



Anticipated Financial Effects Disclosures under ESRS

Empirical Evidence from the First Wave of CSRD Reports



01

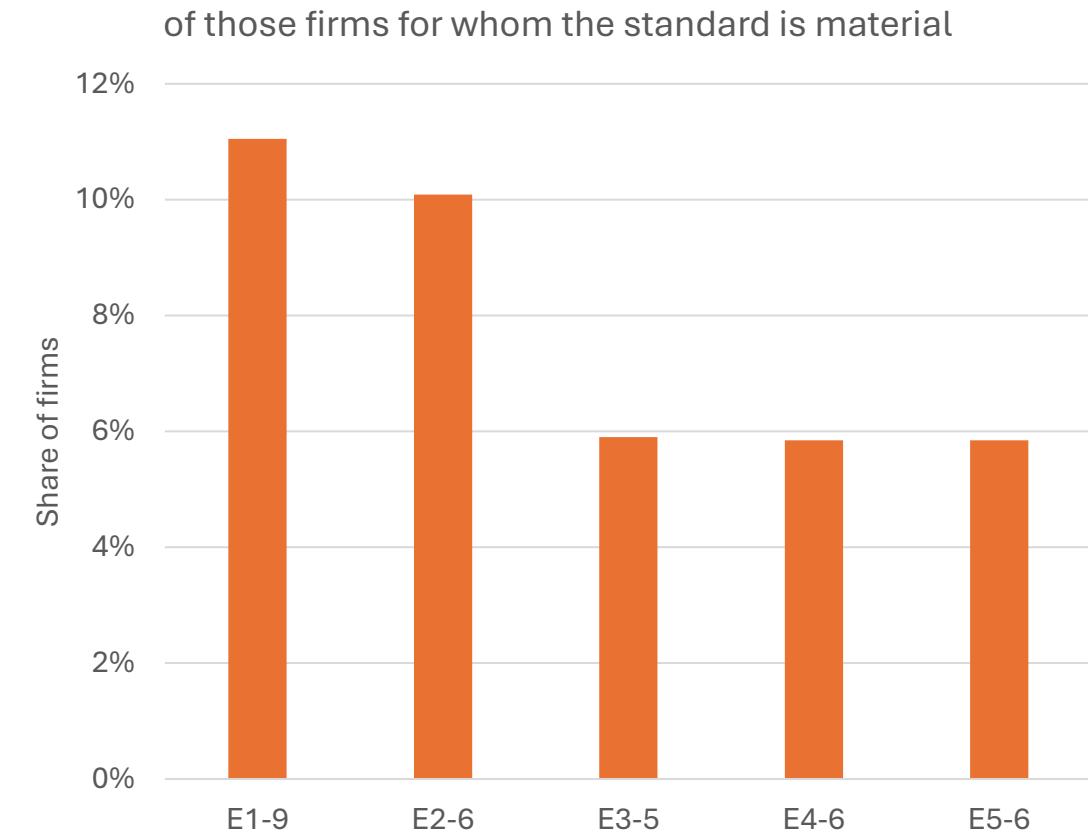
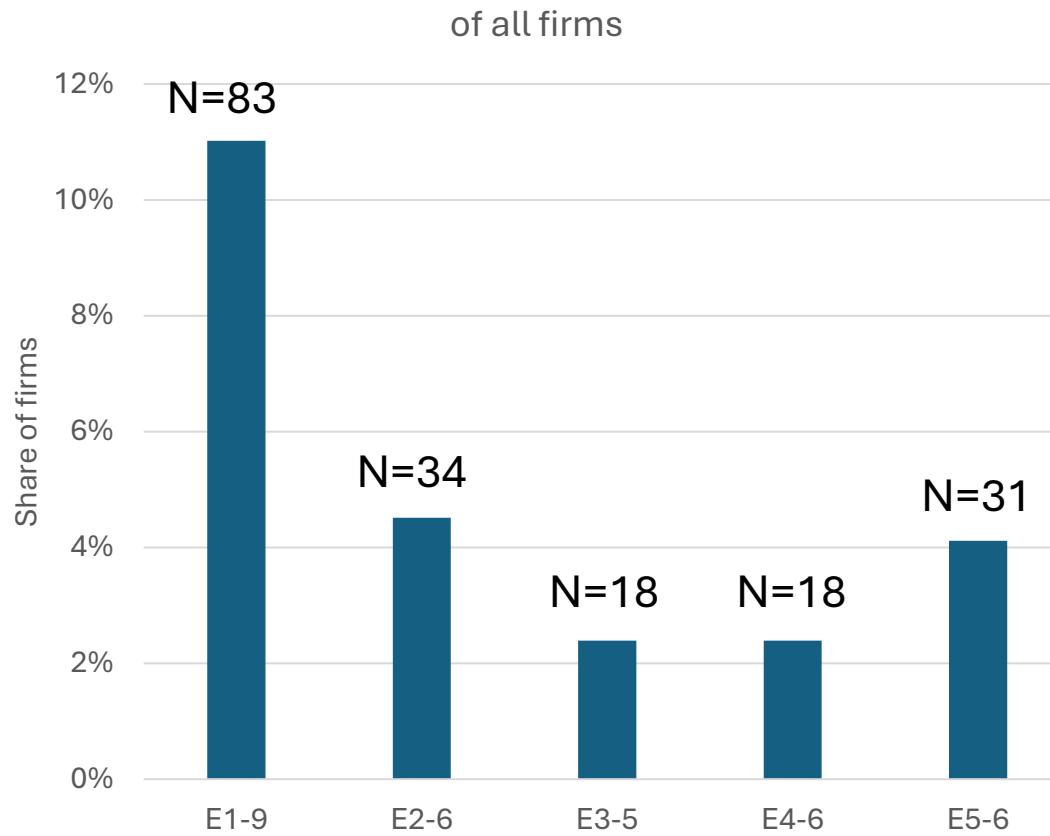
Descriptives

