

16/04/26

UNEP Finance Initiative

## **ESRS for Banks: Leveraging UNEP FI Impact Management Resources to support practical implementation**



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# Agenda

- 1. Context and rationale** - Eric Usher, UNEP FI
- 2. Evolution of ESRS materiality requirements** - Gemma Sanchez Danes, EFRAG
- 3. Approaches to materiality assessment following the ESRS changes** - Katharina Kerl and Florian Marx, KPMG
- 4. Practitioner panel discussion: Banks' perspectives** – Careen Abb, UNEP FI Impact Centre, Agnieszka Szczawik, Banco Santander and Kristina Schmidt Thomsen, Danske Bank
- 5. The UNEP FI–ESRS Interoperability Package** - Costanza Ghera, UNEP FI Impact Centre
- 6. Q&A**

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# 1. Context and rationale

Speaker

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**Eric Usher**  
Head of UNEP FI

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## 2. Evolution of ESRS materiality requirements

Speaker



**Gemma Sanchez Danes**  
EFRAG Technical Director

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The views expressed in this presentation are those of the presenter, except where otherwise indicated. EFRAG positions, as approved by the EFRAG SRB, are published as comment letters, discussion or position papers, or in any other form considered appropriate in the circumstances.

# Levers of simplification to significantly reduce the reporting burden (Omnibus 27 March 2027) EFRAG

DMA process, decision usefulness, fair presentation

Better readability/conciseness of the sustainability statements and inclusion in corporate reporting as a whole

The critical modification of the relationship between MDR's and topical specifications, principles-based approach to narrative

Significant reduction of mandatory datapoints (61%)

Improved understandability, clarity and accessibility of amended ESRS

Burden relief reductions and proportionality mechanism

Enhanced interoperability

# DMA and Materiality of Information – key simplifications



## Materiality of Information

- **Filter for ESRS reporting**
- Focus on **decision-useful insights for primary users**; and **decisions, informed assessment for ‘other users’**. New concept of general-purpose sustainability statement
- **Top-down approach enabling** proportionality. Flexibility on approach used
- Practical considerations ( DMA frequency, **reasonable and supportable evidence** )



## Fair Presentation

- **Explicit recognition** (i.e., qualitative characteristics of information)
- **Avoid a checklist approach** and prevent over-reporting
- Ensure disclosures reflect what is truly material for the undertaking



## Further Simplifications

- **Appendix A** (former AR 16) now **illustrative only**
- Report **only material sub-topics** and clarification of concepts
- **Flexible aggregation/disaggregation** (topic, IRO group, or individual IRO)

# Simplification of DMA Process (ESRS 2 SBM-3, IRO- 1,2)

## Relationship Between Topics & IROs

(ESRS 1 Chapter 3.1.2, Para. 29, AR 11)

- Topics are reported **only when related IROs are material**
- Depending on what provides the most relevant info, flexibility to report at:
  - Topic level
  - Sub-topic level
  - IRO-group level

## Considering Actions\* in Impact Materiality

(ESRS 1 Chapter 3.1.2, Para. 44, AR 24–26)

- Principle-based approach to ensure fair presentation
- **Policies/ actions already implemented** (not only planned) can be considered if reasonably expected to reduce materiality
- **“Inherent impacts” introduced:** material regardless of effectiveness of actions\* to meet users’ information needs

## Financial institutions

(ESRS 1 AR 27)

- **Clarifies role of risk-management practices in informing the financial materiality assessment**
- Ensure consistency between:
  - ESRS financial materiality
  - Prudential regulatory expectations (i.e. EBA Guidelines on Risk Management)
- Promotes coherent assessment of financially material sustainability risks

\* Prevention, mitigation and remediation actions

## Next steps

- ✓ ESRS revised
- ✓ EFRAG implementation support



# — 3. Approaches to materiality assessment following the ESRS changes

## Speakers



**Katharina Kerl**  
Senior Manager ESG  
Advisory - KPMG Germany



**Florian Marx**  
Senior Associate ESG  
Advisory - KPMG Germany

# Revised ESRS reduce the complexity of Double Materiality Analysis

## About DMA 2.0

The **Double Materiality Assessment** (DMA) determines the material ESG topics and related Impacts, Risks and Opportunities (IROs) a company must report under CSRD.

The revised ESRS simplify methodology through the “**short cut-option**” of a **top-down business-model driven approach** – using **sector- and country-data** to streamline and fasten the deduction of material ESG topics.

From an external auditor’s perspective, **plausibility and verifiability** of the top-down conclusions are key. **Reliable data sources** are essential on that matter.

“The undertaking **may derive a conclusion**, without further assessment, **on the materiality or non-materiality** of its impacts, risks or opportunities for a topic or sub-topic, **on the basis of an analysis of its strategy and business model** including its **sector(s)** of operations, its **geographies**, and the features of its upstream and downstream **value chain** (‘top-down’ approach to materiality assessment).

