

## EFRAG Sustainability Reporting Board Consultation Survey 1

Fields marked with \* are mandatory.



## EFRAG Sustainability Reporting Board Consultation Survey 1A - 1C, 2

### Consultation survey structure

#### 1. Overall European Sustainability Reporting Standards (ESRS) Exposure Drafts' relevance (Survey 1)

- 1A. Architecture
- 1B. Implementation of Corporate Sustainability Reporting Directive (CSRD) principles
- 1C. Exposure Drafts' content

#### 2. European Sustainability Reporting Standards (ESRS) implementation prioritisation / phasing-in (Survey 1)

#### 3. Adequacy of Disclosure Requirements (Survey 2)

- 3A. Cross cutting standards
- 3B Environmental standards
- 3C Social standards
- 3D Governance standards

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### Respondent Profile

#### 1. Personal details

\* Organisation name

*50 character(s) maximum*

Confindustria

\* First name

50 character(s) maximum

Matteo

\* Surname

50 character(s) maximum

Borsani

\* Email (this information will not be published or made public)

50 character(s) maximum

delegazione@confindustria.eu

\* Country of origin

50 character(s) maximum

Italy

\* 2. Type of respondent

- Academic / research institution
- Audit firm, assurance provider and/or accounting firm
- Business association
- Consumer organization
- ESG reporting initiative
- EU Citizen
- Financial institution (Bank)
- Financial institution (Other financial Market Participant, including pension funds and other asset managers)
- Financial institution (Insurance)
- National Standard Setter
- Non-governmental organisation
- Non-financial corporation with securities listed on EU regulated markets
- Non-financial corporation with securities listed outside EU regulated markets
- Public authority/regulator/supervisor
- Rating agency and analysts
- Trade unions or other workers representatives
- Unlisted non-financial corporations
- Other

\* 3. Size

- Micro (1 to 9 employees)
- Small (10 to 49 employees)
- Medium (50 to 249 employees)
- Large (250 or more employees)
- Not relevant

**\* 4. User/Preparer perspective**

- User
- Preparer
- Both
- Neither

**\* 5. Subject to CSRD**

Separate non-financial corps subject to CSRD from those not subject to CSRD?

- Yes
- No

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**EFRAG Sustainability Reporting Board Consultation Survey 1A - 1C, 2**

## **1A. Overall ESRS Exposure Drafts' relevance – Architecture**

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### **Cross-cutting and topical standards**

To facilitate a coherent coverage of the CSRD topics and reporting areas (as per Article 19a paragraph 2 and Article 19b paragraph 2 – see Appendix II) the Exposure Drafts (“EDs”) submitted for public consultation are based upon two categories of standards:

• **Cross-cutting ESRS** which:

1. Establish the general principles to be followed when preparing sustainability reporting in line with the CSRD provisions
2. Mandate Disclosure Requirements (“DRs”) aimed at providing an understanding of (a) strategy and business model, (b) governance and organisation, and (c) materiality assessment, covering all topics.

• **Topical ESRS** which, from a sector-agnostic perspective:

1. Provide topic-specific application guidance in relation to the cross-cutting DRs on strategy and business model, governance, materiality assessment
2. Mandate DRs about the undertaking’s implementation of its sustainability-related objectives (i.e. on its policies, targets, actions and action plans, and allocation of resources)
3. Mandate performance measurement metrics.

A full list of standards and whether they are cross-cutting standards or topical standards can be found in Appendix I.

**Q1: in your opinion, to what extent do the structure and articulation of cross-cutting and topical standards adequately support the coverage of CSRD topics and reporting areas?**

- Not at all

- To a limited extent with strong reservations
- To a large extent with some reservations
- Fully
- No opinion

Please explain your reservations or your suggestions for improvement or any other comment you might have

Generally, we appreciate the overall structure and the precise nature of the proposed reporting standards. Anyhow, considering the huge amount of topics and content to be reported on in course of this new standards, it would be favourable to limit the amount of content (especially for first time application). Furthermore, we consider that the status of the application guidance should be clarified: if application guidance address disclosures required by the CSRD then these specific disclosure requirements should be included in the standards otherwise application guidance should be non-binding and should not add requirements (e.g. in ESRS 2, AG related to DR2 – GR2 on sectors of activity, AG 14 related to DR2 – GR3 regarding key features of the value chain, AG 25 related to DR2 – SBM1 which requires a concise description while at the same time listing a long and exhaustive list of topics to address and AG 32 and 33 related to DR2 – SBM3 on interaction of impacts).

ESRS 1 and 2 should be merged and streamlined to facilitate reading and understanding.

Clarifications are needed regarding the definition of the terms “material” and “significant” in order to know if they refer to the same principle or not. There is also a need to specify the definitions of certain terms, which sometimes seem to vary throughout the different standards (eg: value chain, stakeholders, higher governance bodies, supervisory bodies, etc.)

The boundary between disclosure requirements and implementation requirements needs to be clearly marked (e.g. on transition plans, for instance, the Corporate Sustainability Due Diligence Directive proposal requires the establishment of transition plans ; CSRD requires transition plans, if any, to be made public): CSRD only deals with disclosure requirements and the ESRS shall therefore not impose an obligation “to do” and shall be drafted accordingly.

Moreover, the standards should not anticipate the future directive on due diligence.

## Alignment and interoperability with international standards and frameworks

- Article 19b paragraph 3a of the CSRD requires that “When adopting delegated acts pursuant to paragraph 1, the Commission shall take account of the work of global standard-setting initiatives for sustainability reporting, and existing standards and frameworks for natural capital accounting, responsible business conduct, corporate social responsibility, and sustainable development.”
- ESRS EDs were drafted accordingly, with the objective of fostering as much alignment as possible considering the constraints imposed by other provisions included in articles 19a and 19b as per the CSRD proposal. Details of these provisions and how they are covered by the ESRS EDs can be found in Appendix I.
- The structure and organisation of the reporting areas was one aspect of alignment to which particular attention was paid. Thus, the two categories of standards are organised to cover the reporting areas in relation to governance, strategy, assessment/management of impacts, risks and opportunities, and targets/metrics (as considered by the Task Force on Climate-Related Financial Disclosures - TCFD and source of inspiration for the IFRS Sustainability standards). A detailed mapping of the ESRS EDs disclosure requirements with TCFD recommendations and with IFRS Sustainability Exposure Drafts can be found in Appendices 5 and 6.

**Q2: in your opinion, to what extent is the TCFD framework of reporting areas (governance, strategy, risk management and metrics/targets) compatible with the structure of the ESRS?**

- Not at all
- To a limited extent with strong reservations
- To a large extent with some reservations
- Fully
- No opinion

Please explain your reservations or your suggestions for improvement or any other comment you might have

For eased application, it would be more beneficial to keep reporting standards more simple and preparer-friendly. Also, the TCFD logics would not be applicable in the granularity reporting is foreseen by the standards. Example: Having a Group-wide “environmental” strategy might include all sub-topics from the ESRS E-standards. But this would not automatically mean that there are specific strategies/risk management for e.g. water or waste. It should be re-assessed if a reporting would be more beneficial to stakeholders (in the sense of reader-friendliness) that a generic reporting would be sufficient, but also including specifics/KPIs on sub-topics.

In addition, the draft standards submitted by EFRAG show that alignment with existing or emerging international standards (e.g. GRI or ISSB) is currently rather limited. This is essential, as also referred to in the recitals of the text of the CSRD, in order to avoid additional information burdens or duplications for companies operating on global markets.

Finally, the draft standards contain a series of information regarding the social sustainability aspects of the company even before a social taxonomy has been adopted that specifically defines the objectives to be achieved. There is a risk that, at the end of the regulatory process, the social taxonomy could be misaligned with what is required in the EFRAG standards.

**Q3: in your opinion, to what extent does the approach taken to structure the reporting areas promote interoperability between the ESRS and the IFRS Sustainability Exposure Drafts?**

- Not at all
- To a limited extent with strong reservations
- To a large extent with some reservations
- Fully
- No opinion

Please explain your reservations or your suggestions for improvement or any other comment you might have

While the EFRAG Exposure Drafts are very granular and detailed (covering e.g. all GRI standards), the IFRS Sustainability Exposure Drafts seem of less volume (both pages-wise and content-wise) but also incorporate TCFD and GRI logics.

It seems that the IFRS Sustainability Exposure Drafts are more easy to be implemented (especially for first time application) and due to less granularity still ensuring that relevant/material content is included in reporting.

**Consideration given to EU policies and legislation**

Article 19b paragraph 3 of the CSRD also requires that “When adopting delegated acts pursuant to paragraph 1, the Commission shall take account of:

1. the information that financial market participants need to comply with their disclosure obligations laid down in Regulation (EU) 2019/2088 and the delegated acts adopted pursuant to that Regulation - **Sustainable Finance Disclosure Requirements**;
2. the criteria set out in the delegated acts adopted pursuant to Regulation (EU) 2020/852 - **Taxonomy Regulation**;
3. the disclosure requirements applicable to benchmarks administrators in the benchmark statement and in the benchmark methodology and the minimum standards for the construction of EU Climate Transition Benchmarks and EU Paris-aligned Benchmarks in accordance with Commission Delegated Regulations (EU) 2020/1816\*8, (EU) 2020/1817 and (EU) 2020/1818 - **Benchmark Regulation**;
4. the disclosures specified in the implementing acts adopted pursuant to Article 434a of Regulation (EU) No 575/2013; **Prudential requirements for Credit Institutions and Investment Firms**;
5. Commission Recommendation 2013/179/EU; **European Commission recommendation on the life cycle environmental performance of products and services**;
6. Directive 2003/87/EC of the European Parliament and of the Council; **GHG allowance Directive**;
7. Regulation (EC) No 1221/2009 of the European Parliament and of the Council; **EMAS regulation**.

**Q4: in your opinion, have these European legislation and initiatives been considered properly?**

- Not at all
- To a limited extent with strong reservations
- To a large extent with some reservations
- Fully
- No opinion

Please explain your reservations or your suggestions for improvement or any other comment you might have

**Q5: are there any other European policies and legislation you would suggest should be considered more fully?**

## Coverage of sustainability topics

Article 19b paragraph 2 of the CSRD proposal defines the sustainability subject matters (referred to as sustainability topics or subtopics in the ESRS) that the sustainability reporting standards shall address when defining the sustainability information required by article 19a paragraphs 1 and 2 of the CSRD.