Sample

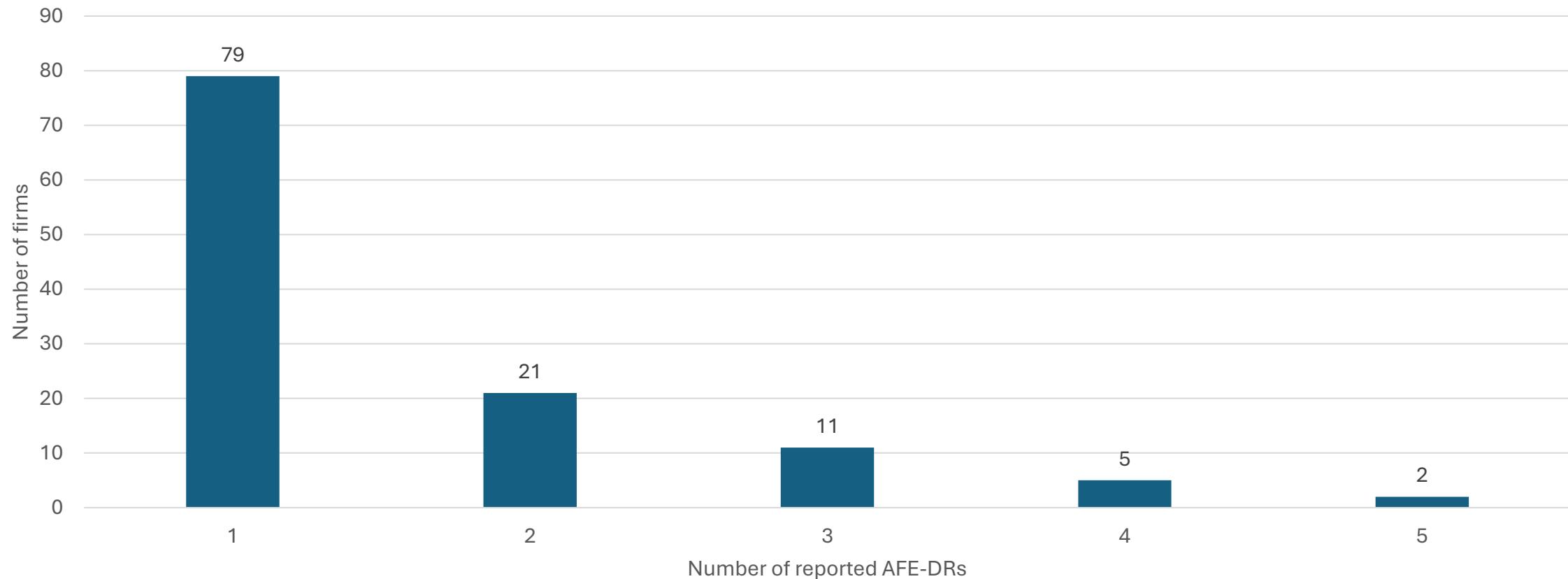
- **Data collection** from annual & sustainability reports from the working paper „Targeting Transparency: early evidence on mandatory adoption of European sustainability reporting standards“ (available at: <https://ssrn.com/abstract=5010700>)
 - Which firms reported on which Anticipated Financial Effect-Disclosure Requirements?
 - What did firms report on anticipated financial effects?
- 5 Anticipated Financial Effect-DRs in the ESRS: **E1-9** (Climate change), **E2-6** (Pollution), **E3-5** (Water and marine resources), **E4-6** (Biodiversity and ecosystems), **E5-6** (Resource use and circular economy) → Only in **environmental** reporting

| | Number of firms | Number of Disclosure Requirements |
|--------------|------------------------|-----------------------------------|
| Total sample | 753 (with 70 DRs each) | 52,710 |
| AFE sample | 118 (5 AFE-DRs) | 184 |

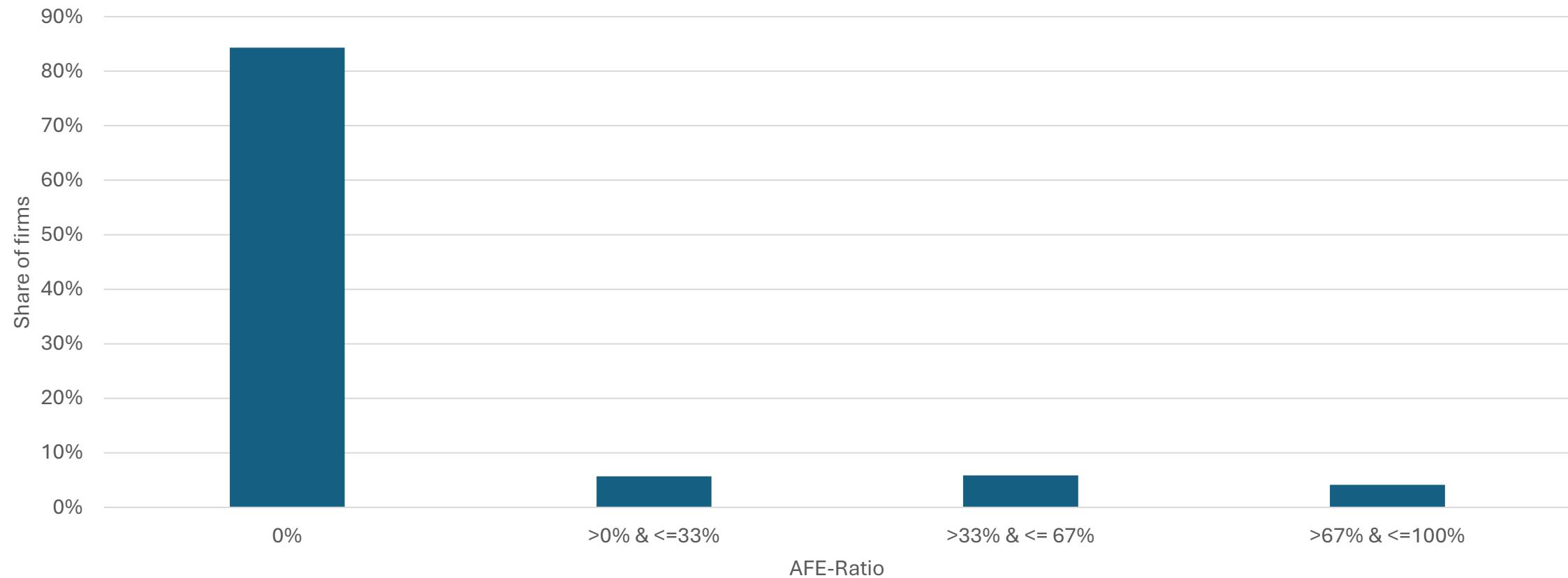
Reported Anticipated Financial Effect-DRs



