

## Analysis of GRI feedback: Environment Issues Paper

### General

ESRS environmental standards		EFRAG Secretariat preliminary analysis	Conclusion
	All environmental ESRS are closely related to one another and some of the required data may overlap across these standards. GRI proposes reviewing these standards to eliminate duplication of content and to clearly state at the beginning of each standard the precise scope of the standard.	<p>The scopes of the standards are already mentioned.</p> <p>Further clarification on the articulation of the standards would be helpful to ensure the absence of overlaps.</p> <p>Overarching Introductory section to environmental standards to be drafted and all existing or missing cross-references to be reviewed and clarified.</p>	<p>→ <b>Draft to be amended (clarification)</b></p>

### ESRS E1 Climate change

ESRS E1	GRI feedback	EFRAG Secretariat preliminary analysis	Conclusion
1.	<p>Disclosure Requirements E1-15, E1-16 and E1-17 focus on the financial repercussions of physical and transition risks. This creates an imbalance in reporting, favoring the impacts that have financial implications over other types of impacts, which is not in line with the double materiality ambition outlined in the proposed CSRD or with the stated objective of this standard as specified in paragraph 1.</p> <p>Climate change can have substantive impacts on stakeholders that would not be adequately captured by this standard.</p>	<p>In the EDs just transition is conventionally located in the Social standards. This is to avoid mixing envt and social DR and because social impacts may come from other environmental issues (water scarcity for instance) and should not be repeated in several E standards. This point was already discussed in PTF.</p> <p>Besides, E1-15, E1-16 and E1-17 indeed address solely the financial materiality aspects.</p>	<p>→ <b>Draft to be amended in ESRS S to strengthen the reporting of social impacts from transition. Cross reference to ESRS S is already mentioned in</b></p>

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	<p>The effects on workers resulting from the transition to a low carbon economy is the clearest example, as it has a high social impact but not necessarily a financial impact on the undertaking.</p> <p>The reference in paragraph 7 to ESRS S1 to S4 does not guarantee adequate coverage of these impacts in those standards either.</p> <p>In addition, there are several instances in which sector standards could help to clarify the reporting requirements and alleviate the reporting burden. For example, Disclosure Requirement E1-14 on avoided emissions may be easier to quantify in certain sectors; each sector should be allowed to use the most relevant unit to express energy intensity (under Disclosure Requirement E1-6); and land use changes could be better introduced in sector standards for agriculture and other related sectors.</p>	<p>More guidance will be added at next stage per sector.</p>	<p><b>paragraph 7 of ESRS E1)</b></p> <p>→ <b>Avoided emissions, energy intensity, land use: to be discussed as part of the materiality discussion</b></p>
<p>2. Objective</p>	<p><i>4 Other impacts on climate change (e.g., from land use changes, black carbon, tropospheric ozone etc.), are not explicitly addressed by this [draft] Standard but should be included as part of the assessment of material impacts on climate change.</i></p> <p>Land use changes generate GHG emissions and can be included in Scopes 1, 2 and 3 according to the GHG Protocol. GRI understands that Disclosure Requirements E1-7, E1-8 and E1-9 can include emissions from land use change given the current formulation and therefore proposes to delete this statement.</p>	<p>This formulation means that those drivers are addressed primarily in other environmental standards or will be addressed in sector specific standards. It does not mean there is no consequence on climate change.</p> <p>The introductory overarching note should help clarifying articulation between standards.</p> <p>Introductory section to environmental standards to be drafted and all existing or missing cross-references to be reviewed and clarified.</p>	<p>→ <b>Draft to be amended (clarification, not substance)</b></p>
<p>3. Disclosure Requirement E1-1 – Transition plan for climate change mitigation</p>	<p>There is a big overlap between Disclosure Requirements E1-1 and E1-4. These could be potentially merged.</p>	<p>This architecture arises from the CSRD itself, but merging could be considered.</p>	<p>→ <b>To be discussed.</b></p>

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<p>4. Disclosure Requirement E1-2 – Policies implemented to manage climate change mitigation and adaptation</p>	<p>GRI proposes to clarify the distinction between this disclosure requirement and Disclosure Requirement E1-1.</p>	<p>This architecture arises from the CSRD itself, but merging could be considered.  Overlap 1-1 and 1-4 to be discussed (above).</p>	<p>→ <b>Draft to be amended (to explain the difference between 1-1 and 1-2/3/4.</b></p>
<p>5. Disclosure Requirement E1-3 – Measurable targets for climate change mitigation and adaptation</p>	<p>GRI recommends separating the reductions from offsets and the reductions resulting from reduced capacity or outsourcing, as it is important to understand the reductions that are the direct result from reduction initiatives implemented.  GRI also recommends reducing the reporting burden for this disclosure, particularly around the three tables required under paragraphs 24 and AG 30.</p>	<p>Reductions are already separated from offset, to be clarified if needed.  This table is not mandatory, only clarifying mandatory elements to be disclosed for the different types of targets. To be clarified if needed.</p>	<p>→ <b>Draft to be amended (clarification)</b>  → <b>Draft to be amended (clarification)</b></p>
<p>6. Disclosure Requirement E1-4 – Climate change mitigation and adaptation action plans and resources</p>	<p>There is a big overlap between Disclosure Requirements E1-1 and E1-4. These could be potentially merged.</p>	<p>Same as #3/4 above.</p>	
<p>7. Disclosure Requirement E1-5 – Energy consumption and mix</p>	<p>GRI proposes to require reporting energy consumption outside of the reporting organization. This information is important to understand an organization's range of impacts related to energy consumption and is necessary in order to compile data on GHG emissions Scope 3.</p>	<p>Though relevant, this type of information on value chain seems very granular for a first set of standards.</p>	<p>→ <b>To be discussed.</b></p>
<p>8. Disclosure Requirement E1-6 – Energy</p>	<p>Different units of measure may be more appropriate to different sectors. GRI proposes that each sector should be allowed to use the most appropriate unit to express energy intensity.</p>	<p>This disclosure requirement is there to meet the needs of financial market participants subject to SFDR. Turnover has to be the denominator.</p>	<p>→ <b>No actions in Set1.</b></p>