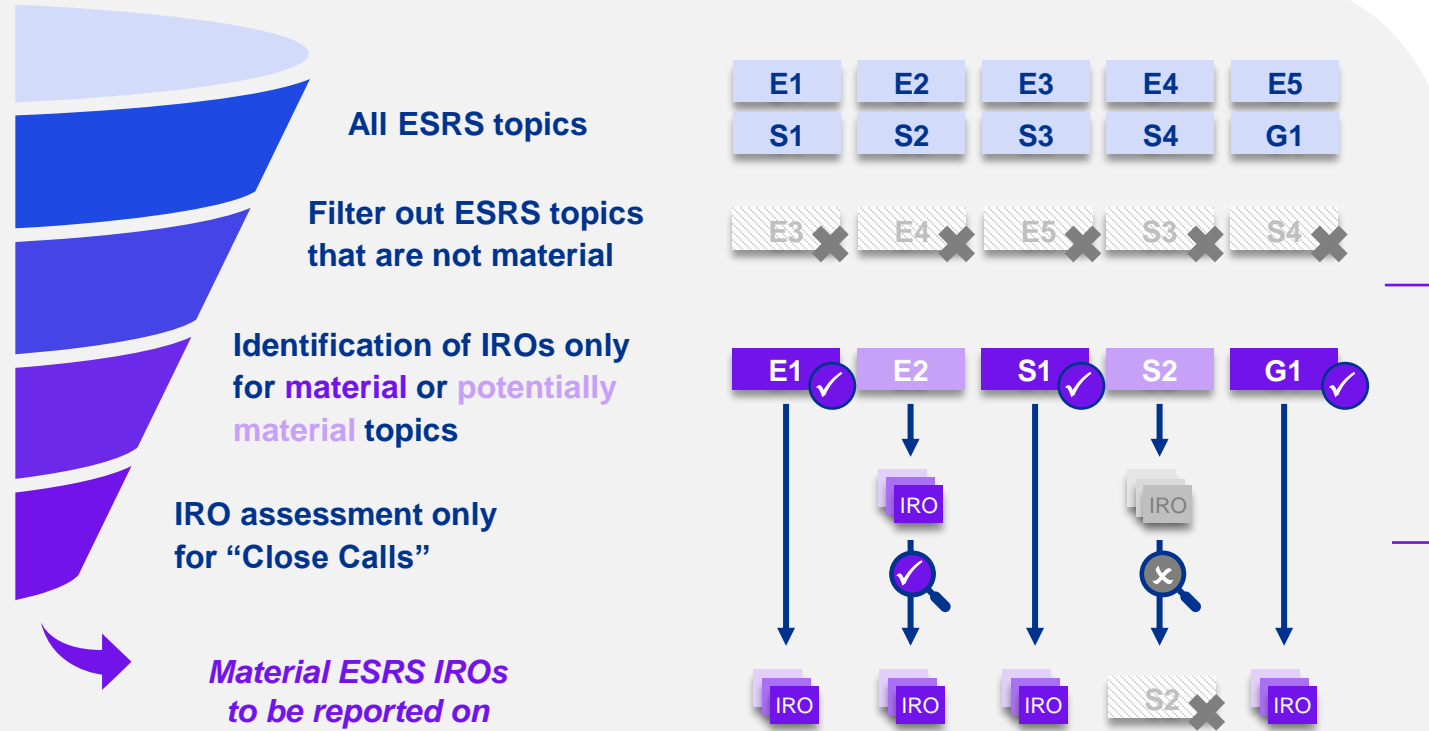
Draft Simplified ESRS 1, par. 27

“Following a **top-down approach**, the materiality conclusion can be reached **at topic level** for combined impacts, risks and opportunities.”

Draft Simplified ESRS 1, AR 8 to par. 27

# DMA 2.0 helps reducing the burden of detailed IRO assessments

## Top-down Analysis



## New KPMG Tools

Short Company Questionnaire

Identification of **relevant sectors** and countries along the value chain

KPMG Materiality Compass

Large, science-based dataset on material topics across **sectors** and countries

KPMG AI IRO Builder

AI-supported **determination of IROs** that are compliant with ESRS & specific to company

Draft Simplified ESRS (Dec 2025)

# That's how it works: DMA 2.0 in 4 steps

## 1 Context Analysis

Understand the company's business model & the context it operates in



Understanding the company's

- Business model incl. **sectors** and country-footprint
- stakeholders, and
- value chain.

**Short Questionnaire**

## 2 Top-down Analysis & IRO Identification

Classify ESRS topics through the **KPMG Materiality Compass** database & formulate IROs with the **KPMG IRO Builder**



Classify ESRS topics based on data related to the company's sectors and country-footprint.

0 = "not material"    1 = "potentially material"    2 = "clearly material"

Identify IROs for material and potentially material ESRS topics.

**Materiality Compass & IRO Builder**

## 3 Assessment of Selected IROs

Effectively assess pre-selected IROs



Assessing IROs

- only if materiality of IRO is not clear/ "potentially material"
- qualitatively where possible, quantitatively where needed.