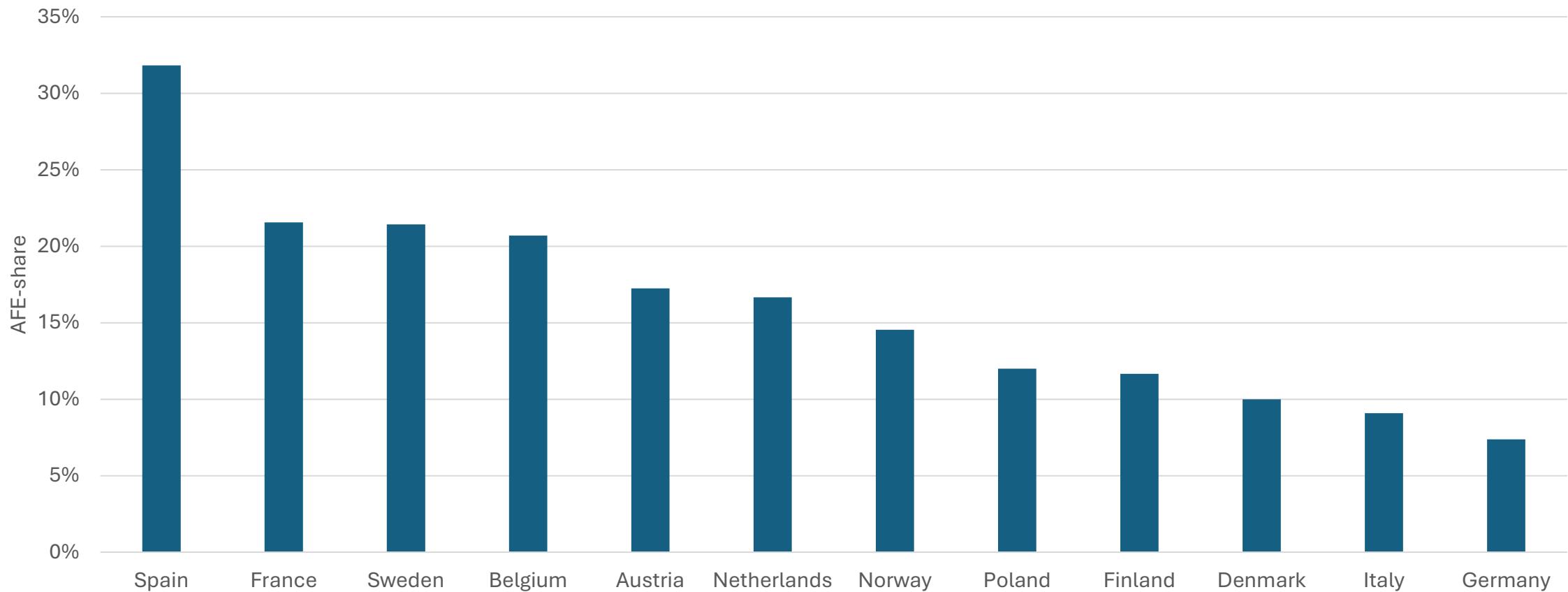
Reported Anticipated Financial Effect-DRs