The ESRS architecture was designed to cover all the detailed subject matters listed in article 19b paragraph 2 for environment-, social- and governance-related matters and to ensure that sustainability information is reported in a carefully articulated manner.

In terms of timing of adoption of European sustainability reporting standards, article 19b paragraph 1 of the CSRD requires the Commission to adopt:

- a first set of sustainability standards covering the information required by article 19a and at least specifying information needed by financial market participants subject to the [SFDR reporting obligations](#)
- a second set of standards covering information that is specific to the sector in which undertakings operate.

Also, article 19c of the CSRD proposal on sustainability reporting standards for SMEs requires the Commission to adopt SME-proportionate standards in a second set.

As a consequence, as per article 19b paragraph 1, are only included in this first set of ESRS Exposure Drafts:

1. the two cross-cutting standards on General principles (ESRS 1) and on General, strategy, governance and materiality assessment (ESRS 2);
2. the eleven topical (sector-agnostic) standards covering environment- (ESRS E1 to E5), social- (ESRS S1 to S4) and governance-related (ESRS G1 and G2) sustainability topics.

A detailed list of ESRS EDs can be found in Appendix I. And the detailed provisions of the CSRD and how they are covered by the ESRS EDs can be found in Appendix II.

**Q6: in your opinion, to what extent does the proposed coverage of set 1 adequately address CSRD sustainability topics?**

- Not at all
- To a limited extent with strong reservations
- To a large extent with some reservations
- Fully
- No opinion

Please explain your reservations or your suggestions for improvement or any other comment you might have.

In the current Exposure Drafts, all topics being addressed in the CSRD are covered. Moreover, the broad scope and high granularity in the Exposure Drafts seem to exceed the reporting obligations being meant by the CSRD by far.

**Q7: in your opinion, to what extent does the proposed coverage of set 1 (see Appendix I) adequately address SFDR reporting obligations?**

- Not at all
- To a limited extent with strong reservations
- To a large extent with some reservations
- Fully
- No opinion

If you think this coverage and its implementation could be improved in any way, please specify how and to what specific SFDR indicator your comment relates

For first views, please refer to our response to Q4 – to be further assessed. In any case, we strongly welcome that the CSRD includes a provision that the ESRS shall at least focus on SFDR-relevant data in the first set, as this is absolutely essential, among others for EU financial markets participants to be able to comply with their specific sustainability reporting requirements. However, we consider that the optional indicators required by the SFDR to describe the principal adverse impacts (PAI) of investment decisions and related, on the one hand, to climate and other environment-related topics and, on the other hand, to social and employee, respect for human rights, anti-corruption and anti-bribery matters should be gradually phased-in focusing first on indicators already available and/or that can be produced without generating disproportionate burden for preparers. The optional PAI KPIs could be added over time after with the review of CSRD and after taking stock of the needs of investors.

## Sustainability statements and the links with other parts of corporate reporting

For clarity and ease of use, standardised sustainability reporting shall be easily identifiable within the management report (MR). To that effect, ESRS 1 – General principles (paragraphs 145 to 152) prescribes how to organise the information required by ESRS. It offers three options (paragraphs 148 and 149) for undertakings to consider when preparing their sustainability reporting:

- a single separately identifiable section of the MR;
- four separately identifiable parts of the MR:
  1. General information;
  2. Environment;
  3. Social;
  4. Governance
- one separately identifiable part per ESRS in the MR.

The first option is the preferred option. When applying the other two options the entity shall report a location table to identify where disclosures are presented in the MR.

In order to foster linkage throughout the undertaking's corporate reporting, ESRS 1 also:

- prescribes that the undertaking adopts presentation practices that promote cohesiveness between its sustainability reporting and: (a) the information provided in the other parts of the management report, (b) its financial statements (FS), and (c) other sustainability-related regulated information (paragraphs 131 to 134)
- promotes the incorporation of information by reference to other parts of the corporate reporting in order to avoid redundancy (paragraphs 135 and 136)
- organises connectivity with the financial statements by prescribing how to include monetary amounts or other quantitative data points directly presented in the financial statements (paragraphs 137 to 143).

**Q8: Do you agree with the proposed three options?**

- Yes
- No



- No opinion

**Q9: would you recommend any other option(s)?**

If so, please describe the proposed alternative option(s)

**Q10: in your opinion, to what extent do you believe that connectivity between the sustainability reporting and other parts of the management report has been appropriately addressed?**

- Not at all  
 To a limited extent with strong reservations  
 To a large extent with some reservations  
 Fully  
 No opinion

Please explain your reservations or your suggestions for improvement or any other comment you might have

**Q11: in your opinion, to what extent does the incorporation of information in the Sustainability section by reference to other parts of the management report support cohesiveness throughout corporate reporting?**

- Not at all  
 To a limited extent with strong reservations  
 To a large extent with some reservations  
 Fully  
 No opinion

Please explain your reservations or your suggestions for improvement or any other comment you might have

We appreciate the option for incorporation of information in the sustainability statements by reference to other parts of the management report, as it would allow for an efficient reporting, avoiding double content in the management report, and ensure reader-friendliness. However, this is by far not sufficient. This possibility should be extended also to other sections of the annual report (e.g. notes to the financial statements) as well as to other reporting documents published earlier or at the same time of the Annual Report (e.g. reference to the Relation on corporate governance for Italian legislation). The fact that the CSRD prescribes that all sustainability information shall be located in a dedicated section does not forbid companies to incorporate information by reference

**Q12: in your opinion, to what extent do the requirements and provisions on how to include monetary amounts and other financial statement-related quantitative data into sustainability reporting support connectivity with the financial statements?**

- Not at all
- To a limited extent with strong reservations
- To a large extent with some reservations
- Fully
- No opinion

Please explain your reservations or your suggestions for improvement or any other comment you might have

Please see answer to Q9.

Also, at best, connectivity of information should be a principle. Namely, we believe that the approach should be principles-based and would suggest to even make it more clear that “connected information” is a principle and not a requirement. Indeed, we would consider this as a principle that applies generally and across all topic-specific ESRS, and accordingly suggest to clarify that this principle only results in additional disclosure requirements in those instances in which supplementary information is needed (after applying all ESRS), but neither generally nor in a separate section or in a specific format. At best, the ESRS will be designed in a way that connected information is in as many cases as possible disclosed by complying with the disclosure requirements of the ESRS implicitly/automatically (e.g. because adverse effects on other ESG topics need to be disclosed), especially, but not only where companies choose an integrated disclosure format (if/where possible). The principles-based approach also facilitates the building blocks approach and would be (more aligned) with the ISSB approach.

## 1B. Overall ESRS Exposure Drafts relevance – Implementation of CSRD principles

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### Characteristics of information quality

Article 19a paragraph 2 of the CSRD proposal states that “the sustainability reporting standards referred to in paragraph 1 shall require that the information to be reported is understandable, relevant, representative, verifiable, comparable, and is represented in a faithful manner.”

As a consequence, ESRS 1 - *General principles* defines how such qualities of information shall be met:

- Relevance is defined in paragraphs 26 to 28
- Faithful representation is defined in paragraphs 29 to 32
- Comparability is defined in paragraphs 33 and 34
- Verifiability is defined in paragraphs 35 to 37
- Understandability is defined in paragraphs 38 to 41

**Q13: to what extent do you think that the principle of relevance of sustainability information is adequately defined and prescribed?**

- Not at all
- To a limited extent with strong reservations
- To a large extent with some reservations

- Fully
- No opinion

Please explain your reservations or your suggestions for improvement or any other comment you might have

Relevance needs to be clearly differentiated from materiality. Currently, the DRs seem to have been chosen by EFRAG based on relevance, not materiality, which is unavoidable as materiality can only be determined based on an entity-specific assessment. Many DRs are unlikely to indeed be material across sectors and the vast majority of companies. EFRAG should rather develop a robust materiality concept, where financial materiality is fully aligned with the ISSB approach and impact materiality is guided by the GRI approach.

**Q14: to what extent do you think that the principle of faithful representation of sustainability information is adequately defined and prescribed?**

- Not at all
- To a limited extent with strong reservations
- To a large extent with some reservations
- Fully
- No opinion

Please explain your reservations or your suggestions for improvement or any other comment you might have

We do not have specific concerns on this characteristic; however, the wording should be as much as possible aligned with the wording of the ISSB which is strongly based on the IFRS Conceptual Framework which we fully support.

**Q15: to what extent do you think that the principle of comparability of sustainability information is adequately defined and prescribed?**

- Not at all
- To a limited extent with strong reservations
- To a large extent with some reservations
- Fully
- No opinion

Please explain your reservations or your suggestions for improvement or any other comment you might have

We do not have specific concerns on this characteristic; however, the wording should be as much as possible aligned with the wording of the ISSB which is strongly based on the IFRS Conceptual Framework which we fully support.

**Q16: to what extent do you think that the principle of verifiability of sustainability information is adequately defined and prescribed?**

- Not at all
- To a limited extent with strong reservations
- To a large extent with some reservations

- Fully
- No opinion

Please explain your reservations or your suggestions for improvement or any other comment you might have

We do not have specific concerns on how the characteristic is defined; however, the wording should be as much as possible aligned with the wording of the ISSB which is strongly based on the IFRS Conceptual Framework which we fully support

**Q17: to what extent do you think that the principle of understandability of sustainability information is adequately defined and prescribed?**

- Not at all
- To a limited extent with strong reservations
- To a large extent with some reservations
- Fully
- No opinion

Please explain your reservations or your suggestions for improvement or any other comment you might have

With basics laid down in ESRS 1 and 2, understandability of sustainability information should be clearly addressed and described. With reference to Q13 and Q15, we would suggest limiting the reporting scope content-wise to priority topics (material topics + some limited general information) to facilitate efficiency for reporting companies and to support reader-friendliness of sustainability reports

## Double materiality

Double materiality is a principle that is central to the CSRD proposal and is represented accordingly in the ESRS materiality assessment approach that sustains the definition of mandatory requirements by the cross-cutting and topical standards. This is also true of the materiality assessment any undertaking is expected to perform, per ESRS 2 – *General, strategy, governance and materiality assessment*, to identify its principal sustainability risks, impacts and opportunities. This in turn, defines what sustainability information must be reported by the undertaking.

