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## **EFRAG and CDP announce cooperation to drive market uptake of European Sustainability Reporting Standards**

**The cooperation will maximize alignment of CDP's global environmental disclosure platform with the EU's environmental reporting standards and build capacity among companies globally to fulfill the regulatory requirements.**

**8 November 2023 (Brussels):** **EFRAG** and **CDP** have today announced a collaboration to accelerate the market uptake of the [European Sustainability Reporting Standards](#) (ESRS), adopted by the European Commission on 31 July 2023.

Under the agreement, CDP will explore and implement alignment of its disclosure system with the ESRS as EFRAG provides technical expertise, access and guidance. This collaboration will support the market readiness for quality environmental reporting by accelerating the implementation of the European sustainability reporting standards.

CDP, supported by EFRAG, will begin to offer webinars and detailed technical guidance materials to support companies report on ESRS data points through CDP. Currently used by over 23,000 companies, CDP disclosing companies [represent two-thirds of global stock market capitalization and nearly 90% of European market value](#).

Starting January 2024, the ESRS will apply to around 50,000 businesses and in due course to a significant number of non-EU headquartered businesses, meaning that requesting information in relation to value chains will have to be considered by many companies worldwide.

Covering climate change (ESRS E1), pollution (E2), water and marine resources (E3), biodiversity and ecosystems (E4), and resource use and circular economy (E5), the ESRS represent a very comprehensive and ambitious effort to legally require companies to report wide-ranging data on their environmental impacts, risks and opportunities.

Building on and contributing to global sustainability reporting progress, the ESRS are interoperable with the IFRS S2 climate-related disclosure standard developed by the International Sustainability Standard Board (ISSB) as well as with the Global Reporting Initiative (GRI) standards.

The ESRS follow a double materiality approach, meaning businesses must report both how they expect climate and environmental changes to affect their operations and value creation, as well as how they impact people and planet.

CDP's disclosure system already extensively covers climate change, forests, and water security, impacts and risks. Data from those disclosures is used by financial institutions,

policymakers and many other organizations worldwide to measure and drive corporate environmental progress.

**Patrick de Cambourg, Chair of the EFRAG Sustainability Reporting Board, said:**

*"Only with robust environmental data can financial markets and other stakeholders identify businesses with credible plans to reduce their impacts so that they thrive in a zero-emissions, nature-positive future. This means companies reporting not only how climate change may affect their value, but also how they affect the environment. The standards elaborated by EFRAG in its role as technical advisor to the European Commission will support capital markets to compare companies, reduce greenwashing and redirect capital. And our collaboration with CDP will help to accelerate these standards' market uptake, building capacity among EU and non-EU businesses alike to use them as regulation comes in."*

**Maxfield Weiss, Executive Director of CDP Europe, said:**

*"With the bar now being raised globally in respect to environmental disclosure, our collaboration with EFRAG will ensure companies preparing to report can do so through CDP. As the only independent global environmental disclosure system, CDP is proud to continue and scale up our role in making best-practice corporate reporting a norm. The ESRS are a watershed – an obligation for thousands of companies inside and outside the EU to report how they impact climate change, pollution, water and biodiversity. Their implementation through the CSRD will help ensure a level playing field for and support the companies already investing in their transition. These ambitious EU standards and CDP's global environmental disclosure platform are essential to secure a sustainable economy that works for people and planet."*

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#### Notes to editor

Data from firms disclosing to CDP suggests that rigorous environmental reporting brings more economic benefit than burden, supporting competitiveness and market performance.

STOXX data, for example, shows that companies scored 'A' by CDP have collectively outperformed the market by **5.8% per year** on average from 2011-2021.

Additionally, most of CDP disclosing companies [are already well placed to start reporting under ESRS](#), with the majority already disclosing on elements of cross-cutting topics.

Corporate data on issues beyond emissions is much needed by financial institutions operating in the EU. As of January, most banks and investors must publicly disclose their products' impacts on nature and climate change (through the [SFDR](#)). As a result, demands for robust mandatory rules are growing fast.

As part of its role to rapidly mainstream the disclosure of impactful environmental data, CDP has recently announced a partnership to accelerate digital sustainability disclosure with [XBRL](#), which provides the digital language for reporting and has separately [announced](#) that it will also align with the International Sustainability Standard Board's (ISSB) climate standard (IFRS S2) from 2024. It has also committed to reflecting other disclosure frameworks and impactful reporting requirements in other jurisdictions, including those being developed by the SEC in the US and the TNFD recommendations.

**For more information, or interviews, please contact:**

Rita Pinto Coelho, CDP, [rita.coelho@cdp.net](mailto:rita.coelho@cdp.net)

Caroline Martins, EFRAG: [caroline.martins@efrag.org](mailto:caroline.martins@efrag.org)

#### About CDP

CDP is a global non-profit that runs the world's environmental disclosure system for companies, cities, states and regions. Founded in 2000 and working with more than 740 financial institutions with over \$130 trillion in assets, CDP pioneered using capital markets and corporate procurement to motivate companies to disclose their environmental impacts, and to reduce greenhouse gas emissions, safeguard water resources and protect forests. Over 25,000 organizations around the world disclosed data through CDP in 2023, including more than 23,000 companies – including listed companies worth two thirds global market capitalization - and over 1,100 cities, states and regions. Fully TCFD aligned, CDP holds the largest environmental database in the world, and CDP scores are widely used to drive investment and procurement decisions towards a zero carbon, sustainable and resilient economy. CDP is a founding member of the Science Based Targets initiative, We Mean Business Coalition, The Investor Agenda and the Net Zero Asset Managers initiative. Visit [cdp.net](https://cdp.net) or follow us @CDP to find out more.

Under the EU-funded [FinACTION](#) project, CDP leverages EU LIFE funding to drive market uptake and scale EU ambition and best practice globally through the CDP system while engaging and enabling companies to disclose and act on their environmental impacts in line with ambitious European regulatory requirements and a science-based transition to a net-zero and nature-positive economy.



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#### About EFRAG

EFRAG's mission is to serve the European public interest in both financial and sustainability reporting by developing and promoting European views in the field of corporate reporting.

EFRAG builds on and contributes to the progress in corporate reporting. In its sustainability reporting activities, EFRAG provides technical advice to the European Commission in the form of draft European Sustainability Reporting Standards (ESRS) elaborated under a robust due process and supports the effective implementation of ESRS.

EFRAG seeks input from all stakeholders and obtains evidence about specific European circumstances throughout the standard-setting process. Its legitimacy is built on excellence, transparency, governance, due process, public accountability and thought leadership. This enables EFRAG to speak convincingly, clearly, and consistently, and be recognised as the European voice in corporate reporting and a contributor to global progress in corporate reporting.



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