific reporting standards. In addition a voluntarily applicable standard for all other small and medium enterprises (VSME ESRS) is being developed.

3 Comparison of the ESRS and EMAS

The ESRS and EMAS have several similarities. This starts with the objectives: transparency, the promotion of responsible business conduct and enhanced sustainability performance. Both are based on meaningful engagement with affected stakeholders and objective and fact-based assessments. The environmental topics covered by the ESRS are also covered by EMAS. The ESRS require reporting on policies, targets and actions as well as governance structures, which are the key management system elements of EMAS within the PDCA cycle (Plan, Do, Check, Act) and part of reporting in the EMAS environmental statement. Yet, the degree of detail required is higher in the ESRS than it is in the environmental statement.

However, a systemic difference must be noted. While the ESRS are mere transparency rules and do not include management requirements, EMAS contains requirements to implement a management system and act upon it. This includes, among others, setting up internal structures and processes, setting environmental objectives and targets, and planning and implementing actions. Reporting on these elements as part of the environmental statement is only the last step in the EMAS management approach.

Table 1 shows how the ESRS and EMAS compare to each other as regards their objective and general approach, applicability and target group, organisational and reporting boundaries, involvement of stakeholders, materiality assessment, management approach, metrics, responsibility of top management, level of assurance and location of reporting.

It can be seen that the CSRD/ESRS and EMAS share many elements and concepts that generally align well. Needless to say, the information required is far more detailed under the ESRS, for example with regard to the environmental metrics or the rules to report on policies and targets, and also covers social and governance matters. Therefore, the environmental statement under EMAS usually covers only a smaller part of the ESRS.

The reporting requirements of EMAS alone do not suffice to fulfill the CSRD/ESRS requirements. However, the general procedures match to a great extent and the environmental management system forms an excellent foundation to substantiate reporting under the ESRS. Futhermore, EMAS – because of its management system requirements – is in many instances more ambitious than the mere transparency requirements of the ESRS.

For example, the environmental performance of a company has to actually improve over time, the top management must take responsibility for environmental protection, targets have to be set and action plans must be implemented.

Hence, for EMAS-registered organisations it is easier to report under ESRS than for companies without an environmental management system as many processes are already established and have been practiced (e.g. materiality assessment, stakeholder engagement, data collection, reporting, verification/audits).

Table 1: Comparison of the CSRD/ESRS and EMAS

	ESRS	EMAS
Objective and general approach	Create transparency on sustainability-related impacts, risks and opportunities for the company's stakeholders based on standardised sustainability reporting requirements.	Improve environmental performance and accountability of organisations through the implementation of an environmental management system and publication of an environmental statement.
Applicability and target group	All undertakings in scope of the CSRD have to apply the ESRS. The target group (users) of the information reported are primarily financial market participants but also other stakeholders (e.g. civil sociely organisations, business partners, public authorities) of the company.	EMAS is applicable to organisations of all types, sizes and sectors. The target group (users) of the information reported are the public and the interested parties of the organisation (e.g. capital providers, civil society organisations, business partners, public authorities or neigbours).
Organisational and reporting boundaries	The organisational boundaries are defined as for financial reporting, relating to the undertaking as a whole, including its subsidiaries, where applicable, with the possibility for consolidated reporting by a parent company. The reporting boundaries include the company's own operations and also extent to its up- and downstream value chain.	EMAS registration is site-specific, though the boundaries of the management system are not limited to the site. It is possible to include several sites or the whole organisation in the management system. Organisations can compile a consolidated environmental statement covering all sites. In this case, however, they have to ensure local accountability, which means that the significant environmental impacts of each site have to be reported. EMAS requires to identify, assess and report direct and indirect environmental aspects and impacts of