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intensity per net turnover		Other denominators will be considered in sector-specific standards.	
9. Disclosure Requirement E1-7 – Scope 1 GHG emissions	The information required in the table under AG paragraph 50 overlaps with that required under Disclosure Requirement E1-3. GRI proposes combining them.	This only provides a reference to help the reader navigate through the standard. To be amended for the sake of clarity.	→ <b>Draft to be amended (clarification)</b>
11. Disclosure Requirement E1-9 – Scope 3 GHG emissions	When compiling the gross Scope 3 GHG emissions, AG paragraph 48 requires financial institutions to consider the GHG Accounting and Reporting Standard for the Financial Industry from the Partnership for Carbon Accounting Financial (PCAF).  GRI proposes that sector- specific disclosures be excluded from the sector- agnostic standards.	This reference is useful until sector-specific standards will be completed.	→ <b>No actions</b>
12. Disclosure Requirement E1-10 – Total GHG emissions	GRI proposes removing Disclosure Requirement E1-10.	This disclosure requirement is needed as it is SFDR-related – and relevant to show the total emissions.	→ <b>No actions</b>
13. Disclosure Requirement E1-11 – GHG intensity per net turnover	Different units of measure may be more appropriate to different sectors. GRI proposes that each sector should be allowed to use the most appropriate unit to express energy intensity.	This disclosure requirement is there to meet the needs of financial market participants subject to SFDR. Turnover has to be the denominator.  Other denominators will be considered in sector-specific standards.	→ <b>No actions for Set 1</b>
14. Disclosure Requirement E1-12 – GHG removals in own operations and the value chain	GRI suggests specifying reported amounts as CO2 stored minus the GHG emitted in the process ('net reduction of emissions').	If this GRI comment relates to the net of removals and GHG emissions of the removal process, then agreed. Otherwise this disclosure requirement focuses only on removals. A disclosure requirement could be added to sum Emissions + removals but is does not seem necessary as the user of sustainability reporting can do the maths.	→ <b>Draft to be amended (clarification)</b>
16. Optional Disclosure Requirement E1-14 –	This metric will be difficult to understand by report readers and reporters, given the 'lack of an accepted framework for accounting and reporting of such avoided emissions.'	Avoided emissions are deemed useful for users/investors but specifically for some sectors.	→ <b>To be discussed (as part of the</b>

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<p>Avoided GHG emissions from products and services</p>		<p>To be discussed as part of the materiality discussion for sector agnostic.</p>	<p><b>materiality discussion)</b></p>
<p>17. Disclosure Requirement E1-15 – Potential financial effects from material physical risks</p>	<p>Disclosure Requirement E1-15 focuses on financial risk exclusively. In the context of the proposed CSRD, the question arises as to whether the impacts on workers, etc. related to physical risks should be reported which don't necessarily constitute a material financial effect. This seems to be a significant gap in the proposed disclosure structure.</p>	<p>In the EDs just transition is conventionally located in the Social standards. This is to avoid mixing envt and social DR and because social impacts may come from other environmental issues (water scarcity for instance) and should not be repeated in several E standards. This point was already discussed in PTF. Insert a cross reference to ESRS S in all environmental standards.</p>	<p>→ <b>Draft to be amended in ESRS S.</b></p>
<p>18. Disclosure Requirement E1-16 – Potential financial effects from material transition risks</p>	<p>Disclosure Requirement E1-16 focuses on financial risk exclusively. In the context of the proposed CSRD, the question arises as to whether the impacts on workers, etc. related to transition risks should be reported which don't necessarily constitute a material financial effect. This seems to be a significant gap in the proposed disclosure structure.</p>	<p>Besides, E1-15, E1-16 and E1-17 indeed address solely the financial materiality aspects.</p>	
<p>19. Disclosure Requirement E1-17 – Potential financial effects from climate-related opportunities</p>	<p>Disclosure Requirement E1-17 focuses on financial opportunities exclusively. There can be opportunities for workers and communities which don't have a material financial effect. This seems to be a significant gap in the proposed disclosure structure.</p>		