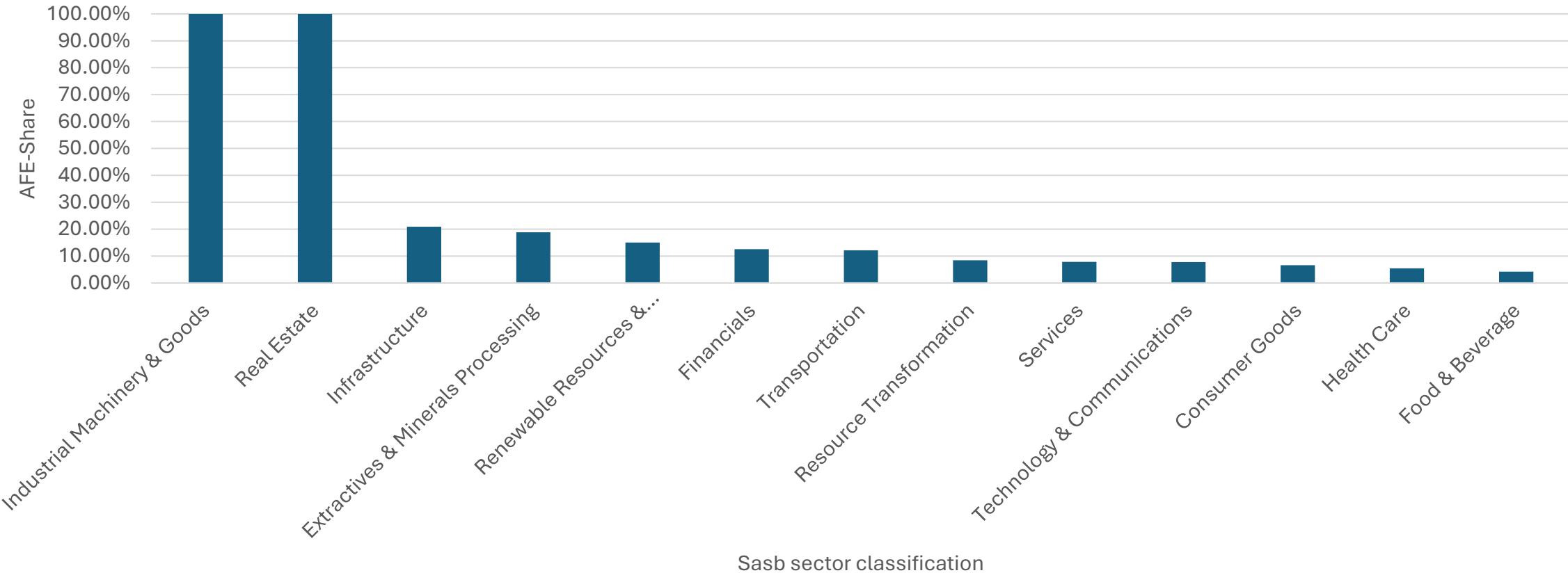
AFE-Ratio



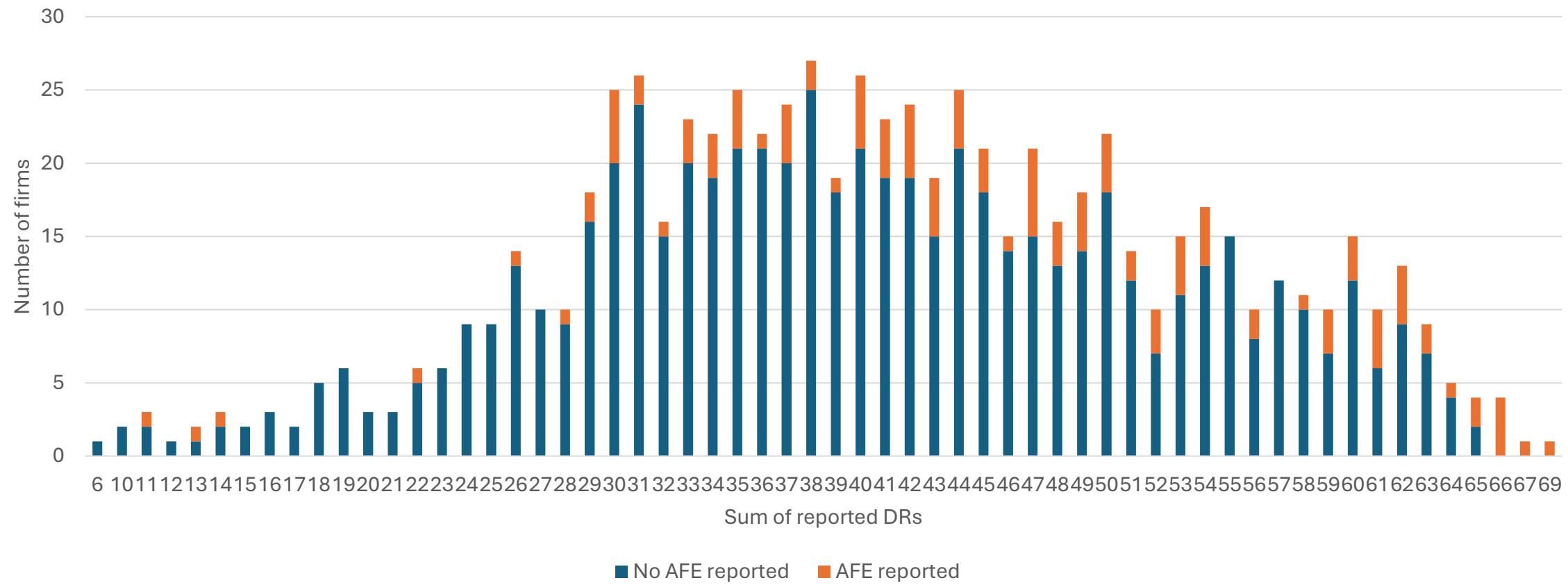
Country differences



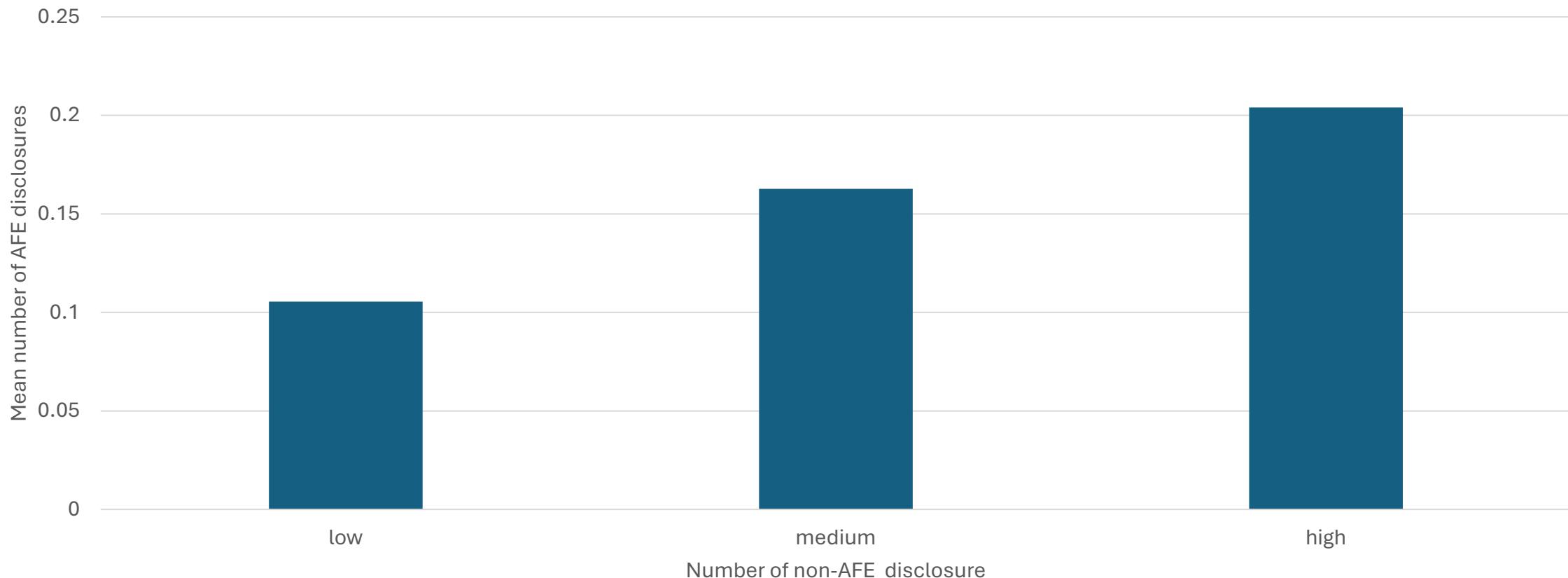
Industry differences