		an organisation's activities, products and services and, as part of this process, to consider a life-cycle perspective. In practice, this implies the necessity to include environmental impacts in the up- and downstream value chain in the environmental management system and environmental statement.
Involvement of stakeholders	The ESRS ask undertakings, among others, to disclose how the interests of their stakeholders are taken into account by their strategy and business model as well as how stakeholders were involved in the materiality assessment and/or due diligence processes (see ESRS SBM-2). The characteristics of its stakeholder engagement have to be described, including the format of engagement and how the results are included in strategic decisions. There are no obligations relating to the extent and depth of stakeholder engagements.	EMAS organisations identify relevant interested parties (stakeholders) and their relevant needs and expectations. These have to be addressed as part of the environmental management system. In addition, EMAS puts an emphasis on the enagement of employees as a source of proposals for improvements. However, there is no explicit requirement to include information on stakeholder involvement in the environmental statement.
Materiality assessment	The CSRD emphasises a dual perspective on materiality: sustainability matters affecting the company and its business success and how the company affects the environment and society. Companies have to describe the process to identify, assess, prioritise and monitor its potential and actual impacts on people and the environment as well as financial risks and opportunities. Criteria, such as, size, number, frequency and reversability of the environmental impacts are relevant for the ESRS materiality assessment, where scale, scope and irremediability are the key determinants of impact materiality. The results of the materiality assessment are of high importance since they determine which topical standards to apply and which specific information to report.	The focus of EMAS is on reducing negative and enhancing positive environmental impacts of an organisation. Organisations first identify environmental aspects and impacts and then assess their significance, considering also the life cycle of their products/services, i.e. their value chain. EMAS separates between direct environ-mental aspects, i.e. those the organisation can control and typically occur in own operations, and indirect environmental aspects, i.e. those the organisation can influence and which typically occur through business relationships. Even though EMAS is site-specific, the organisations also need to consider the environmental aspects associated with their core business and value chain. The identified environmental aspects are evaluated qualitatively or quantitatively using self-selected criteria, among which are the size, number, frequency and reversability of the environmental impacts. Financial materiality plays a smaller role. However, organisations have to identify and address risks and opportunities related to their environmental aspects, compliance obligations and other issues, such as the effects of changing environmental conditions (e.g. climate change) on their activities. EMAS contains a set of core environmental performance indicators that are deemed material for all organisations and have to be reported as part of the environmental statement.

Management approach	The ESRS require to disclose policies, actions and targets in relation to material sustainability matters. While ESRS 2 defines minimum disclosure content on policies, actions and targets, the topical ESRS further specify the information to be disclosed, resulting in detailed datapoints.	As part of the environmental management system, EMAS requires to set environmental objectives and targets and plan actions to achieve them. Actions must address the organisation's significant environmental aspects, compliance obligations and risks and opportunities. They must be assessed for effectiveness. In addition, EMAS requires the organisation's top management to establish, implement and maintain an environmental policy. In the environmental statement organisations have to disclose the environmental policy, the objectives and targets set and provide a description of the actions planned and implemented. There are no topical specifications for the reporting requirements.
Metrics	The ESRS prescribe a number of qualitative and quantitative metrics to report on in the topical standards. In addition, they ask undertakings to disclose additional metrics that are used to evaluate performance on an entity-specific basis. Metrics are subjected to quality standards such as reliability and understandability.	EMAS defines in its Annex IV six environmental core indictators all organisations have to report on: energy consumption, material use, water use, waste, land-use and emissions. The topics addressed by the core indicators fit the topics covered by the environmental ESRS but are not as comprehensive and detailed as in the topical ESRS. In addition, EMAS organisations shall report on other specific indicators relating to the business activities, and to that aim consider so called "sectoral reference documents" (SRD) that have been adopted by the European Commission for selected sectors.
Responsibility of top management	Undertakings must describe how sustainability matters are governed in the company, including how responsibility for sustainability matters is distributed among the administrative, management and supervisory bodies and how information provided to them is dealt with (ESRS 2 GOV-1 & -2). In addition, it shall be disclosed whether and how incentive schemes and remuneration policies are established and linked to sustainability performance.	EMAS requires the top management of an organisation to commit to continuously improve their environmental performance and to comply with applicable environmental law. It shall take accountability for the effectiveness of the environmental policy and its compatibility with the strategic direction of the organisation. In addition, EMAS requires the designation of a qualified top management representative responsible for the effective implementation of the environmental management system. As part of the environmental statement, organisations have to provide a brief description of the governance structure that supports the environmental management system.

Level of assurance	The CSRD requires reports to be verified with limited assurance by statutory auditors or audit firms and, if Member States decide to permit it nationally, also by independent assurance services providers, such as environmental verifiers. Perspectively, the required level of assurance may increase to reasonable assurance as of 2028.	EMAS requires environmental verifiers to validate environmental statements with a level similar to reasonable assurance, exceeding the current requirements of the CSRD. Environmental verifiers are independent subject matter experts who are accredited or licensed by an official body in the Member State they are active in.
Location of reporting	The information required by the ESRS is to be reported as a separate part of the undertaking's management report – referred to as the sustainability statement. If certain preconditions are met, ESRS 1 allows to incorporate information by reference in the management report, such as information from an EMAS environmental statement.	EMAS requires to annually publish an environmental statement which can be a stand-alone document for an EMAS-registered site or consolidated for the whole entity. It can also be integrated in other reporting documents such as a company's sustainability or management report. In this case the environmental statement must be clearly identifyable.

4 Dovetailing of the ESRS report and the EMAS environmental statement

Companies that use EMAS and which are also obliged to report according to the ESRS have the possibility to link their environmental statement and their management report. This can avoid double reporting and lead to reduced efforts in the assurance of the ESRS information. Two options for linkage are described below which are based on the provisions of the CSRD and ESRS 1 (para. 121) and Annex IV of the EMAS Regulation.