**IRO assessment template or tool**

## 4 Results & Datapoints Mapping

Determine material topics and datapoints to be reported

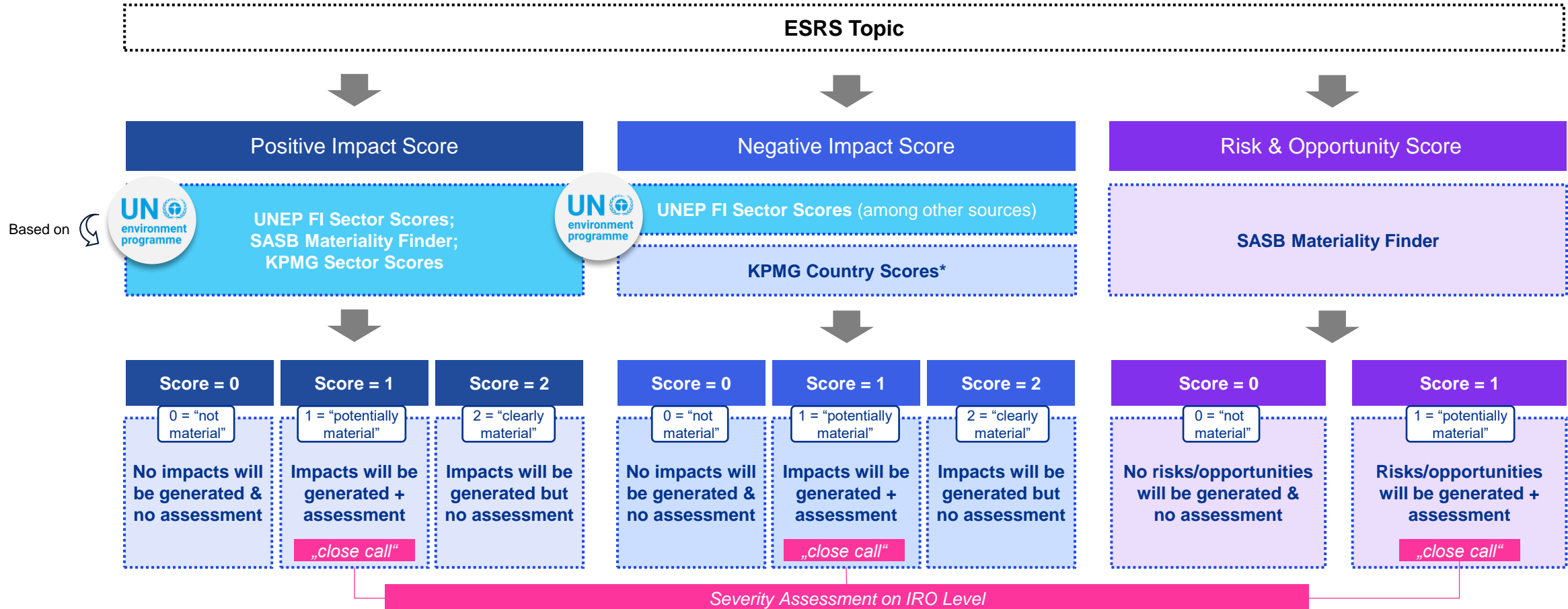


Determining

- material IROs and material ESRS topics and
- ESRS datapoints to be reported on

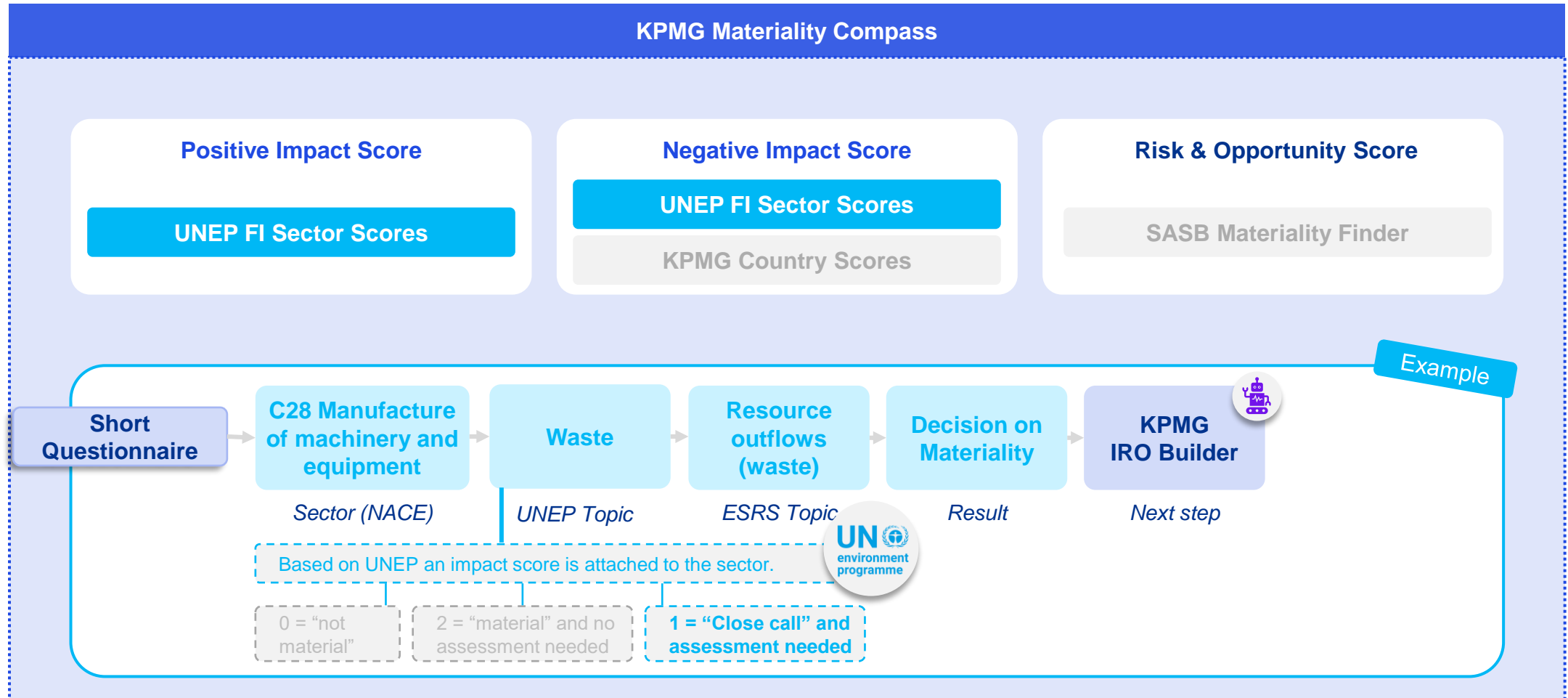
**Results Export**

# How data is used to deduct materiality



\* The application of the KPMG Country Scores requires that the UNEP FI Sector Score of an ESRS topic is 1 or 2. Only in these cases is the Country Score taken into account and may – depending on the countries in which the company operates – lead, within the top-down assessment, to the respective ESRS topic being classified as irrelevant despite a relevant UNEP FI Sector Score.