**Double materiality assessment** supports the determination of whether information on a sustainability matter has to be included in the undertaking's sustainability report. ESRS 1 paragraph 46 states that "a sustainability matter meets the criteria of double materiality if it is material from an impact perspective or from a financial perspective or from both." Further indications as to how to implement double materiality is given by ESRS 2 Disclosure Requirement 2-IRO 1, paragraph 74b(iii) and AG 68.

While recognising that both perspectives are intertwined the Exposure Drafts contain provisions about how to implement the two perspectives in their own rights.

**Q18: in your opinion, to what extent does the definition of double materiality (as per ESRS 1 paragraph 46) foster the identification of sustainability information that would meet the needs of all stakeholders?**

- Not at all

- To a limited extent with strong reservations
- To a large extent with some reservations
- Fully
- No opinion

Please explain your reservations or your suggestions for improvement or any other comment you might have

We consider that implementation of the double materiality principle does not require companies to address in their sustainability report the needs of all stakeholders. Double materiality requires an assessment of the impacts of a company's activities on its ecosystem and the environment and an assessment of the impacts of sustainability factors on the company's performance, financial situation and prospects but does not require the company to address the needs of every stakeholder. Such an objective, if achievable, would result in the publication of a disproportionate amount of information, many of which would not be material for the company and for most of its stakeholders. This would be detrimental to the implementation of the double materiality principle, but also to the relevance, verifiability, and understandability of sustainability reporting. Therefore, it should be specified in paragraph 44 and 45 that the undertaking should define its principal stakeholders through its materiality assessment.

Furthermore there is no methodology nor guidance to facilitate the application of double materiality, especially for financial materiality. Moreover, the possibility that each undertaking decides which threshold and/or criteria to apply to determine when a disclosure is material makes homogeneity and comparison very difficult amongst entities. A requirement can be considered material by some undertakings but not others under the same circumstances and even within the same sector.

We suggest preparing specific guidance for double materiality assessment and identifying a specific threshold to distinguish to material and not material issues to guarantee comparability between undertakings belonging to the same sector

**Q19: to what extent do you think that the proposed implementation of double materiality (as per ESRS 2-IRO 1, paragraph 74b(iii) and AG 61) is practically feasible?**

- Not at all
- To a limited extent with strong reservations
- To a large extent with some reservations
- Fully
- No opinion

Please explain your reservations or your suggestions for improvement or any other comment you might have

## Impact materiality

- A definition of impact materiality is given by ESRS 1 paragraph 49: "a sustainability matter is material from an impact perspective if the undertaking is connected to actual or potential significant impacts on people or the environment over the short, medium or long term. This includes impacts directly

caused or contributed to by the undertaking and impacts which are otherwise directly linked to the undertaking's upstream and downstream value chain.”

- A description of how to determine impact materiality and implement impact materiality assessment can be found in ESRS 1 *paragraph 51* and is complemented by ESRS 2 *Disclosure Requirement 2-IRO 1*, paragraph 74b(iii), AG 64 and AG 68.

**Q20: in your opinion, to what extent is the definition of impact materiality (as per ESRS 1 paragraph 49) aligned with that of international standards?**

- Not at all
- To a limited extent with strong reservations
- To a large extent with some reservations
- Fully
- No opinion

Please explain your reservations or your suggestions for improvement or any other comment you might have

The definition seems to some extent aligned with GRI. We observe, in fact, that while some definitions are fully aligned with international standards, such as “actual significant impacts”, others present more problematic features, in particular the “potential significant impacts”, where we observe a lack of quantifiability for these impacts which would hinder a comparison with other standards, and also consider that a reporting about potentials should be qualitative (with that lacking of auditability). However, referring to GRI's response to this consultation, we also propose aligning this definition more closely with the language used by GRI, which is clear and precise. The GRI Standards are the most widely used standards globally for impact materiality, and closer alignment will also help reduce confusion and help achieve consistency in reporting impacts at the global level. Also, we disagree that all mandatory disclosure requirements established by the ESRS shall be presumed to be material and recommends reviewing this approach against existing proven approaches, such as GRI's.

**Q21: to what extent do you think that the determination and implementation of impact materiality (as proposed by ESRS 1 paragraph 51) is practically feasible?**

- Not at all
- To a limited extent with strong reservations
- To a large extent with some reservations
- Fully
- No opinion

Please explain your reservations or your suggestions for improvement or any other comment you might have

The definition of Impact materiality (paragraphs 49 to 51) would lead any company to qualify all topics as potentially material given the wide scope of application through direct or indirect relationships in its entire value chain and short to long term.

We challenge the definition of “directly linked” impacts that considers at the same level impacts between a company and its direct stakeholders, in particular through contractual relationship, and with stakeholders far in the value chain where the company has little leverage.

We call for EFRAG to provide simple assessment tools for companies to perform their materiality

assessments in order to facilitate adoption of reporting requirements for all businesses, including smaller ones.

## Financial materiality

- A definition of financial materiality is given by ESRS 1 paragraph 53: “a matter is material from a financial perspective if it triggers or may trigger significant financial effects on the undertaking, i.e., it generates risks or opportunities that influence or are likely to influence the future cash flows and therefore the enterprise value of the undertaking in the short, medium or long term, but it is not captured or not yet fully captured by financial reporting at the reporting date.”
- A description of how to determine financial materiality and implement financial materiality assessment can be found in ESRS 1 paragraphs 54 to 56 and is complemented by ESRS 2 Disclosure Requirement 2-IRO 1, paragraph 74b(iii), AG 65 and AG 69.

**Q22: in your opinion, to what extent is the definition of financial materiality (as per ESRS 1 paragraph 53) aligned with that of international standards?**

- Not at all
- To a limited extent with strong reservations
- To a large extent with some reservations
- Fully
- No opinion

Please explain your reservations or your suggestions for improvement or any other comment you might have

We are highly concerned about financial materiality concept. When it comes to financial materiality, we strongly recommend aligning this definition with the approach of the ISSB, which focuses on ‘enterprise value’, rather than on general ‘value creation’ and ‘capitals’. Significantly more work would be needed if such a different approach would be chosen and we would not see how this could result in benefits, especially not in an amount that could outweigh the significant downsides resulting from inconsistency with the global baseline and inconsistency with financial reporting. This alignment will also help drive the consistent application of financial materiality globally; otherwise, significant issues would arise as regards interoperability

**Q23: to what extent do you think that the determination and implementation of financial materiality (as proposed by ESRS 1 paragraphs 54 to 56) is practically feasible?**

- Not at all
- To a limited extent with strong reservations
- To a large extent with some reservations
- Fully
- No opinion

Please explain your reservations or your suggestions for improvement or any other comment you might have

We are very sceptical that this would be practically feasible, also, but not only given the inconsistency with financial reporting, the lack of experience and the lack of clear guidance in this respect.

## (Materiality) Rebuttable presumption

Central to the ESRS is the critical combination of two key elements:

- the mandatory nature of disclosure requirements prescribed by ESRS, and
- the pivotal importance of the assessment by the undertaking of its material impacts, risks and opportunities.

The combination of the two is designed to make sure that the entity will report on its material impacts, risks and opportunities, but on all of them.

The assessment of materiality applies not just to a given sustainability matter covered by a given ESRS (like ESRS E3 on biodiversity for example), but also to each one of the specific disclosure requirements included in that ESRS. However, this excludes the cross-cutting standards and related disclosure requirements, which are always material and must be reported in all cases.

When a sustainability matter is deemed material as a result of its materiality assessment, the undertaking must apply the requirements in ESRS related to these material matters (except for the few optional requirements identified as such in ESRS). Conversely, disclosure requirements in ESRS that relate to matters that are not material for the undertaking are not to be reported.

The (materiality) rebuttable presumption mechanism described in ESRS 1 paragraphs 57 to 62 aims at supporting the implementation and documentation of the materiality assessment of the undertaking at a granular level.

ESRS 1 paragraphs 58 to 62 describe how to implement the rebuttable presumption principles. In particular, “The undertaking shall therefore assess for each ESRS and, when relevant, for a group of disclosure requirements related to a specific aspect covered by an ESRS if the presumption is rebutted for:

1. all of the mandatory disclosures of an entire ESRS or
2. a group of DR related to a specific aspect covered by an ESRS,

Based on reasonable and supportable evidence, in which case it is deemed to be complied with through a statement that:

1. the ESRS or
2. the group of DR is “not material for the undertaking”.

Q24: to what extent do you think that the (materiality) rebuttable presumption and its proposed implementation will support relevant, accurate and efficient documentation of the results of the materiality assessment?

- Not at all
- To a limited extent with strong reservations
- To a large extent with some reservations
- Fully
- No opinion



Please explain your reservations or your suggestions for improvement or any other comment you might have

Current requirements to apply rebuttable presumption requires companies to explain in details the reasons why each of the ESRS DR are not material, using materiality thresholds and qualitative explanations which goes against the principles of Understandable information (paragraphs 38, 40). We do not agree with the rebuttable presumption based on the current proposals.

According to Recital 45 of CSDR, a company should only be required to disclose the information relevant to understand its impacts on sustainability matters, and the information relevant to understand how sustainability matters affect its development, performance, and position.

However, ESRS 1 par. 57 provides that all mandatory disclosure requirements established by ESRS shall be presumed to be material and, therefore, to justify a full disclosure in accordance with the relevant ESRS.

This approach – the rebuttable presumption of materiality - is not consistent with the directive and its recital 45, according to which (i) the materiality analysis should serve to identify what to include in the report, not what to remove from the disclosure obligation, and (ii) only at the level of sector-specific information can one reasonably assume the materiality of a piece of information and require a justification to the contrary (as it is the case in GRI 2021 standards).

We also note that Standard ESRS 1, par. 58, provides that company shall establish explicit thresholds and /or criteria to determine when a disclosure is complied with through a statement 'not material for the undertaking'.

We therefore suggest limiting the presumption of materiality to sector-specific standards.

**Q25: what would you say are the advantages of the (materiality) rebuttable presumption and its proposed implementation?**

- Allows for sector-agnostic standards to be sufficiently ambitious, but to still allow to consider entity-specific idiosyncratic context when conducting the materiality assessment.
- Supports comparability of data.
- However, benefits can only emerge if a) the sector-agnostic standards only include truly sector-agnostic requirements and b) the rebuttable presumption is not accompanied by disclosure requirements on immaterial aspects.