4.1 Option 1: Creating an ESRS-compliant environmental statement which is separately published and incorporated by reference in the management report

EMAS provides the possibility to include additional factual information in the environmental statement. The ESRS allow to include references in the management report to specific sections or data points of the separately published environmental statement, provided that the following conditions are met:

- the information to comply with ESRS disclosure requirements is clearly identified in the environmental statement,

- the environmental statement refers to the same reporting period as the management report and is available latest by the time of publication of the management report,

- the information incorporated by reference is produced using the same basis for preparation of ESRS information, including scope of consolidation, i.e. the entities and sites addressed in the environmental statement must match those for which the management report is produced, and treatment of value chain information (see also ESRS 2 BP-1 and 2),

- the information in the environmental statement is subject to the same level of assurance as the sustainability information in the management report[18],

- the environmental statement or the referenced parts of it are available in the same technical digitised format as the sustainability information which is requested for the management report (see Art. 29d CSRD).

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[18] Generally, the validation of information by an environmental verifier can be considered as equivalent to reasonable assurance requirements under the CSRD. See: Office of the German EMAS Advisory Board: Study on the Expertise Profile of Environmental Verifiers for the National Implementation of the CSRD Reporting Requirement (in German only). Source last accessed: 16.01.2024

In principle, this allows a company to partly or fully integrate the information required by the ESRS in the (corporate) environmental statement under EMAS and include respective references in the management report. A company considering a full integration should ensure that all of its subsidiaries and other entities that need to be included in ESRS reporting are also in the scope of its EMAS registration and that it produces a corporate environmental statement. The requirement of EMAS to ensure local accountability remains, which means that the significant environmental impacts of each site need to be clearly identified and reported.

4.2 Option 2: Creating an ESRS-compliant environmental statement which is fully integrated in the management report

EMAS also provides the option to integrate the environmental statement in a sustainability report, provided that information validated by the environmental verifier is clearly identified as such and distinguished from other non-validated information.

In turn, it is possible to include information that is additional to the one required by ESRS in the management report if this is based on legislation or other reporting standards (ESRS 1, para. 114).

Provided that the preconditions mentioned in Option 1 (see 4.1) are met, a company can consequently create a corporate environmental statement in compliance with the provisions of the environmental ESRS and EMAS Annex IV and integrate it in the management report.
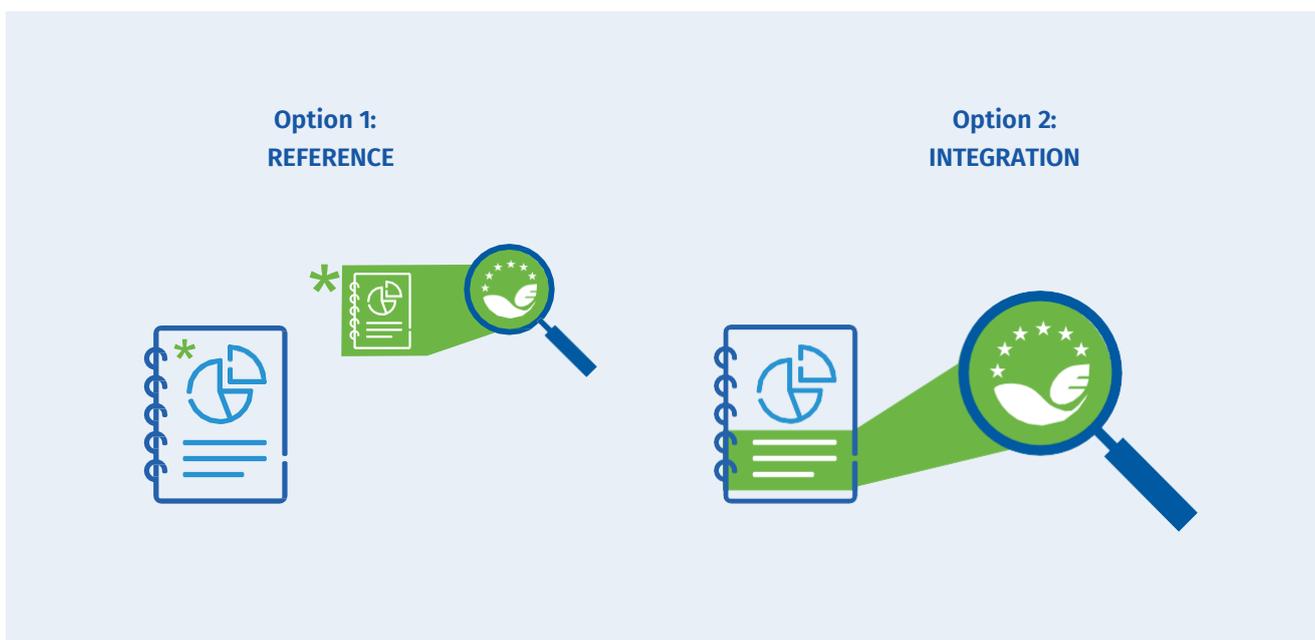
5   Summary and outlook

Based on the comparison above, this paper finds that EMAS complements the transparency requirements of the CSRD/ESRS well and can support their implementation in various ways:

- EMAS is a framework for identification, assessment and systematic management of environmental aspects and impacts on an ongoing basis, which is the foundation for meaningful reporting under the environmental ESRS.