# Example: How the Materiality Compass processes UNEP FI data



# — 4. Practitioner panel discussion: Banks' perspectives

Moderator



**Careen Abb**  
UNEP FI Impact  
Centre Lead

Panellists



**Agnieszka Szczawik**  
Senior ESG & Sustainability  
Strategy Analyst - Banco  
Santander



**Kristina Schmidt Thomsen**  
Senior Sustainability  
Consultant - Danske Bank

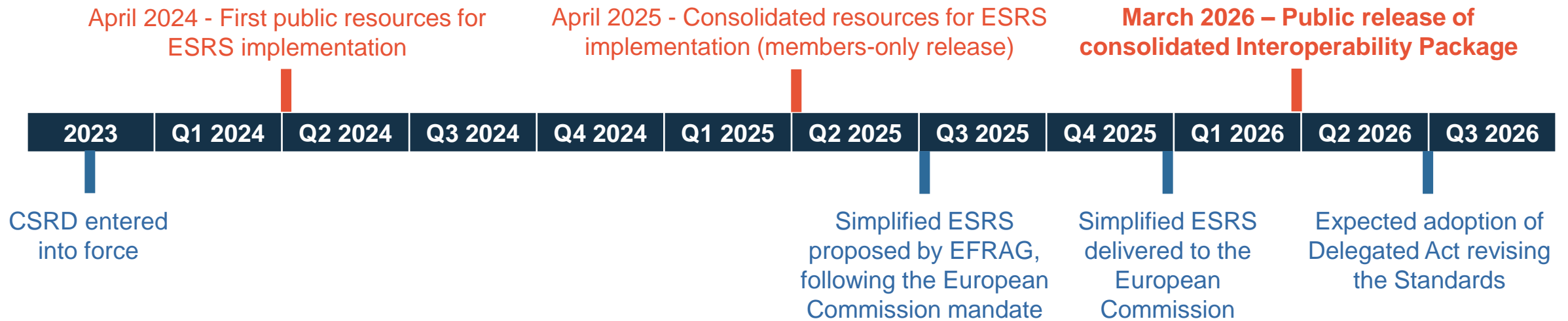
# 5. The UNEP FI-ESRS Interoperability Package

Speaker



**Costanza Ghera**  
Programme Manager -  
UNEP FI Impact Centre

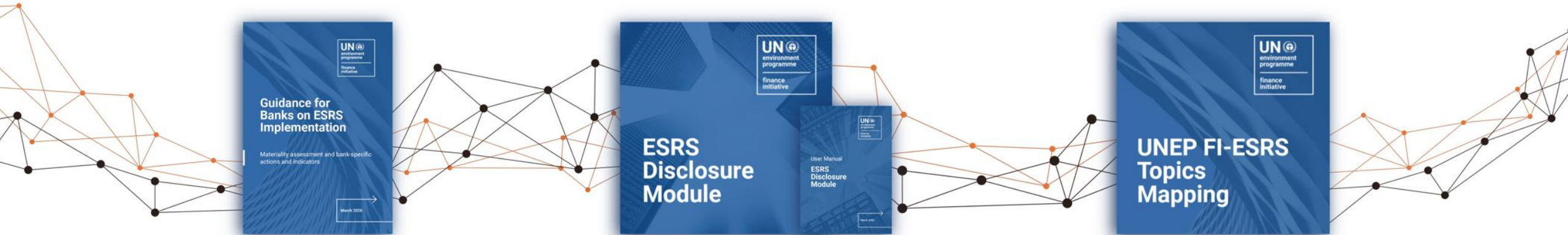
# Background



ESRS Community of Practice



# The new UNEP FI-ESRS Interoperability Package



## Guidance for Banks on ESRS Implementation

Explains how ESRS requirements apply to banks and how UNEP FI resources can support implementation