**Q26: what would you say are the disadvantages of the (materiality) rebuttable presumption and its proposed implementation?**

High risk of very burdensome and comprehensive materiality assessments (by default for all sector-agnostic DRs), including efforts for documentation, alignment with auditor, etc. Also, companies may find themselves in a situation where they need to “defend” themselves as users will by default assume that anything for which is rebuttable presumption applies is indeed material. Finally, high risk of information overload on immaterial aspects and immateriality evidence that is not only burdensome to provide but may also obscure material information

EFRAG, SR Board and SR TEG should take a different approach as to materiality assessment than it is proposed in current ESRS Exposure Drafts. The current proposal is based on a very broad sector-agnostic layer of mandatory disclosure requirements with a rebuttable presumption mechanism, an a relatively small layer of sector-specific disclosure requirements that is to be developed in set one.

This approach to materiality assessment will result in:

1. High risk of lack of comparability of sustainability statements between undertakings (both across sectors and within sectors)
2. High risk of not meeting information needs of financial institutions subject to SFDR (which in turn will result

in financial institutions requiring undertakings to fill-in various surveys and/or participating in data collection systems; that incurs additional unnecessary costs both in terms of workload, as well as in financial costs of participation in most of those data collection systems)

3. Additional burden for companies to perform materiality assessment focused not on identification and prioritization of material sustainability-related impacts, risks and opportunities, but on proving immateriality of sustainability matters

4. Additional burden for auditors who are supposed to verify and fact-check the results of a process to identify immaterial sustainability matters (this burden will then be transferred to report preparers through higher audit costs)

5. High risk of obscuring sustainability reports with immaterial information (undertakings will often rather choose to report on immaterial sustainability-related impacts, risks and opportunities, i.e. comply with immaterial DRs, then to justify rebutting a presumption of materiality of particular ESRS, groups of DRs or individual DRs)

6. Risk of litigation for undertakings and auditors in case rebuttable presumption mechanism was applied

We understand that the concept of rebuttable presumption mechanism originates from financial reporting, but it is not adequate for sustainability reporting. Materiality in financial reporting is a simple, one-dimensional concept. Even at the very source, materiality in sustainability reporting under the CSRD is two-dimensional (impact materiality perspective and financial materiality perspective need to be applied). In fact, there are more dimensions of materiality in sustainability reporting, as impact materiality is defined by scale, scope, irremediable character and likelihood of impact, while the financial materiality (in sustainability reporting) relates to different types of capital, to risks and opportunities and to past and future events. It is relatively easy to deem a sustainability matter material (positive proof), while it is virtually impossible to rebut this result (negative proof).

#### **Q27: how would you suggest it can be improved?**

## **Reporting boundary and value chain**

ESRS 1 paragraphs 63 to 65 define the reporting boundary of the undertaking and how and when it is expanded when relevant for the identification and assessment of principal impacts, risks and opportunities upstream and downstream its value chain – as the financial and/or impact materiality of a sustainability matter is not constrained to matters that are within the control of the undertaking.

Paragraphs 67 and 68 address the situation when collecting the information about the upstream and downstream value chain may be impracticable, i.e. the undertaking cannot collect the necessary information after making every reasonable effort, and allows approximation based on the use of all reasonable and supportable information, including peer group or sector data.

Due to the dynamics and causal connections between levels within the undertaking's reporting boundary, material information is not constrained to one particular level. Paragraphs 72 to 77 prescribe how the undertaking shall consider the appropriate level of disaggregation of information to ensure it represents the undertaking's principal impacts, risks and opportunities in a relevant and faithful manner.

**Q28: in your opinion, to what extent would approximation of information on the value chain that cannot (practically) be collected contribute to the reporting of understandable, relevant, verifiable, comparable, and faithfully represented sustainability information?**

- Not at all
- To a limited extent with strong reservations
- To a large extent with some reservations
- Fully
- No opinion

Please explain your reservations or your suggestions for improvement or any other comment you might have

The approximation of information in the value chain that cannot be collected goes against the principle of verifiability and faithful representation as it may lead to largely wrong estimates due to the lack of delimitation of reporting boundaries. The use of approximations can lead to reliable results if consolidated and accepted methodologies are applied (i.e GHG Protocol for Scope 3), otherwise, if the data is unavailable, it is preferable to leave the option for companies to omit the information in line with the approach used by GRI. There should be a clearer acknowledgement that a company's ability to collect data and provide a description of SR related issues on entities outside of its operational control and across its entire value chain is going to be difficult, sometimes not possible and potentially inherently inaccurate. It will also often be impractical for a company with complex global supply and distribution chains to be able to evidence a link between the impact of an SR risk along its value chain and the undertaking's own operations. The standards should not risk providing information to stakeholders which could potentially be incomplete or misleading. Even where the standard accepts that undertakings may have to rely on approximations or external information, the current draft would require a firm to describe "the planned actions to reduce the missing data in the future". If the data simply does not exist it may not be possible to describe such a plan. The standards should prescribe that a reporting entity can only include information that is verifiable and faithfully represented; Information that cannot be verified or faithfully represented cannot be included. This is in line with the requirements in other internationally, generally accepted standards.

**Q29: what other alternative to approximation would you recommend in cases where collecting information is impracticable?**

Too uncertain information doesn't benefit neither preparers nor users. Lack of comparability and relevance. Information that the reporting entity wouldn't use for making decisions due to lack of quality, should not be communicated externally

**Q30: in your opinion, to what extent will the choice of disaggregation level by the undertaking as per ESRS 1 paragraphs 72 to 77 contribute to the reporting of understandable, relevant, verifiable, comparable and faithfully represented sustainability information?**

- Not at all
- To a limited extent with strong reservations
- To a large extent with some reservations
- Fully
- No opinion

Please explain your reservations or your suggestions for improvement or any other comment you might have

Disaggregation should follow a principles-based approach as management is best positioned to make a meaningful assessment as to which level of disaggregation is necessary and useful for users. Overall, we believe that the rebuttable assumption is that consolidated information at group-level is sufficient (in line with CSRD), acknowledging that more granularity may be needed, for example at region- or country-level or site- or product-level, in exceptional cases. We recommend that management decides on disaggregation needs. As an exception from this, in many cases, a segment-level view (based on segments as defined under IFRS 8 for IFRS preparers) may be valuable for users.

## Time horizon

ESRS 1 paragraph 83 defines short-, medium- and long-term for reporting purposes, as

- One year for short term
- Two to five years for medium term
- More than five years for long-term.

**Q31: do you think it is relevant to define short-, medium- and long-term horizon for sustainability reporting purposes?**

- Yes
- No
- I do not know

Please explain why

We don't consider that ESRS 1 should define ex ante a specific duration for each time horizon (short, medium, long-term) that could be inconsistent with a company's business and investment cycles. In this regard the ISSB has adopted a more pragmatic approach requiring companies to disclose how they define short-, medium- and long-term and how these definitions are linked to the entities' strategic planning horizons and capital allocation plans. We consider that ESRS 1 should adopt the same approach than IFRS S1. Some guidance is valuable and helpful, in our view. However, this might differ significantly across sectors and companies so that a one-size-fits-app approach will not be appropriate.

**Q32: if yes, do you agree with the proposed time horizons?**

- Yes
- No
- I do not know

Please explain why

While we agree with the proposed time horizons (namely, that short, medium and long term should be considered), a principles-based approach should be followed. If EFRAG indeed decides to specify the time horizons across sectors, we believe short-term should not by default be considered as being only one year and anything >5 years is not necessarily long-term.

**Q33: if you disagree with the proposed time horizons, what other suggestion would you make? And why?**

A more principles-based approach with illustrative examples, e.g. guidance on which aspects need to be taken into account (e.g. company's own planning horizon, sector specificities, product lifecycles), would be more appropriate. A company should then be required to disclose how it defines short, medium and long term and how these definitions are linked to the entity's strategic planning horizons and capital allocation plans (as proposed under ISSB's S1). The approach should be fully aligned with the approach by the ISSB as differences in such a fundamental principle significantly impede interoperability.

## **Disclosure principles for implementation of Policies, targets, action and action plans, and resources**

In order to harmonise disclosures prescribed by topical standards, ESRS 1 provides disclosure principles (DP) to specify, from a generic perspective, the key aspects to disclose:

1. when the undertaking is required to describe policies, targets, actions and action plans, and resources in relation to sustainability matters and
2. when the undertaking decides to describe policies, targets, actions and action plans, and resources in relation to entity-specific sustainability matters.

DP 1-1 on policies adopted to manage material sustainability matters describes (paragraphs 96 to 98) the aspects that are to be reported for the relevant policies related to sustainability matters identified as material following the materiality assessment performed by the undertaking.

DP 1-2 on targets, progress and tracking effectiveness defines (paragraphs 99 to 102) how the undertaking is to report measurable outcome-oriented targets set to meet the objectives of policies, progress against these targets and if non-measurable outcome-oriented targets have been set, how effectiveness is monitored.

DP 1-3 on actions, action plans and resources in relation to policies and targets defines (paragraphs 103 to 106) the aspects that are to be reported by the undertaking relating to actions, action plans and resources in relation to policies and targets adopted to address material impacts, risks and opportunities.

**Q34: in your opinion, to what extent will DP 1-1 contribute to the reporting of understandable, relevant, verifiable, comparable and faithfully represented information on sustainability related policies?**

- Not at all
- To a limited extent with strong reservations
- To a large extent with some reservations
- Fully
- No opinion

Please explain your reservations or your suggestions for improvement or any other comment you might have

Overall high complexity, very granular and comprehensive – essential for DPs to only apply for material policies, targets and actions. DP 1 would require a significant amount of information per each policy, including on stakeholder engagement etc. Not all of this information is material.

**Q35: in your opinion, to what extent will DP 1-2 contribute to the reporting of understandable, relevant, verifiable, comparable, and faithfully represented information on sustainability-related targets and their monitoring?**

- Not at all
- To a limited extent with strong reservations
- To a large extent with some reservations
- Fully
- No opinion

Please explain your reservations or your suggestions for improvement or any other comment you might have

Overall high complexity, very granular and comprehensive – essential for DPs to only apply for material policies, targets and actions. DP 2 seems too prescriptive. Target setting (e.g. metric used, timeline, milestones, interim targets) is set in the company's discretion; concrete specifications/requirements on selected aspects (e.g. target year, metric) are only justifiable in the case of actual obligations (such as net-zero in accordance with the EU Green Deal or the CSDDD). For example, a company may not set interim targets, meaning that it should also not need to disclose interim targets.