Number of reported DRs (all standards)



Number of reported DRs (all standards)





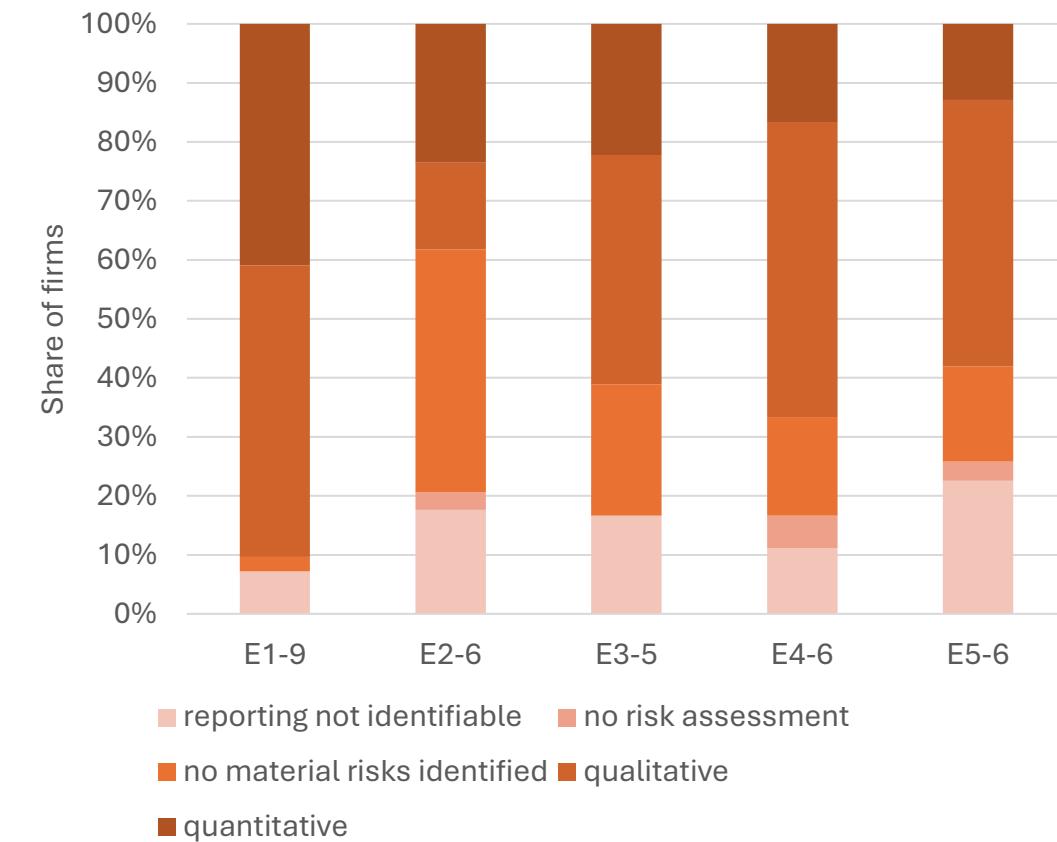
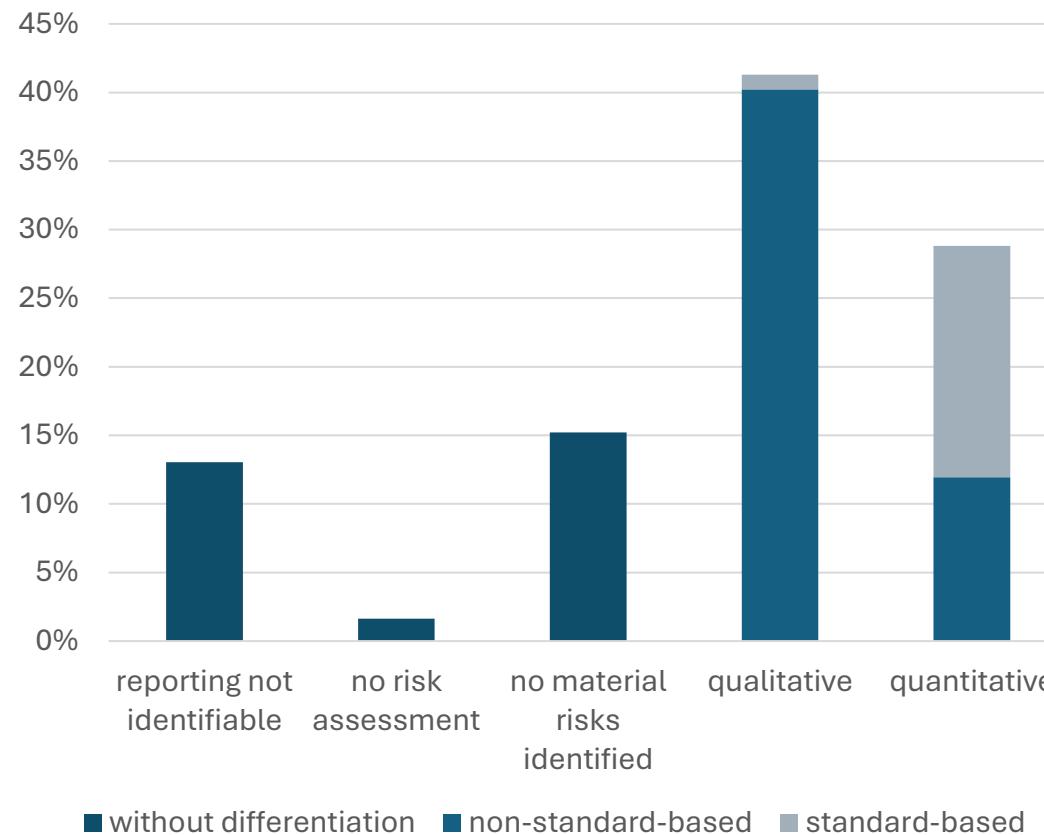
02