## ESRS Disclosure Module & User Manual

Converts and displays the outputs of the UNEP FI Impact Analysis Tool in alignment with ESRS language and requirements

## UNEP FI-ESRS Topics Mapping

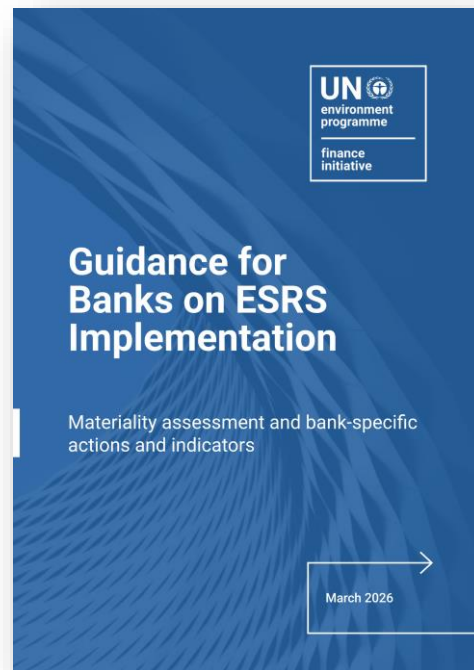
Serves to understand how the ESRS topics and sub-topics map to the Impact Areas and Impact Topics of the UNEP FI Impact Radar and vice versa

### Key enhancements:

- Integrates lessons learned from the first version
- Integrates Omnibus modifications

# Guidance for Banks on ESRS Implementation

## Overview



Explains how ESRS requirements apply to banks and how UNEP FI resources can support implementation

### Key points:

- Provides tailored guidance for banks in the absence of a dedicated ESRS finance sector standard or implementation guidance
- Promotes greater consistency and comparability in how banks apply the ESRS, contributing to a more level playing field across the sector

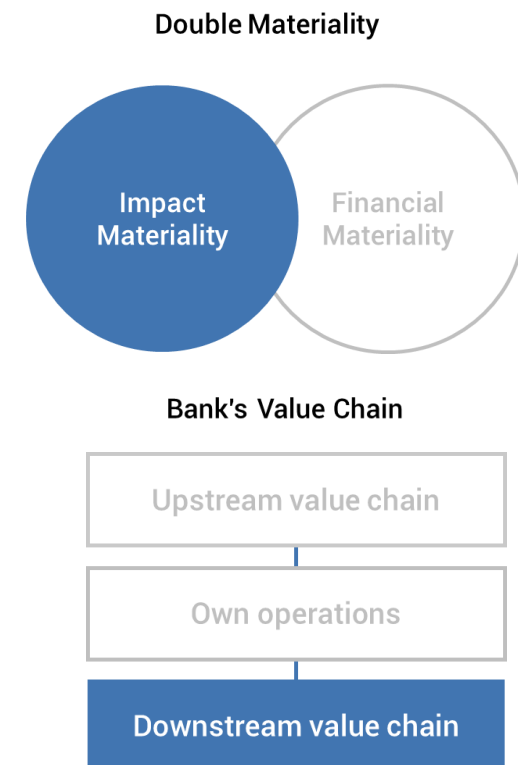
# Guidance for Banks on ESRS Implementation