**Q36: in your opinion, to what extent will DP 1-3 contribute to the reporting of understandable, relevant, verifiable, comparable, and faithfully represented information on sustainability-related action plans and allocated resources?**

- Not at all
- To a limited extent with strong reservations
- To a large extent with some reservations
- Fully
- No opinion

Please explain your reservations or your suggestions for improvement or any other comment you might have

Overall high complexity; uniform application seems unlikely.  
Very granular and comprehensive – essential for DPs to only apply for material policies, targets and actions. DP 3 would e.g. often require disclosures per action within action plans per ESG topic or sub-topic.  
Finally, approach is too rigid/doesn't seem flexible enough to be applied in each company-specific context. Policies, targets and actions must (still) be defined on a company-specific basis.  
For example, what about a climate transition plan – this has social implications (e.g. sites may close, employees may need to be retrained). Currently, it seems like the part on S would need to be disclosed under S – however, this is not a separate action plan, but ensuring a “just transition” likely forms part of the E-related action plan.  
Also, how can resources be quantified? May be possible for E plans, but what about S and G plans (e.g. what does it cost to increase diversity)?

## Bases for preparation

Chapter 4 of ESRS 1 provides for principles to be applied when preparing and presenting sustainability information covering general situations and specific circumstances. Aspects covered include:

- general presentation principles (paragraphs 108 and 109);
- presenting comparative information (paragraphs 110 and 111);
- estimating under conditions of uncertainty (paragraphs 112 and 113);
- updating disclosures about events after the end of the reporting period (paragraphs 114 to 116);
- changes in preparing or presenting sustainability information (paragraphs 117 and 118);
- reporting errors in prior periods (paragraphs 119 to 124);
- adverse impacts and financial risks (paragraphs 125 and 126);
- optional disclosures (paragraph 127);
- consolidated reporting and subsidiary exemption (paragraphs 128 and 129);
- stating relationship and compatibility with other sustainability reporting frameworks (paragraph 130).

**Q37: is anything important missing in the aspects covered by the bases for preparation?**

- Yes
- No
- I do not know

**If yes, please indicate which one(s).**

**Please share any comment you might have on the aspects already covered (make sure to indicate which one you are referring to)**

## 1C. Overall ESRS Exposure Drafts relevance – Exposure Drafts content

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For the purpose of the questions included in this section, respondents are encouraged to consider the following:

- when sharing comments on a given ESRS Exposure Draft, and as much as possible, reference to the specific paragraphs being commented on should be included in the written comments,
- in the questions asked, for each ESRS, about the alignment with international sustainability standards, these include but are not limited to the IFRS Sustainability Standards and the Global Reporting Initiative Standards. Other relevant international initiatives may be considered by the respondents. When commenting on this particular question, respondents are encouraged to specify which international standards are being referred to.

### ESRS 1 – General Principles

This [draft] Standard prescribes the mandatory concepts and principles to apply for preparation of sustainability reporting under the Corporate Sustainability Reporting Directive (CSRD) proposal. It covers the applicable general principles:

1. when reporting under European Sustainability Reporting Standards;

2. on how to apply CSRD concepts;
3. when disclosing policies, targets, actions and action plans, and resources;
4. when preparing and presenting sustainability information;
5. on how sustainability reporting is linked to other parts of corporate reporting; and
6. specifying the structure of the sustainability statements building upon the disclosure requirements of all ESRS.

Most questions relevant for ESRS 1 are covered in the previous sections of the survey (section 1 Overall ESRS Exposure Drafts relevance – architecture and section 2 Overall ESRS Exposure Drafts relevance – implementation of CSRD principles).

**Q38: in your opinion, to what extent can ESRS 1 – *General principles* foster alignment with international sustainability reporting standards (in particular IFRS Sustainability Reporting S1 Exposure draft)?**

- Not at all
- To a limited extent with strong reservations
- To a large extent with some reservations
- Fully
- No opinion

Please explain your reservations or your suggestions for improvement or any other comment you might have

## ESRS 2 – General, strategy, governance and materiality assessment

This [draft] standard sets out the disclosure requirements of the undertaking’s sustainability report that are of a cross-cutting nature. Those disclosures can be grouped into those that are:

1. of a general nature;
2. on the strategy and business model of the undertaking;
3. on its governance in relation to sustainability; and
4. on its materiality assessment of sustainability impacts, risks and opportunities.

**Q39: Please, rate to what extent do you think ESRS 2 – General, strategy, governance and materiality assessment**

	Not at all	To a limited extent with strong reservations	To a large extent with some reservations	Fully	No opinion
A. Covers sustainability information required by articles 19a and 19b of the					



CSRD proposal (see Appendix II for CSRD detailed requirements)	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
B. Supports the production of relevant information about the sustainability matter covered	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
C. Fosters comparability across sectors	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
D. Covers information necessary for a faithful representation from an impact perspective	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
E. Covers information necessary for a faithful representation from a financial perspective	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
F. Prescribes information that can be verified / assured	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
G. Meets the other objectives of the CSRD in term of quality of information	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
H. Reaches a reasonable cost / benefit balance	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I. Is sufficiently consistent with relevant EU policies and other EU legislation	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
J. Is as aligned as possible to international sustainability standards given the CSRD requirements	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

**For part H, please explain why costs would be unreasonable and / or what particular benefit ESRS 2 offers**

**For part I, please specify what European law or initiative you think is insufficiently considered**

**For part J, please explain how you think further alignment could be reached**

**Please share any comments and suggestions for improvement you might have relating to the above questions, referring explicitly to the part of the question you are providing comment**

## ESRS E1 – Climate change

The objective of this [draft] standard is to specify Disclosure Requirements which will enable users of sustainability reporting to understand:

1. how the undertaking affects climate change, in terms of positive and negative material actual or potential adverse impact;

2. its past, current, and future mitigation efforts in line with the Paris Agreement (or an updated international agreement on climate change) and limiting global warming to 1.5°C;
3. the plans and capacity of the undertaking to adapt its business model(s) and operations in line with the transition to a sustainable economy and to contribute to limiting global warming to 1.5°C;
4. any other actions taken, and the result of such actions, to prevent, mitigate or remediate actual or potential adverse impacts;
5. the nature, type and extent of the undertaking's material risks and opportunities related to the undertaking's impacts and dependencies on climate change, and how the undertaking manages them; and
6. the effects of risks and opportunities, related to the undertaking's impacts and dependencies on climate change, on the undertaking's development, performance and position over the short-, medium- and long- term and therefore on its ability to create enterprise value .

This [draft] standard derives from the [Draft] Corporate Sustainability Reporting Directive stating that the sustainability reporting standards shall specify which information to disclose about climate change mitigation and climate change adaptation.

This [draft] standard covers Disclosure Requirements related to 'Climate change mitigation', 'Climate change adaptation' and 'Energy'.

**Q40: Please, rate to what extent do you think ESRS E1 – Climate change**

	Not at all	To a limited extent with strong reservations	To a large extent with some reservations	Fully	No opinion
A. Covers sustainability information required by articles 19a and 19b of the CSRD proposal (see Appendix II for CSRD detailed requirements)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
B. Supports the production of relevant information about the sustainability matter covered	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
C. Fosters comparability across sectors	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
D. Covers information necessary for a faithful representation from an impact perspective	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
E. Covers information necessary for a faithful representation from a financial perspective	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
F. Prescribes information that can be verified / assured	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
G. Meets the other objectives of the CSRD in term of quality of information	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
H. Reaches a reasonable cost / benefit balance	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

I. Is sufficiently consistent with relevant EU policies and other EU legislation	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
J. Is as aligned as possible to international sustainability standards given the CSRD requirements	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

**For part H, please explain why costs would be unreasonable and / or what particular benefit ESRS E1 offers**

**For part I, please specify what European law or initiative you think is insufficiently considered**

**For part J, please explain how you think further alignment could be reached**

**Please share any comments and suggestions for improvement you might have relating to the above questions, referring explicitly to the part of the question you are providing comment**

## ESRS E2 – Pollution

The objective of this [draft] standard is to specify Disclosure Requirements which will enable users of the sustainability reporting to understand:

1. how the undertaking affects pollution of air (both indoor and outdoor), water (including groundwater) and soil, living organisms and food resources (referred to in this [draft] Standard as “pollution”), in terms of positive and negative material actual or potential adverse impacts;
2. any actions taken, and the result of such actions, to prevent, mitigate or remediate actual or potential adverse impacts;
3. the plans and capacity of the undertaking to adapt its strategy, business model(s) and operations in line with the transition to a sustainable economy concurring with the needs for prevention, control and elimination of pollution across air (both indoor and outdoor), water (including groundwater), soil, living organisms and food resources, thereby creating a toxic-free environment with zero pollution also in support of the EU Action Plan ‘Towards a Zero Pollution for Air, Water and Soil’;
4. the nature, type and extent of the undertaking’s material risks and opportunities related to the undertaking’s impacts and dependencies arising from pollution, as well as from the prevention, control, elimination or reduction of pollution (including from regulations) and how the undertaking manages them; and
5. the effects of risks and opportunities, related to the undertaking’s impacts and dependencies on pollution, on the undertaking’s development, performance and position over the short, medium and long term and therefore on its ability to create enterprise value.

This standard derives from the (Draft) Corporate Sustainability Reporting Directive stating that the sustainability reporting standards shall specify the information that undertakings are to disclose about environmental factors, including information about ‘pollution’.

This standard sets out Disclosure Requirements related to pollution of air (both indoor and outdoor), water (including groundwater), soil, substances of concerns, most harmful substances and enabling activities in support of prevention, control and elimination of pollution.