Textual analysis

Explanation of classifications

| Classifications (Type of Reporting) | Definition/Classification criteria |
|--|--|
| <i>reporting not identifiable</i> | if (for us) the reporting on AFEs is not identifiable, even though the location is given in the firm's reporting matrix |
| <i>no risk assessment</i> | if the firm indicates that the DR is fulfilled, however no risk assessment is done by the firm |
| <i>no material risk identified</i> | if the firm indicates that the DR is fulfilled, but no material risk was identified |
| <i>qualitative (non-standard-based)</i> | only qualitative (no quantitative) information are reported |
| <i>qualitative (standard-based)</i> | only applicable for E1-9, if the „ <i>location of significant assets at material physical risk</i> “ is reported (datapoint 66(c)) |
| <i>quantitative (non-standard-based)</i> | if a quantitative information was reported which is <u>not</u> specified by the according AFE-standard (in the ESRS) |
| <i>quantitative (standard-based)</i> | if a quantitative information was reported which is specified by the according AFE-standard (in the ESRS) |

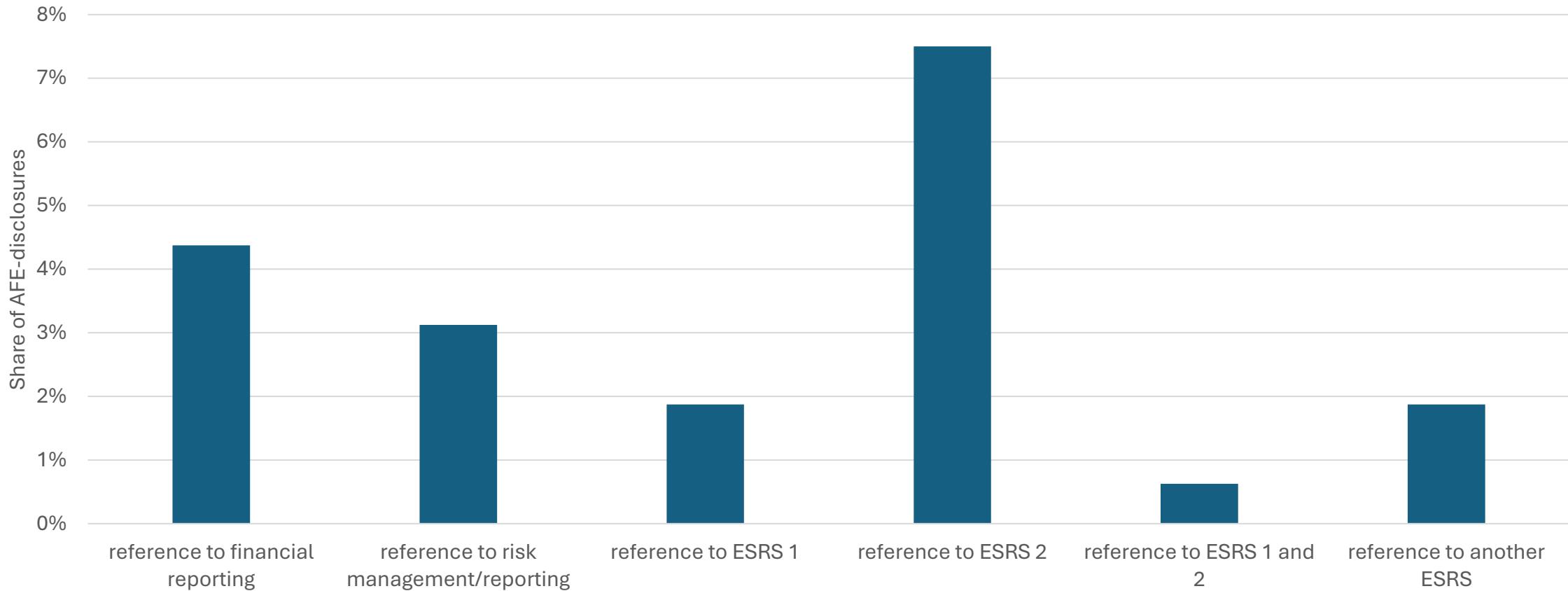
Type of Reporting



References

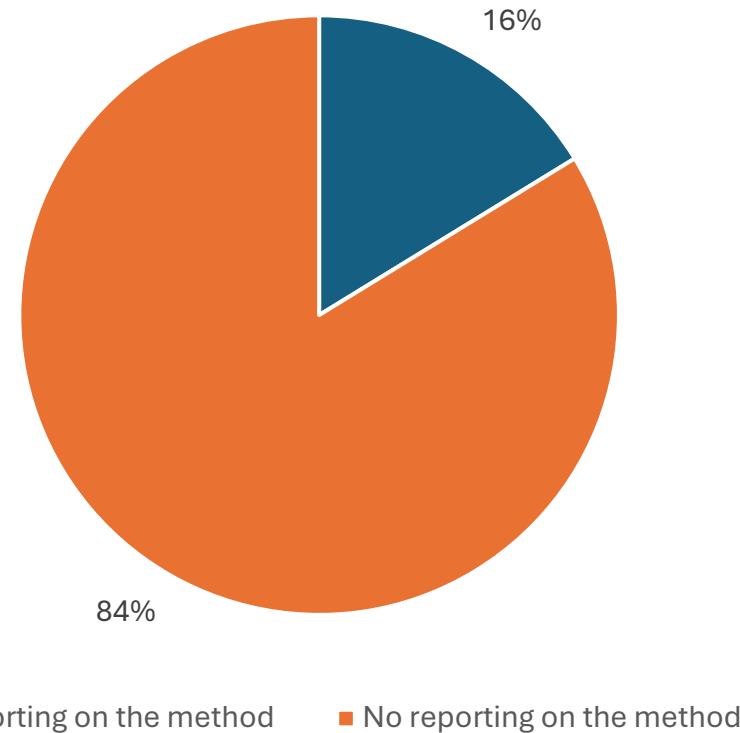
AFE-disclosures which could not be identified (classification=„reporting not identifiable“, slide 13) were excluded.

The graph indicates the presence of a reference in firms' disclosures. In all cases, this reference is accompanied by additional reported content.

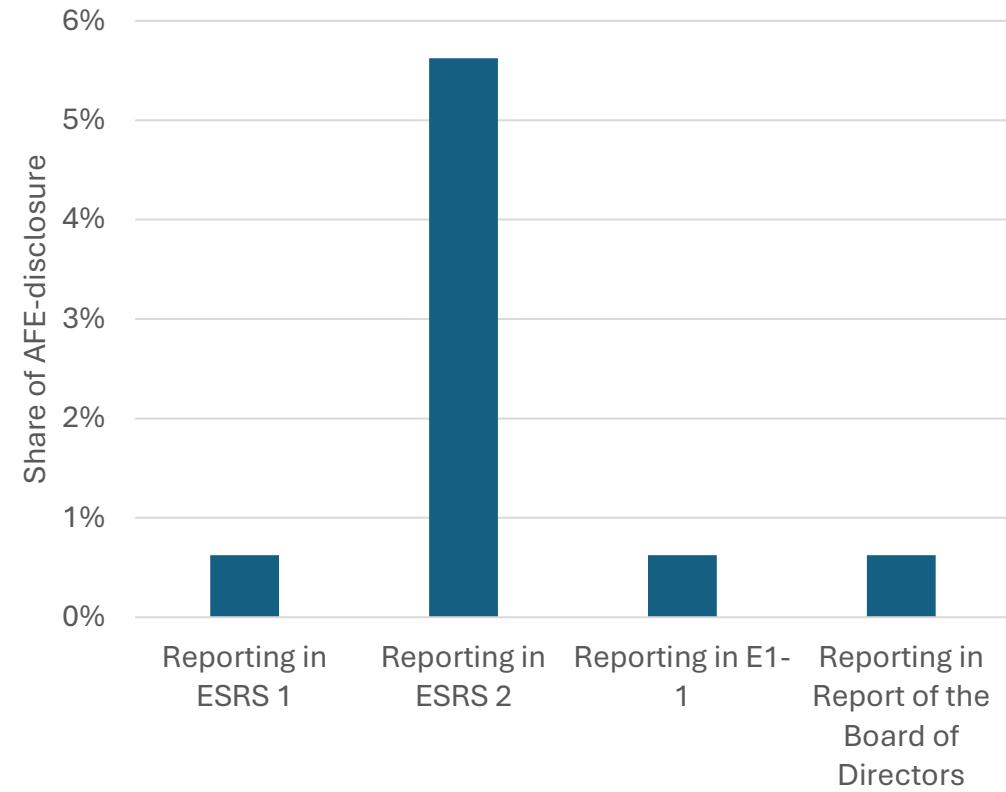


Other Reporting Aspects

AFE-disclosures which could not be identified (classification=„reporting not identifiable“, slide 13) were excluded.



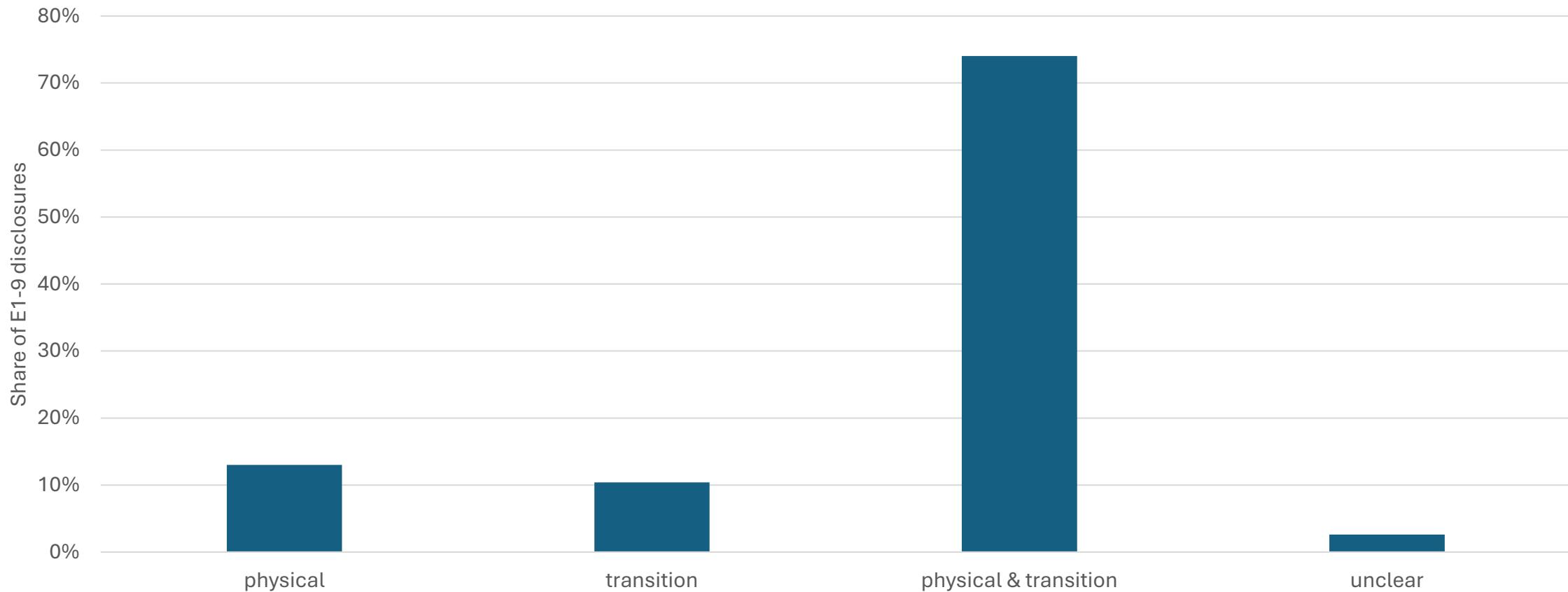
This graph refers to the method used to assess financial effects.
Many firms report on their risk assessment methods; however, this is not what is referred to here.