Key contents and scope

## Contents

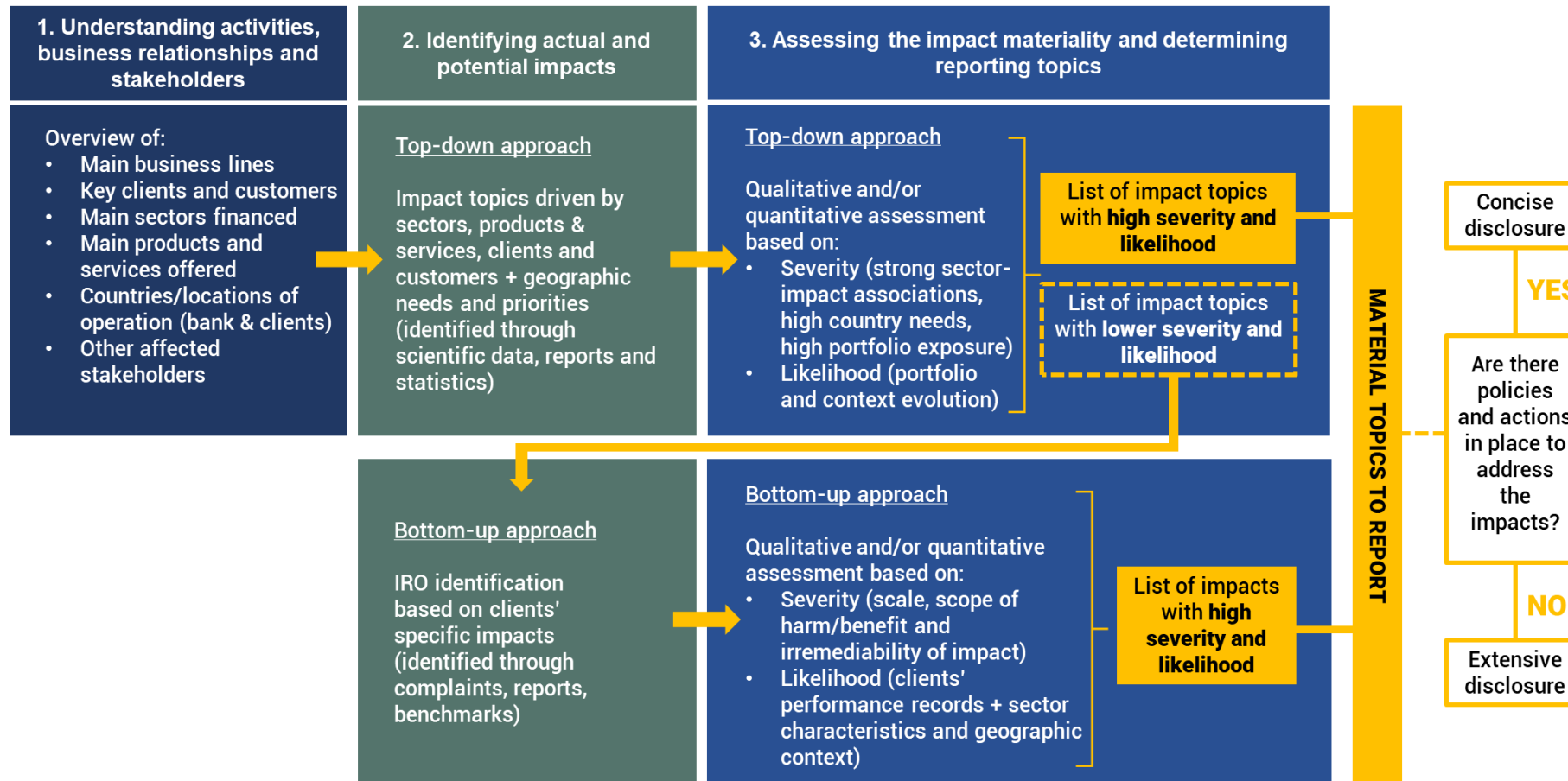
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## Scope



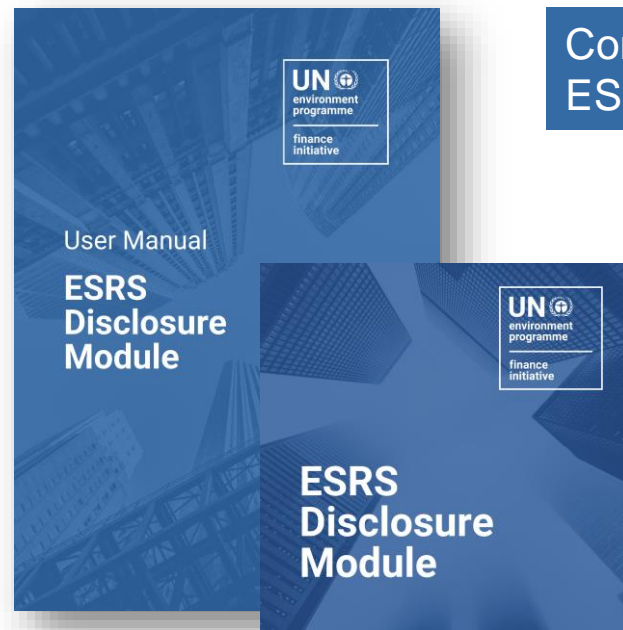
# Guidance for Banks on ESRS Implementation

Impact materiality assessment of bank portfolios



# ESRS Disclosure Module

## Overview



Converts and displays the outputs of the UNEP FI Impact Analysis Tool in alignment with ESRS language and requirements