**Q41: Please, rate to what extent do you think ESRS E2 - Pollution**

	Not at all	To a limited extent with strong reservations	To a large extent with some reservations	Fully	No opinion
A. Covers sustainability information required by articles 19a and 19b of the CSRD proposal (see Appendix II for CSRD detailed requirements)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
B. Supports the production of relevant information about the sustainability matter covered	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
C. Fosters comparability across sectors	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
D. Covers information necessary for a faithful representation from an impact perspective	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
E. Covers information necessary for a faithful representation from a financial perspective	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
F. Prescribes information that can be verified / assured	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
G. Meets the other objectives of the CSRD in term of quality of information	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
H. Reaches a reasonable cost / benefit balance	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I. Is sufficiently consistent with relevant EU policies and other EU legislation	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
J. Is as aligned as possible to international sustainability standards given the CSRD requirements	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

**For part H, please explain why costs would be unreasonable and / or what particular benefit ESRS E2 offers**

**For part I, please specify what European law or initiative you think is insufficiently considered**

**For part J, please explain how you think further alignment could be reached**

**Please share any comments and suggestions for improvement you might have relating to the above questions, referring explicitly to the part of the question you are providing comment**

## ESRS E3 – Water and marine resources

The objective of this [draft] standard is to specify disclosure requirements which will enable users of the sustainability reporting to understand:

1. how the undertaking affects water and marine resources, in terms of positive and negative material actual or potential adverse impacts;
2. any actions taken, and the result of such actions, to protect water and marine resources, also with reference to reduction of water withdrawals, water consumption, water use, water discharges in water bodies and in the oceans, habitat degradation and the intensity of pressure on marine resources;
3. to what extent the undertaking is contributing to the European Green Deal’s ambitions for fresh air, clean water, a healthy soil and biodiversity as well as to ensuring the sustainability of the blue economy and fisheries sectors, to the EU water framework directive, to the EU marine strategy framework, to the EU maritime spatial planning directive, the SDGs 6 Clean water and sanitation and 14 Life below water, and respect of global environmental limits (e.g. the biosphere integrity, ocean acidification, freshwater use, and biogeochemical flows planetary boundaries) in line with the vision for 2050 of ‘living well within the ecological limits of our planet’ set out in in the 7th Environmental Action Programme, and in the proposal for a decision of the European Parliament and the Council on the 8th Environmental Action Programme;
4. the plans and capacity of the undertaking to adapt its business model and operations in line with the transition to a sustainable economy as well as with the preservation and restoration of water and marine resources globally;
5. the nature, type and extent of the undertaking’s material risks and opportunities related to the undertaking’s impacts and dependencies on water and marine resources, and how the undertaking manages them; and
6. the effects of risks and opportunities, related to the undertaking’s impacts and dependencies on water and marine resources, on the undertaking’s development, performance and position over the short, medium and long term and therefore on its ability to create enterprise value.

This standard derives from the [Draft Corporate Sustainability Reporting Directive] stating that the sustainability reporting standards shall specify information to disclose about two sub-subtopics: ‘water’ and ‘marine resources’.

### Q42: Please, rate to what extent do you think ESRS E3 – Water and marine resources

	Not at all	To a limited extent with strong reservations	To a large extent with some reservations	Fully	No opinion
A. Covers sustainability information required by articles 19a and 19b of the CSRD proposal (see Appendix II for CSRD detailed requirements)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
B. Supports the production of relevant information about the sustainability matter covered	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

C. Fosters comparability across sectors	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
D. Covers information necessary for a faithful representation from an impact perspective	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
E. Covers information necessary for a faithful representation from a financial perspective	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
F. Prescribes information that can be verified / assured	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
G. Meets the other objectives of the CSRD in term of quality of information	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
H. Reaches a reasonable cost / benefit balance	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I. Is sufficiently consistent with relevant EU policies and other EU legislation	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
J. Is as aligned as possible to international sustainability standards given the CSRD requirements	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

**For part H, please explain why costs would be unreasonable and / or what particular benefit ESRS E3 offers**

**For part I, please specify what European law or initiative you think is insufficiently considered**

**For part J, please explain how you think further alignment could be reached**

**Please share any comments and suggestions for improvement you might have relating to the above questions, referring explicitly to the part of the question you are providing comment**

## **ESRS E4 – Biodiversity and ecosystems**

The objective of this [draft] standard is to specify Disclosure Requirements which will enable users of sustainability reporting to understand:

1. how the undertaking affects biodiversity and ecosystems, in terms of positive and negative material actual or potential adverse impacts;
2. any actions taken, and the result of such actions, to prevent, mitigate or remediate, actual or potential adverse impacts and to protect and restore biodiversity and ecosystems;
3. to what extent the undertaking contributes to (i) the European Green Deal's ambitions for protecting the biodiversity and ecosystems, the EU Biodiversity Strategy for 2030, the SDGs 2 Zero Hunger, 6

Clean water and sanitation, 12 Responsible consumption, 14 Life below water and 15 Life on land, the Post-2020 Global Biodiversity Framework and (ii) the respect of global environmental limits (e.g. the biosphere integrity and land-system change planetary boundaries);

4. and the plans and capacity of the undertaking to adapt its business model and operations in line with the transition to a sustainable economy and with the preservation and restoration of biodiversity and ecosystems globally in general; and in particular in line with the objective of (i) ensuring that by 2050 all of the world’s ecosystems and their services are restored to a good ecological condition, resilient, and adequately protected and (ii) contributing to achieving the objectives of the EU Biodiversity Strategy at latest by 2030;
5. the nature, type and extent of the undertaking’s material risks and opportunities related to the undertaking’s impacts and dependencies on biodiversity and ecosystems, and how the undertaking manages them;
6. the effects of risks and opportunities, related to the undertaking’s impacts and dependencies on biodiversity and ecosystems, on the undertaking’s development, performance and position over the short, medium and long term and therefore on its ability to create enterprise value.

This standard derives from the [Draft Corporate Sustainability Reporting Directive] stating that the sustainability reporting standards shall specify information to disclose about ‘biodiversity and ecosystems’. This standard sets out Disclosure Requirements related to the undertaking’s relationship to terrestrial, freshwater and marine habitats, ecosystems and populations of related fauna and flora species, including diversity within species, between species and of ecosystems and their interrelation with many indigenous and local communities.

**Q43: Please, rate to what extent do you think ESRS E4 – Biodiversity and ecosystems**

	Not at all	To a limited extent with strong reservations	To a large extent with some reservations	Fully	No opinion
A. Covers sustainability information required by articles 19a and 19b of the CSRD proposal (see Appendix II for CSRD detailed requirements)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
B. Supports the production of relevant information about the sustainability matter covered	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
C. Fosters comparability across sectors	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
D. Covers information necessary for a faithful representation from an impact perspective	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
E. Covers information necessary for a faithful representation from a financial perspective	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
F. Prescribes information that can be verified / assured	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

G. Meets the other objectives of the CSRD in term of quality of information	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
H. Reaches a reasonable cost / benefit balance	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I. Is sufficiently consistent with relevant EU policies and other EU legislation	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
J. Is as aligned as possible to international sustainability standards given the CSRD requirements	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

**For part H, please explain why costs would be unreasonable and / or what particular benefit ESRS E4 offers**

**For part I, please specify what European law or initiative you think is insufficiently considered**

**For part J, please explain how you think further alignment could be reached**

**Please share any comments and suggestions for improvement you might have relating to the above questions, referring explicitly to the part of the question you are providing comment**

## **ESRS E5 – Resource use and circular economy**

The objective of this [draft] standard is to specify Disclosure Requirements which will enable users of the sustainability reporting to understand:

1. the impact of the undertaking on resource use considering the depletion of non-renewable resources and the regeneration of renewable resources and its past, current and future measures to decouple its growth from extraction of natural resources;
2. the nature, type and extent of risks and opportunities arising from the resource use and the transition to a circular economy including potential negative externalities;
3. the effects of circular economy-related risks and opportunities on the undertaking’s development, performance and position over the short-, medium- and long-term and therefore on its ability to create enterprise value in;
4. the plans and capacity of the undertaking to adapt its business model and operations in line with circular economy principles including the elimination of waste, the circulation of products and materials at their highest value, and the nature’s regeneration.

This [draft] standard derives from the [Draft] Corporate Sustainability Reporting Directive stating that the sustainability reporting standards shall specify information to disclose about ‘resource use and circular economy’.

**Q44: Please, rate to what extent do you think ESRS E5 – Resource use and circular economy**

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	Not at all	To a limited extent with strong reservations	To a large extent with some reservations	Fully	No opinion
A. Covers sustainability information required by articles 19a and 19b of the CSRD proposal (see Appendix II for CSRD detailed requirements)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
B. Supports the production of relevant information about the sustainability matter covered	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
C. Fosters comparability across sectors	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
D. Covers information necessary for a faithful representation from an impact perspective	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
E. Covers information necessary for a faithful representation from a financial perspective	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
F. Prescribes information that can be verified / assured	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
G. Meets the other objectives of the CSRD in term of quality of information	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
H. Reaches a reasonable cost / benefit balance	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I. Is sufficiently consistent with relevant EU policies and other EU legislation	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
J. Is as aligned as possible to international sustainability standards given the CSRD requirements	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

**For part H, please explain why costs would be unreasonable and / or what particular benefit ESRS E5 offers**

**For part I, please specify what European law or initiative you think is insufficiently considered**

**For part J, please explain how you think further alignment could be reached**

**Please share any comments and suggestions for improvement you might have relating to the above questions, referring explicitly to the part of the question you are providing comment**

## ESRS S1 – Own workforce

The objective of this [draft] standard is to specify Disclosure Requirements which will enable users of the sustainability reporting to understand:

1. how they affect the undertaking affects own workforce, in terms of positive and negative material impacts;
2. any actions taken, and the result of such actions, to prevent, mitigate or remediate actual or potential adverse impacts;
3. the nature, type and extent of the undertaking’s material risks and opportunities related to its impacts and dependencies on own workforce, and how the undertaking manages them and,
4. the effects of risks and opportunities, related to the undertaking’s impacts and dependencies on own workforce, on the undertaking’s development, performance and position over the short, medium and long term and therefore on its ability to create enterprise value.

In order to meet the objective, this [draft] Standard also requires an explanation of the general approach the undertaking takes to identify and manage any material actual and potential impacts on its own workforce in relation to:

1. working conditions (impacts related to e.g. living wage, health and safety, social security, working hours, water and sanitation);
2. access to equal opportunities (impacts related to e.g. discrimination, including on the rights of workers with disabilities or on women workers, as well as impacts related to issues of equality in pay and work-life balance, precarious work);
3. other work-related rights, (impacts related to e.g. trade union rights, freedom of association and collective bargaining, child labour, forced labour, privacy, adequate housing).