This graph only includes disclosures that were not included in the reference graph because we differentiate between two types of references: (1) reporting in a separate paragraph that focuses on AFEs with reference to other reporting parts, and (2) reporting on AFEs in a reporting part that mainly focuses on another topic.

To what type of risk does the reporting refer? (E1-9)

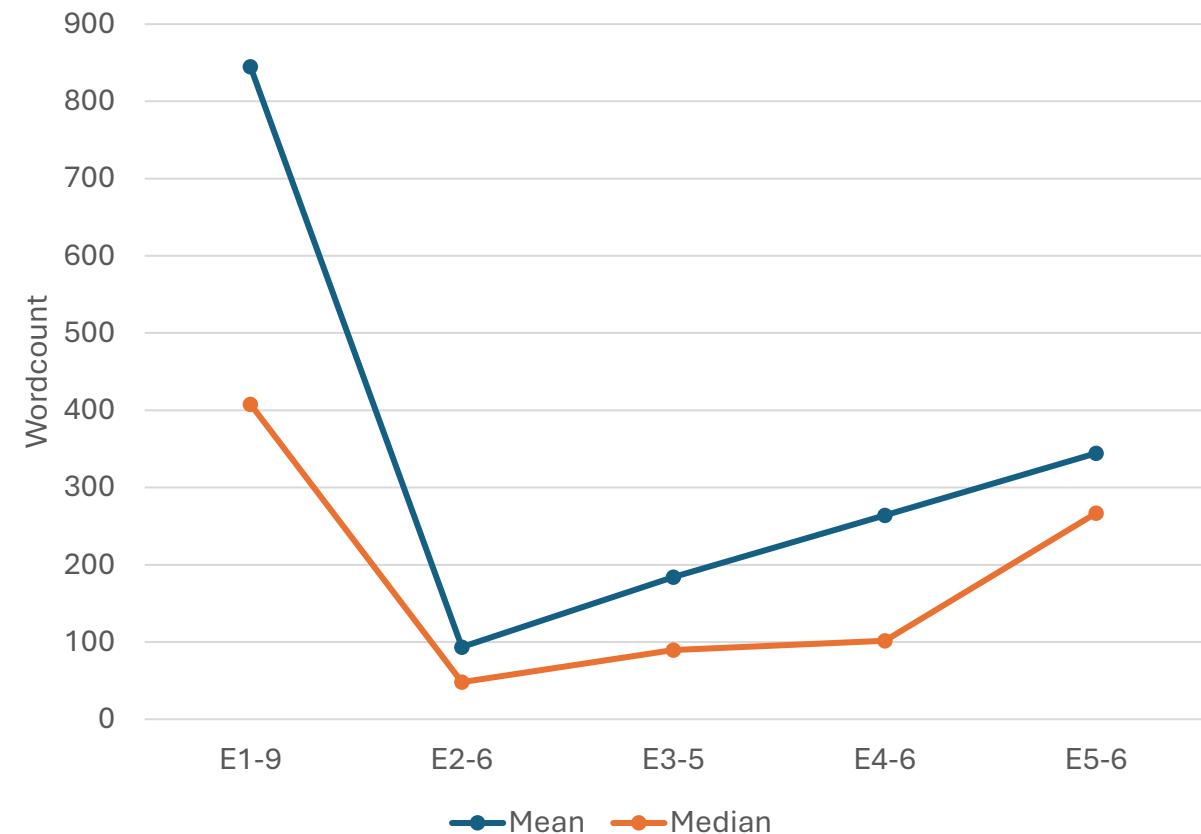
AFE-disclosures which could not be identified (classification=„reporting not identifiable“, slide 13) were excluded.



Wordcount

| | N | Mean | Std. dev. |
|------|----|--------|-----------|
| E1-9 | 83 | 844.98 | 1250.11 |
| E2-6 | 34 | 93.47 | 112.73 |
| E3-5 | 18 | 183.89 | 289.31 |
| E4-6 | 18 | 263.83 | 379.36 |
| E5-6 | 31 | 344.45 | 315.48 |

| | Min | Q1 | Median | Q3 | Max |
|------|-----|-----|--------|------|------|
| E1-9 | 0 | 120 | 408 | 1036 | 6318 |
| E2-6 | 0 | 26 | 48 | 128 | 463 |
| E3-5 | 0 | 46 | 89.5 | 182 | 1214 |
| E4-6 | 0 | 43 | 101.5 | 236 | 1271 |
| E5-6 | 0 | 73 | 267 | 629 | 956 |



Wordcount depending on the Type of Reporting

AFE-disclosures which were classified as „reporting not identifiable“ (slide 13) were not excluded in this graph as firms indicate the page(s) on which the AFE-disclosure can be found. This information is the basis for the text which itself is the basis of the information on the wordcount.