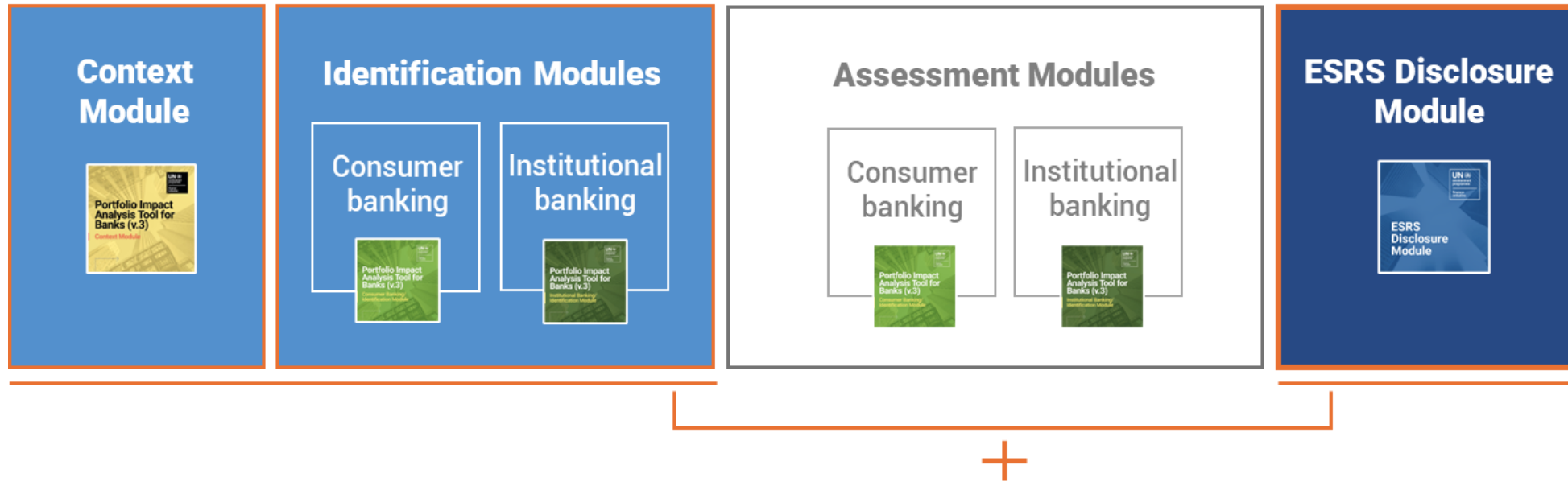
### Key Points:

- Provides a practical tool to support the implementation of ESRS DMA requirements, serving as an input (not a one-stop solution) to be complemented by additional sources and processes
- Supports the production of comparable, meaningful and reliable information, underpinned by a transparent process and a clear audit trail for users and assurance purposes
- Brings together ESRS and PRB requirements further reducing implementation and reporting burden

# ESRS Disclosure Module

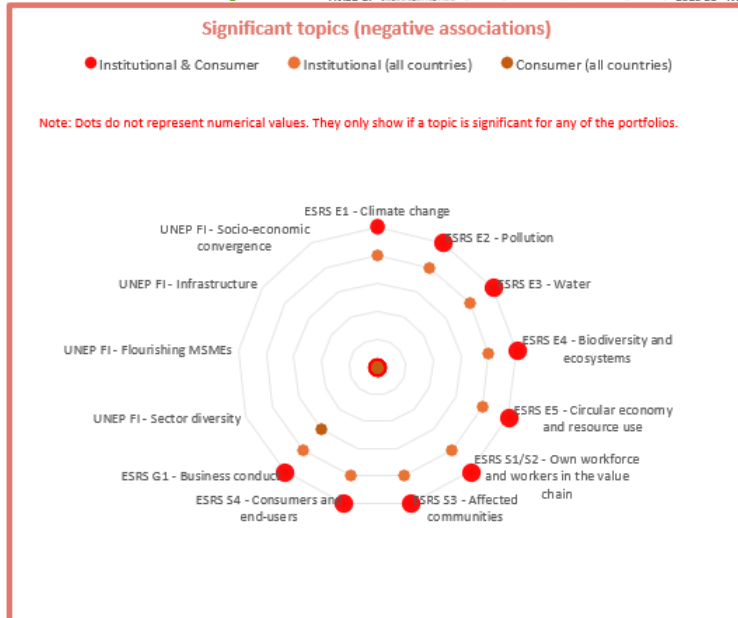
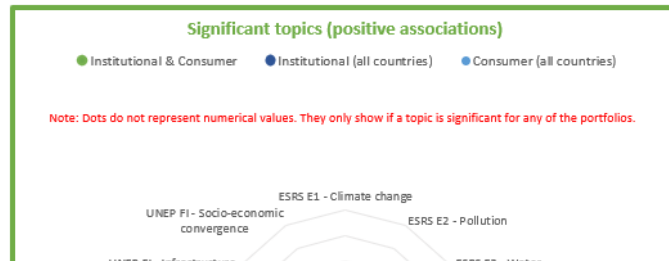
The Module in context