- EMAS requires to establish an environmental policy, set environmental objectives and targets, plan and implement actions and check those actions for effectiveness, all of which must be reported in the environmental ESRS.

- EMAS requires to collect data on core environmental performance indicators, including energy consumption, material use, water consumption, waste, land-use and emissions, all of which are relevant for reporting in the environmental ESRS.

- EMAS has a strong participatory approach which takes top management, employees and stakeholders on board and leads to organisational change. Due to EMAS, knowledge regarding environmental protection can be built up in the organisations. Communication, competency and skill development as well as employee involvement are one focus of EMAS. This knowledge that has been built up so far within EMAS organisations is beneficial for fulfilling the requirements of the ESRS.

- Environmental information contained in the EMAS environmental statement can be extended by information requirements of the ESRS and fully validated by an environmental verifier . Statutory auditors or audit firms responsible for the assurance of the management report can rely on this information.

- EMAS is future proof and comes with additional reliefs and privileges: EMAS is already being referenced in EU law as well as in national law (e.g. the Energy Efficiency Directive 2023/1791, Art. 11; the draft of the revised Industrial Emissions Directive, Art. 14a, which has been agreed upoin recently; the German Energy Efficiency Law).

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[19] For more information see: Office of the German EMAS Advisory Board: Study on the Expertise Profile of Environmental Verifiers for the National Implementation of the CSRD Reporting Requirement (in German only). Source last accessed: 16.01.2024

At the EU level, EFRAG is currently working on implementation guidance and further reporting standards which will supplement the first set of ESRS. In order to reap the benefits that EMAS offers, EFRAG should consider EMAS thoroughly in their ongoing and future work.

> **Generally, it is advisable that future implementation guidance, specifically for the environmental ESRS, strongly relies on the experiences made with EMAS and the resources developed by the EC and other institutions, such as a recent guide for EMAS and biodiversity[20].**

The ESRS sector standards that are to be developed by EFRAG in due course should rely on EMAS resources as well, particularly the sectoral reference documents[21] developed in a multi-stakeholder process by the EC's Joint Research Centre.

In addition, EFRAG is currently working on simplified reporting standards for SME, comprising a mandatory standard for listed SME which are in scope of the CSRD and a voluntary standard for SME (VSME) which are not. References to EMAS should be introduced in both SME standards to enhance compatibility between the schemes.

Particularly in the VSME standard the disclosure requirements on environmental metrics should strongly rely on the established EMAS core indicators, as should the requirements to disclose information on environmental policies, actions and targets. Ideally, EMAS undertakings would in the future be able to use their environmental statement to comply with the environmental requirements of the VSME standard.

To gain more practical insights in how EMAS can complement reporting against the ESRS, pilot projects should be conducted and Best Practices collected. This will help motivating non-EMAS companies subject to CSRD to consider EMAS as an instrument.

Lastly, Member States who are still in the process of transposing the CSRD into national law should consider to allow EMAS environmental verifiers to act as independent assurance service providers under the CSRD, which will ease the pressure on the assurance market and avoids additional burden for EMAS companies. Irrespectively of this formal acknowledgement, statutory auditors or audit firms should recognise the work of environmental verifiers in their assurance engagements.

The high quality of EMAS audit results can inform their CSRD audit and recognition will avoid inefficient double verification.

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[20] Lake Constance Foundation and Global Nature Fund: EMAS and Biodiversity – Guidance 2023 – How to address biodiversity protection through environmental management systems. Source last accessed: 01.02.2024

[21] DG Environment: Sectoral Reference Documents. Source last accessed: 01.02.2024

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7 List of abbreviations

CSRD	Corporate Sustainability Reporting Directive
EK	European Commission
EFRAG	European Financial Reporting Advisory Group
EMAS	Eco-Management and Audit Scheme
ESRS	European Sustainability Reporting Standards
ISO	International Organization for Standardization
LSME	ESRS for listed small and medium-sized enterprises
PDCA	Plan-Do-Check-Act
SME	Small and medium-sized Enterprise
VSME	Voluntary ESRS for non-listed small- and medium-sized enterprises