This draft standard derives from the [Draft] Corporate Sustainability Reporting Directive stating that the sustainability reporting standards shall specify the information that undertakings are to disclose regarding social factors.

This [draft] Standard covers an undertaking’s “own workforce”, which is understood to include both workers who are in an employment relationship with the undertaking (“employees”) and non-employee workers who are either individuals with contracts with the undertaking to supply labour (‘self-employed workers’) or workers provided by undertakings primarily engaged in ‘employment activities’ (NACE Code N78). This [draft] Standard does not cover (i) workers in the upstream or downstream undertaking’s value chain for whom neither work nor workplace are controlled by the undertaking; or (ii) workers whose work and/or workplace is controlled by the undertaking but are neither employees, nor individual contractors (“self-employed workers”), nor workers provided by undertakings primarily ,engaged in “employment activities” (NACE Code N78); these categories of workers are covered in ESRS S2 Workers in the Value Chain.

**Q45: Please, rate to what extent do you think ESRS S1 – *Own workforce***

	Not at all	To a limited extent with strong reservations	To a large extent with some reservations	Fully	No opinion
A. Covers sustainability information required by articles 19a and 19b of the CSRD proposal (see Appendix II for CSRD detailed requirements)	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

B. Supports the production of relevant information about the sustainability matter covered	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
C. Fosters comparability across sectors	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
D. Covers information necessary for a faithful representation from an impact perspective	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
E. Covers information necessary for a faithful representation from a financial perspective	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
F. Prescribes information that can be verified / assured	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
G. Meets the other objectives of the CSRD in term of quality of information	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
H. Reaches a reasonable cost / benefit balance	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I. Is sufficiently consistent with relevant EU policies and other EU legislation	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
J. Is as aligned as possible to international sustainability standards given the CSRD requirements	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

**For part H, please explain why costs would be unreasonable and / or what particular benefit ESRS S1 offers**

**For part I, please specify what European law or initiative you think is insufficiently considered**

**For part J, please explain how you think further alignment could be reached**

**Please share any comments and suggestions for improvement you might have relating to the above questions, referring explicitly to the part of the question you are providing comment**

## **ESRS S2 – Workers in the value chain**

The objective of this [draft] standard is to specify Disclosure Requirements which will enable users of the sustainability reporting to understand:

1. how the undertaking affects workers in its value chain through its own operations and its upstream and downstream value chain (including its products and services, its business relationships and its supply chain), in terms of material positive and negative actual or potential adverse impacts;
2. any actions taken, and the result of such actions, to prevent, mitigate or remediate actual or potential adverse impacts;

3. the nature, type and extent of the undertaking's material risks and opportunities related to its impacts and dependencies on workers in the value chain, and how the undertaking manages them; and
4. the effects of risks and opportunities, related to the undertaking's impacts and dependencies on workers in the value chain, on the undertaking's development, performance and position over the short-, medium- and long-term and therefore on its ability to create enterprise value.

In order to meet the objective, the [draft] standard requires an explanation of the general approach the undertaking takes to identify and manage any material actual and potential impacts on value chain workers in relation to impacts on those workers':

1. working conditions (impacts related to e.g. living wage, health and safety, social security, working hours, water and sanitation);
2. access to equal opportunities (impacts related to e.g. discrimination, including on the rights of workers with disabilities or on women workers, as well as impacts related to issues of equality in pay and work-life balance, precarious work);
3. other work-related rights, (impacts related to e.g. trade union rights, freedom of association and collective bargaining, child labour, forced labour, privacy, adequate housing).

This draft standard derives from the [Draft] Corporate Sustainability Reporting Directive stating that the sustainability reporting standards shall specify the information that undertakings are to disclose regarding social factors.

This [draft] standard covers all workers in the undertaking's upstream and downstream value chain who are or can be materially impacted. This also includes all non-employee workers whose work and/or workplace is controlled by the undertaking but are not included in the scope of "own workforce" ("own workforce" includes: employees, individual contractors, i.e., self-employed workers, and workers provided by third party undertakings primarily engaged in 'employment activities'). Own workforce is covered in ESRS S1 Own workforce.

**Q46: Please, rate to what extent do you think ESRS S2 – Workers in the value chain**

	Not at all	To a limited extent with strong reservations	To a large extent with some reservations	Fully	No opinion
A. Covers sustainability information required by articles 19a and 19b of the CSRD proposal (see Appendix II for CSRD detailed requirements)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
B. Supports the production of relevant information about the sustainability matter covered	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
C. Fosters comparability across sectors	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
D. Covers information necessary for a faithful representation from an impact perspective	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

E. Covers information necessary for a faithful representation from a financial perspective	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
F. Prescribes information that can be verified / assured	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
G. Meets the other objectives of the CSRD in term of quality of information	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
H. Reaches a reasonable cost / benefit balance	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I. Is sufficiently consistent with relevant EU policies and other EU legislation	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
J. Is as aligned as possible to international sustainability standards given the CSRD requirements	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

**For part H, please explain why costs would be unreasonable and / or what particular benefit ESRS S2 offers**

**For part I, please specify what European law or initiative you think is insufficiently considered**

**For part J, please explain how you think further alignment could be reached**

**Please share any comments and suggestions for improvement you might have relating to the above questions, referring explicitly to the part of the question you are providing comment**

## **ESRS S3 – Affected communities**

The objective of this [draft] standard is to specify Disclosure Requirements which will enable users of the sustainability reporting to understand:

1. how the undertaking affects its local communities through its own operations and its upstream and downstream value chain (including its products and services, its business relationships and its supply chain), in terms of material positive and negative actual or potential adverse impacts;
2. any actions taken, and the result of such actions, to prevent, mitigate or remediate actual or potential adverse impacts;
3. the nature, type and extent of the undertaking’s material risks and opportunities related to the undertaking’s impacts and dependencies on affected communities, and how the undertaking manages them; and
4. the effects of risks and opportunities, related to their impacts and dependencies on local communities, on the undertaking’s development, performance and position over the short-, medium- and long-term and therefore on its ability to create enterprise value.

In order to meet the objective, the [Draft] standard requires an explanation of the general approach the undertaking takes to identify and manage any material actual and potential impacts on affected communities in relation to:

1. impacts on communities' economic, social and cultural rights (e.g. adequate housing, adequate food, water and sanitation, land-related and security-related impacts);
2. impacts on communities' civil and political rights (e.g. freedom of expression, freedom of assembly, impacts on human rights defenders); and
3. impacts on particular rights of Indigenous communities (e.g. free, prior and informed consent, self-determination, cultural rights).

This draft standard derives from the [Draft] Corporate Sustainability Reporting Directive stating that the sustainability reporting standards shall specify the information that undertakings are to disclose regarding social factors.

**Q47: Please, rate to what extent do you think ESRS S3 – Affected communities**

	Not at all	To a limited extent with strong reservations	To a large extent with some reservations	Fully	No opinion
A. Covers sustainability information required by articles 19a and 19b of the CSRD proposal (see Appendix II for CSRD detailed requirements)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
B. Supports the production of relevant information about the sustainability matter covered	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
C. Fosters comparability across sectors	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
D. Covers information necessary for a faithful representation from an impact perspective	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
E. Covers information necessary for a faithful representation from a financial perspective	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
F. Prescribes information that can be verified / assured	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
G. Meets the other objectives of the CSRD in term of quality of information	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
H. Reaches a reasonable cost / benefit balance	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I. Is sufficiently consistent with relevant EU policies and other EU legislation	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

J. Is as aligned as possible to international sustainability standards given the CSRD requirements



**For part H, please explain why costs would be unreasonable and / or what particular benefit ESRS S3 offers**

**For part I, please specify what European law or initiative you think is insufficiently considered**

**For part J, please explain how you think further alignment could be reached**

**Please share any comments and suggestions for improvement you might have relating to the above questions, referring explicitly to the part of the question you are providing comment**

## **ESRS S4 – Consumers and end-users**

The objective of this [draft] standard is to specify Disclosure Requirements which will enable users of the sustainability reporting to understand:

1. how the undertaking affects the consumers and end-users of its products and/or services (referred to in this [draft] Standard as “consumers and end-users”), in terms of material positive and negative actual or potential adverse impacts connected with the undertaking’s own operations and upstream and downstream value chain, including its business relationships and its supply chain;
2. any actions taken, and the result of such actions, to prevent, mitigate or remediate actual or potential adverse impacts;
3. the nature, type and extent of the undertaking’s material risks and opportunities related to its impacts and dependencies on consumers and end-users, and how the undertaking manages them; and
4. the effects of risks and opportunities, related to their impacts and dependencies on consumers and end-users, on the undertaking’s development, performance and position over the short-, medium- and long-term and therefore on its ability to create enterprise value.

In order to meet the objective, the [draft] standard requires an explanation of the general approach the undertaking takes to identify and manage any material actual and potential impacts on the consumers and /or end-users related to their products and/or services in relation to:

1. information-related impacts for consumers/end-users, in particular privacy, freedom of expression and access to information; .
2. personal safety of consumers/end-users, in particular health & safety, security of a person and protection of children; and
3. social inclusion of consumers/end-users, in particular non-discrimination and access to products and services.

This draft standard derives from the [Draft] Corporate Sustainability Reporting Directive stating that the sustainability reporting standards shall specify the information that undertakings are to disclose regarding social factors.

**Q48: Please, rate to what extent do you think ESRS S4 – Consumers and end-users**

	Not at all	To a limited extent with strong reservations	To a large extent with some reservations	Fully	No opinion
A. Covers sustainability information required by articles 19a and 19b of the CSRD proposal (see Appendix II for CSRD detailed requirements)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
B. Supports the production of relevant information about the sustainability matter covered	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
C. Fosters comparability across sectors	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
D. Covers information necessary for a faithful representation from an impact perspective	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
E. Covers information necessary for a faithful representation from a financial perspective	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
F. Prescribes information that can be verified / assured	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
G. Meets the other objectives of the CSRD in term of quality of information	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
H. Reaches a reasonable cost / benefit balance	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I. Is sufficiently consistent with relevant EU policies and other EU legislation	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
J. Is as aligned as possible to international sustainability standards given the CSRD requirements	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

**For part H, please explain why costs would be unreasonable and / or what particular benefit ESRS S4 offers**

**For part I, please specify what European law or initiative you think is insufficiently considered**

**For part J, please explain how you think further alignment could be reached**

**Please share any comments and suggestions for improvement you might have relating to the above questions, referring explicitly to the part of the question you are providing comment**



## ESRS G1 – Governance, risk management and internal control

The objective of this [draft] standard is to specify disclosure requirements which will enable users of the undertaking's sustainability report to understand the governance structure of the undertaking, and its internal control and risk management systems.