## Portfolio Impact Analysis Tool for Banks



# ESRS Disclosure Module

Illustration of Module contents and visualisations



## NEGATIVE

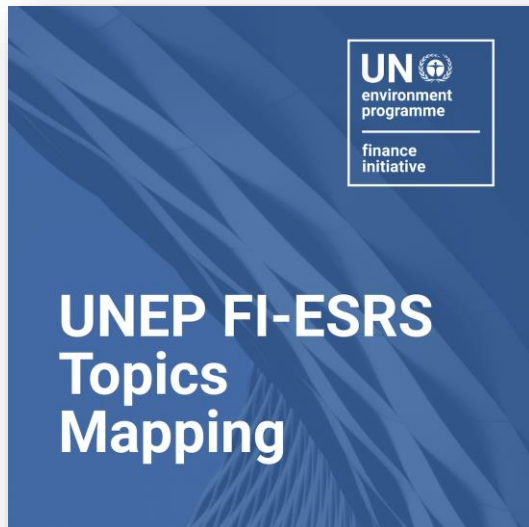
Based on the Tool outputs

| Level of aggregation | Overall business →                | ESRS E1 - Climate change       |  |                                | ESRS E2 - Pollution               |                               |                                    |
|----------------------|-----------------------------------|--------------------------------|--|--------------------------------|-----------------------------------|-------------------------------|------------------------------------|
|                      |                                   | Climate Change Mitigation      | Climate Change Adaptation                | Energy                         | Pollution of air                  | Pollution of water            | Pollution of soil                  |
|                      |                                   | SDG 13                         | SDGs 11, 13                              | SDG 12                         | SDGs 11, 12                       | SDGs 6, 14                    | SDGs 12, 15                        |
|                      | Institutional Banking →           | *Potential negative impacts on | Potential negative impacts on adaptation | *Potential negative impacts on | Potential negative impacts on air | Potential negative impacts on | Potential negative impacts on soil |
|                      | Business line →                   | Significant                    |  | Significant                    |                                   | Significant                   | Significant                        |
|                      | Consumer Banking →                | Significant                    |  | Significant                    | Significant                       | Significant                   | Significant                        |
|                      | Country (Institutional Banking) → |                                |  |                                |                                   |                               |                                    |
|                      | Denmark                           | Significant                    | Flag                                     | Significant                    |                                   | Significant                   |                                    |
|                      | Italy                             | Significant                    |  | Flag                           | Flag                              | Significant                   |                                    |
|                      | France                            | Significant                    | Flag                                     | Significant                    | Significant                       | Flag                          | Significant                        |
|                      | Slovenia                          | Significant                    | Flag                                     | Significant                    | Significant                       |                               | Significant                        |
|                      | Spain                             | Flag                           |  |                                | Flag                              | Significant                   | Significant                        |
|                      | Country (Consumer Banking) →      |                                |  |                                |                                   |                               |                                    |
|                      | Italy                             | Flag                           |  |                                |                                   |                               |                                    |
|                      | France                            |                                |  |                                |                                   |                               |                                    |
|                      | Denmark                           |                                |  |                                |                                   |                               |                                    |
|                      | Slovenia                          |                                |  |                                |                                   |                               |                                    |
|                      | Spain                             |                                |  | Flag                           |                                   |                               |                                    |

- The Module presents a high-level and detailed view of significant ESRS topics based on the UNEP FI methodology as well as any input from other sources
- It leaves the final determination of material topics to the bank
- The process and methodology embedded in the Module are highly transparent and a Guidance for Auditors is included for reference

# UNEP FI-ESRS Topics Mapping

## Overview



Serves to understand how the ESRS topics and sub-topics map to the Impact Areas and Impact Topics of the UNEP FI Impact Radar and vice versa

### Key Points:

- Facilitates comparison between ESRS and UNEP FI topic nomenclature, therefore enabling banks to effectively use UNEP FI Mappings for ESRS purposes (i.e. without the Tool)
- Helps banks identify topics that may not be covered by the ESRS

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—  
6. Q&A

# Download the UNEP FI-ESRS Interoperability Package & flyer from our website



Scan the QR code

**UNEP FI-ESRS Interoperability Package**

**What is it?**  
A set of resources that support banks in leveraging PRB implementation and UNEP FI's Holistic Impact Methodology for ESRS implementation. In particular, impact materiality assessment of lending portfolios (downstream impacts).  
The Package was developed by UNEP FI with the support of a group of PRB signatories and relevant experts

**Who is it for?**

- For financial institutions seeking to conduct an impact materiality assessment of their portfolios, in line with ESRS requirements
- For consultancies and auditors supporting banks in their DMA implementation

**Benefits**

- Tailored guidance for banks
- Practical resources to support the implementation of ESRS DMA requirements
- Greater consistency and comparability in how banks implement the ESRS

**Focus of the Package**  
Credit Materiality

**Bank's Value Chain**

Download the Package here

Guidance for Banks on ESRS Implementation | UNEP FI-ESRS Topics Mapping | ESRS Disclosure Module & User Manual

Contact us | Visit UNEP FI Impact Centre website | Join the ESRS Community of Practice

**Guidance for Banks on ESRS Implementation**

Materiality assessment and bank-specific actions and indicators

March 2025

**User Manual ESRS Disclosure Module**

ESRS Disclosure Module

**UNEP FI-ESRS Topics Mapping**

—  
**Thank you**

[POSITIVEIMPACT@UNEPFI.ORG](mailto:POSITIVEIMPACT@UNEPFI.ORG)