EMAS and VSME correspondence analysis

Cover note

Objective

1. To present examples of a mapping table between EMAS and VSME and update TEG on suggested considerations for updates to the VSME exposure draft (ED) to support further alignment between the two frameworks (to be considered together with the other feedback from road testing and public feedback).

Background

2. Together with representatives of the EMAS community, DG ENV and DG FISMA, EFRAG has conducted an exercise to identify key areas of existing correspondence as well as potential for further improved correspondence between the two frameworks. The objective is to support preparers to meet both VSME and EMAS requirements.

3. EFRAG Secretariat has identified direct correspondence between VSME and EMAS on several disclosure requirements and opportunities for preparers to use their EMAS reports to support their VSME reporting on others. The exercise has also aided the identification of some potential areas where updates to the VSME ED can lead to improved links to the EMAS Regulation, to be considered together with the other public and road-testing feedback.

4. To support the work of the project, a workshop was held on 9 April with 500+ attendees, mainly EMAS registered companies, where the VSME ED was presented together with and overview of the correspondence exercise. However, the focus of the workshop was to collect thoughts and input from EMAS companies on their preparedness to report under VSME and to get specific feedback from preparers on the issue of mutual recognition between VSME and EMAS.

5. In addition to the VSME mapping, the project includes two deliverables related to the LSME and ESRS Sector agnostic standards. Their respective objectives are as follows:

Mapping VSME (Priority 1)	Correspondence analysis between EMAS and VSME to identify areas of synergy and for improved alignment, as a potential input to the public consultations of the VSME and LSME standards;
Mapping LSME (Priority 2)	Correspondence analysis between EMAS and LSME to identify areas of synergy and for improved alignment, as a potential input to the public consultations of the VSME and LSME standards;

ESRS Correspondence table (Priority 3)	Establishment of a correspondence table between ESRS and EMAS (important to combat double reporting), which can focus at least on following aspects: - Clarification of scope of reporting (operational or financial control; choice of site or corporate registrations); - EMAS covers environmental topics and requires continuous improvement. It also includes process to identify key aspects (similar to materiality process). - Strong emphasis on governance and verification. Recognition of level of assurance (EMAS verification within the level of assurance required for the CSRD). - Indicators - Assurance level

Description of the issue(s)

6. So far, some room for potential updates to the VSME ED to support further alignment with EMAS have been identified through the mapping exercise. Agenda paper 05-02 VSME Mapping Table Examples (PPT) aims to showcase examples of ways forward for further alignment, namely related to:

    (a) explicit provisions in VSME which can be satisfied with incorporation by reference to EMAS and indicators where references to EMAS are missing or better alignment could be achieved;

    (b) possible equivalence for companies already registered to EMAS in order to combat double reporting; and

    (c) provisions in EMAS (if any) which could also be suggested as needing updating given CSRD and how and when such updates might take place.

7. Moving forward, further discussions with users on this exercise will be had and EFRAG Secretariat would like to confirm if EFRAG SR TEG would like to be more involved in the EMAS mapping and dialogue with users.

Questions for EFRAG SR TEG
8. Does EFRAG SR TEG want another session on EMAS outside the SR TEG meetings?

Next steps

9. The additional deliverables (Mapping LSME, and ESRS Correspondence table) are currently underway and will be subject for discussion in an upcoming SR TEG meeting.

10. A paper summarising the findings from the three deliverables will be drafted and highlight synergies and room for improved alignment, for discussion in an upcoming SR TEG meeting.

11. EFRAG Secretariat will have discussions with the European Commission on an on-going basis related to future developments in terms of level of assurance and verification.

12. Any potential changes to the VSME ED identified will be suggested after the conclusion of the VSME ED public consultation period (21 May 2024). Their potential inclusion in the VSME ED is subject to future SR TEG and SRB approval.

Agenda papers

13. In addition to this cover note, agenda paper 05-02 – [EMAS VSME Mapping table Examples PPT] – has been provided for the session.