This [draft] standard derives from the [Draft Corporate Sustainability Reporting Directive] stating that the sustainability reporting standards shall specify information to disclose information about governance factors, including:

1. the role of the undertaking's administrative, management and supervisory bodies, including with regard to sustainability matters, and their composition, as well as a description of the diversity policy applied and its implementation;
2. the undertaking's internal control and risk management systems, including in relation to the undertaking's reporting process.

### Q49: Please, rate to what extent do you think ESRS G1 – Governance, risk management and internal control

	Not at all	To a limited extent with strong reservations	To a large extent with some reservations	Fully	No opinion
A. Covers sustainability information required by articles 19a and 19b of the CSRD proposal (see Appendix II for CSRD detailed requirements)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
B. Supports the production of relevant information about the sustainability matter covered	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
C. Fosters comparability across sectors	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
D. Covers information necessary for a faithful representation from an impact perspective	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
E. Covers information necessary for a faithful representation from a financial perspective	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
F. Prescribes information that can be verified / assured	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
G. Meets the other objectives of the CSRD in term of quality of information	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
H. Reaches a reasonable cost / benefit balance	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I. Is sufficiently consistent with relevant EU policies and other EU legislation	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

J. Is as aligned as possible to international sustainability standards given the CSRD requirements	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
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**For part H, please explain why costs would be unreasonable and / or what particular benefit ESRS G1 offers**

**For part I, please specify what European law or initiative you think is insufficiently considered**

**For part J, please explain how you think further alignment could be reached**

**Please share any comments and suggestions for improvement you might have relating to the above questions, referring explicitly to the part of the question you are providing comment**

The proposed standards on governance structure and composition raise significant concerns. Firstly, the proposed disclosure standards in G1 go far beyond the scope of the CSRD, which requires to set standards on “the role of the undertaking’s administrative, management and supervisory bodies with regard to sustainability matters, and their composition, and their expertise and skills to fulfil this role or access to such expertise and skills;” (new art. 29b, par. 2, c, (i)), providing for new mandatory disclosure standards for both listed and unlisted companies. The contents of the G1 that go beyond the scope of the CSRD are the result of two choices, namely the proposal to replicate the mandatory disclosure obligations provided in other European legislative acts (the current consolidated versions of Directive 2013/34/UE and Directive 2007/36 /CE) and to largely rely on the full content of GRI standards. In this light, we observe that: (i) this information is neither covered by the CSRD nor seems to serve the purpose of the same directive in general; (ii) the introduction of such a disclosure requirement would impose a mandatory requirement through a level 2 measure (EC delegated act) that is inconsistent with a level 1 measure (Directives 2013/34/UE and 2007/36 /EC that regulate listed companies only). This choice raises significant concerns: For listed companies, this choice would provide for new mandatory standards for the disclosure obligation that already apply to listed firms and poses practical problems. A key problem here regards the current text of the application guidance which seems to explicitly allow for cross-referencing only to other sections of the management report that are clearly identified as addressing the specific disclosure requirement. This limited choice for cross-referencing appears highly problematic and inconsistent with the EU legal framework, inasmuch the: 2013/34 /UE allows listed companies to disclose the relevant information in a separate report (published together with the management report) or as a document publicly available on the company’s website, to which reference is made in the management report. In case companies adopt such options, they seem not to be allowed for cross-referencing to that disclosure, leading to undue costs and unnecessary duplication of information. For unlisted companies, most of the G1 disclosure requirements do explicitly extend to unlisted companies subject to the Sustainability Reporting the informative disclosure set in Directive 2013/34/UE and in 2007/36 /CE, which regulate listed companies only. Besides the general problems of consistency with the scope and the objective of the CSRD as well as with other EU provisions (see above), this extension appears also problematic in terms of costs and burdens. Secondly, we observe a certain overreliance of the proposed G1 disclosure standards on internationally accepted metrics (e.g. GRI). While an alignment with international standards is clearly needed and beneficial, we would like to invite the standards setter to limit this technique to essential elements that are required by the CSRD and not to all GRI standards: this consideration is needed, inasmuch, European standards are mandatory and based on a (rebuttable) presumption of materiality, while GRI are applied on the basis of a materiality assessment by the company. Thirdly, we observe that the mandate, according to the draft CSRD proposal, to develop standards on governance factors shall be interpreted in a stricter way, as essential governance information that are functional to the disclosure on the governance of sustainability. In this light, we noticed that, on one hand, the CSRD requires information on the governance of sustainability (and not on governance in general) and most of these governance elements of sustainability are already covered in the cross-cutting standard (ESRS 2, governance part); on the other hand, the Efrag interpretation, partially because based on the text of the

European Commissions' proposal, goes beyond the disclosure requirements of article 19a and 29a of the CSRD proposal, thus resulting in an overlap of pre-existing rules, the misalignment of their scope (extension to unlisted firms) and introduction of mandatory requirements that do not have a legal basis. Finally, the specific content of G1 disclosure requirement poses some specific problems with regard to company groups. According to the CSRD, the sustainability reporting shall be provided by the parent undertaking through the Consolidated sustainability reporting (art. 29a of new CSRD). Having regard to the G1 scope of information (namely "the role of the administrative, management and supervisory bodies with regard to sustainability matters" art. 29a, par. 2, lett. c), it is not clear if the information about the company's bodies is always to be referred and limited to the parent undertaking? We believe that this point would need a better clarification.

## ESRS G2 – Business conduct

The objective of this [draft] standard is to specify disclosure requirements for the undertaking to provide information about its strategy and approach, processes and procedures as well as its performance in respect of business conduct.

This [draft] standard derives from the [Draft Corporate Sustainability Reporting Directive] stating that the sustainability reporting standards shall specify information to disclose about business ethics and corporate culture, including anti-corruption and anti-bribery.

In general, business conduct covers a wide range of behaviours that support transparent and sustainable business practices to the benefit of all stakeholders. This [draft] standard focusses on a limited number of practices as follows:

1. business conduct culture;
2. avoiding corruption, bribery and other behaviours that often have been criminalised as they benefit some in positions of power with a detrimental impact on society; and
3. transparency about anti-competitive behaviour and political engagement or lobbying.

This [draft] standard is addressing business conduct as a key element of the undertaking's contribution to sustainable development. This [draft] standard requires the undertaking to report information about its overall policies and practices for business conduct, rather than information for specific material sustainability topics.

### Q50: Please, rate to what extent do you think ESRS G2 – Business conduct

	Not at all	To a limited extent with strong reservations	To a large extent with some reservations	Fully	No opinion
A. Covers sustainability information required by articles 19a and 19b of the CSRD proposal (see Appendix II for CSRD detailed requirements)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
B. Supports the production of relevant information about the sustainability matter covered	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
C. Fosters comparability across sectors	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

D. Covers information necessary for a faithful representation from an impact perspective	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
E. Covers information necessary for a faithful representation from a financial perspective	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
F. Prescribes information that can be verified / assured	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
G. Meets the other objectives of the CSRD in term of quality of information	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
H. Reaches a reasonable cost / benefit balance	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I. Is sufficiently consistent with relevant EU policies and other EU legislation	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
J. Is as aligned as possible to international sustainability standards given the CSRD requirements	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

**For part H, please explain why costs would be unreasonable and / or what particular benefit ESRS G2 offers**

**For part I, please specify what European law or initiative you think is insufficiently considered**

**For part J, please explain how you think further alignment could be reached**

**Please share any comments and suggestions for improvement you might have relating to the above questions, referring explicitly to the part of the question you are providing comment**

## 2. ESRS implementation prioritisation / phasing-in

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### Application provisions

In order to facilitate the first-time application of set 1, ESRS 1 includes two provisions:

- Application Provision AP1 which exempts undertaking to reports comparatives for the first reporting period, and
- Application Provision AP2 which proposes transitional measures for entity-specific disclosures which consists in allowing the undertaking to continue to use, for 2 years, disclosures it has consistently used in the past, providing certain conditions are met, as described in paragraph 154.

**Q51: to what extent do you support the implementation of Application Provision AP1?**

- Not at all

- To a limited extent with strong reservations
- To a large extent with some reservations
- Fully
- No opinion

**Q52: to what extent do you support the implementation of Application Provision AP2?**

- Not at all
- To a limited extent with strong reservations
- To a large extent with some reservations
- Fully
- No opinion

**Q53: what other application provision facilitating first-time application would you suggest being considered?**

**Please explain why**

## **ESRS implementation prioritisation / phasing-in options**

Set 1 proposes a comprehensive set of standards aimed at achieving the objectives of the CSRD proposal, with the exception of the standards to be included in Set 2.

Acknowledging the fact that the proposed vision of a comprehensive sustainability reporting might be challenging to implement in year one for the new preparers and potentially to some of the large preparers as well, EFRAG will consider using some prioritisation / phasing-in levers to smoothen out the implementation of the first set of standards.

The following questions aim at informing EFRAG's and ultimately the European Commission's decision as to what disclosure requirements should be considered for phasing-in, based on implementation feasibility / challenges and potentially other criteria, and over what period of time their implementation should be phased-in.

**Q54: for which one of the current ESRS disclosure requirements (see Appendix I) do you think implementation feasibility will prove challenging? and why?**

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Given the critical importance of implementation prioritisation / phasing-in, please justify and illustrate your response

**Q55: over what period of time would you think the implementation of such “challenging” disclosure requirements should be phased-in? and why?**

Given the critical importance of implementation prioritisation / phasing-in, please justify and illustrate your response

**Q56: beyond feasibility of implementation, what other criteria for implementation prioritisation / phasing-in would recommend being considered? And why?**

Given the critical importance of implementation prioritisation / phasing-in, please justify and illustrate your response

**Q57: please share any other comments you might have regarding ESRS implementation prioritisation / phasing-in**

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**If you have other comments in the form of a document please upload it here**

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## Contact

[Contact Form](#)