

PRESS RELEASE

## **EFRAG and EU Recognize the SDPI as a Key Tool for ESG Measurement aligned with ESRS (European Sustainability Reporting Standard)/CSRD (Corporate Sustainability Reporting Directive)**

GENEVA, 10 September 2024—In a significant development for sustainability reporting, the European Financial Reporting Advisory Group (EFRAG) has identified the Sustainable Development Performance Indicators (SDPI) as a robust tool for measuring environmental, social, and governance (ESG) factors. This recognition is part of EFRAG's ongoing efforts to enhance corporate transparency and accountability in sustainability practices.

Several draft papers of EFRAG which form the early stage of the development of a potential EFRAG position have referred to the SDPI Online Platform as a key guidance and tool when determining ecological thresholds to set targets, particularly on the topic of ESRS E2 Pollution and ESRS E4 Biodiversity and ecosystem.

The inclusion of SDPI in EFRAG's foundational documents, such as the draft ESRS for Pollution (E2) and Biodiversity and Ecosystems (E4), highlights its potential in setting benchmarks that align businesses with sustainable practices. These standards emphasize the need for corporations to integrate SDPI in their sustainability strategies to achieve science-based targets, particularly in pollution control and biodiversity conservation.

EFRAG's draft standards, E2 on Pollution and E4 on Biodiversity and Ecosystems, highlight how SDPI can aid companies in setting science-based targets and assessing their impacts on critical issues like pollution control and biodiversity preservation. By aligning corporate strategies with SDPI metrics, businesses can better navigate the complexities of sustainability challenges and regulatory requirements.

The recognition by EFRAG, now mirrored in the ESRS, underscores SDPI's capability to provide a comprehensive framework for assessing an organization's overall ESG performance. This holistic approach empowers companies to align with ecological thresholds and societal expectations, thereby supporting the European Union's broader objectives of fostering a sustainable and inclusive economy.

To explore these significant developments, you can access the detailed drafts and related documents as follows:

- [General Disclosures: General Disclosures Working Paper](#)
- [Pollution Standards: ESRS E2 Pollution Draft](#)
- [Biodiversity and Ecosystems: ESRS E4 Biodiversity and Ecosystems Draft](#)
- [Appendix VI - Glossary and acronyms](#)
- [Final ESRS](#)

The SDPI's framework is praised for its ability to integrate a wide array of sustainability indicators, which are crucial for assessing a company's overall ESG performance. This approach enables organizations to track their progress against ecological thresholds and societal expectations, thus supporting the EU's broader goals of achieving a sustainable and inclusive economy.

EFRAG's endorsement of SDPI is expected to encourage more firms to adopt these indicators, facilitating a harmonized approach to sustainability reporting across Europe. This alignment is essential as companies strive to meet the stringent requirements of the EU's sustainability directives and contribute to the global effort to combat climate change and protect ecosystems.

As EFRAG continues to refine its sustainability reporting standards, the role of SDPI as a foundational element of ESG measurement is likely to grow, offering companies a clear path to demonstrate their commitment to sustainable development and responsible business practices. This recognition not only validates the importance of SDPI but also sets a new standard for transparency and accountability in the corporate world.