## ESRS E2 Pollution

ESRS E2	GRI feedback	EFRAG Secretariat preliminary analysis	Conclusion
1.	GRI's general feedback on ESRS E2: ESRS E2 is closely related to other standards such as E1, E3 and E5 and some of the required data may overlap across these standards (for example, the data required in E5 on hazardous waste generated). GRI proposes reviewing these standards to eliminate duplication of content and to clearly state at the beginning of each standard the precise scope of the standard.	<p>The scopes of the standards are already mentioned. However EFRAG acknowledges that further clarification on the articulation of the standards would be helpful to ensure the absence of overlaps.</p> <p>Introductory section to environmental standards to be drafted and all existing or missing cross-references to be reviewed and clarified.</p>	<p>→ <b>Draft to be amended (clarification)</b></p>
2. E2-1 – Policies implemented to prevent and control pollution	<p>GRI proposes to clarify how the undertaking is to report 'taking account of actual and possible upcoming regulations'.</p> <p>GRI proposes adding a requirement on the minimum standards set for the quality of effluent discharge, in line with GRI 303-2. This information is important to understand an organization's approach to water quality, in order to protect ecosystems, wildlife, and human health and welfare.</p>	<p>To clarify that this is not a reporting per se, but the the link with regulations is rather application guidance.</p> <p>Water discharge is deemed to be sector-agnostic by some TEG members. Further disclosure requirements regarding the quality of effluent discharge should eventually follow the same treatment as water discharge - addition to be considered accordingly.</p>	<p>→ <b>Draft to be amended (clarification)</b></p> <p>→ <b>To be discussed</b></p>
3. E2-4 – Pollution of air, water and soil	GRI strongly recommends requiring the proportion of water discharge that constitutes freshwater ( $\leq 1,000$ mg/L Total Dissolved Solids), in line with GRI 303-4.	Water discharge is deemed to be sector-agnostic by some TEG members. Further disclosure requirements regarding the proportion of water discharge that constitutes freshwater should eventually follow the same treatment as water discharge - addition to be considered accordingly.	<p>→ <b>To be discussed</b></p>

## ESRS E3 Water and marine resources

ESRS E3	GRI feedback	EFRAG Secretariat preliminary analysis	Conclusion
1.	<p>GRI's general feedback on ESRS E3:</p> <p>ESRS E3 is closely related to all other environmental standards (E1, E2, E4 and E5) and some of the required data may overlap across these standards. For example, the disclosure on marine resources (E5-1) require reporting data already reported under the other environmental standards. GRI proposes reviewing these standards to eliminate duplication of content and to clearly state at the beginning of each standard the precise scope of the standard.</p>	<p>The scopes of the standards are already mentioned. However EFRAG acknowledges that further clarification on the articulation of the standards would be helpful to ensure the absence of overlaps.</p> <p>Introductory section to environmental standards to be drafted and all existing or missing cross-references to be reviewed and clarified.</p>	<p>→ <b>Draft to be amended</b></p>
2. Disclosure Requirement E3-1 – Policies implemented to manage water and marine resources	<p>GRI proposes adding a requirement on the minimum standards set for the quality of effluent discharge, in line with GRI 303-2. This information is important to understand an organization's approach to water quality, in order to protect ecosystems, wildlife, and human health and welfare.</p>	<p>See ESRS E2 Pollution where the water effluents disclosure requirement sits.</p> <p>The mention in ESRS E3 is only a reference.</p>	
3. Disclosure Requirement E3-4 – Water management performance	<p>GRI strongly recommends revising Disclosure Requirement E3-4 for closer alignment with GRI 303-3, 303-4 and 303-5.</p> <p>Importantly, Disclosure Requirement E3-4 should require reporting water withdrawal, discharge and consumption in areas with water stress and the proportion of water withdrawal and discharge that constitutes freshwater (<math>\leq 1,000</math> mg/L Total Dissolved Solids).</p>	<p>The draft already prescribes a geographical area approach but needs to be clarified further and reflect well the importance of fresh water consistently with GRI approach.</p>	<p>→ <b>Draft to be amended (clarification)</b></p>

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	Without this information, Disclosure Requirement E3-4 falls short of providing insight into the impacts of the undertaking on the environment and people.		
4. Disclosure Requirement E3-6 – Marine resources-related performance	GRI recommends reducing the duplication with other environmental standards and to clarify what needs to be reported under this disclosure requirement compared to the other ESRS referenced.	The draft proposes that the undertaking provides relevant references to the other standards in order to ensure a complete view of the water-related disclosure requirements under the water standard. This could be further explained in the overarching introductory explanatory note to be drafted.	Same n. 1 above
5. Appendix A: Defined terms	<p>GRI proposes adding a definition for ‘marine resources’.</p> <p>GRI proposes aligning the definitions for ‘discharge’, ‘freshwater’, ‘water consumption’, ‘water discharge’, and ‘water withdrawal’ with the definitions in GRI 303.</p> <p>GRI’s definition of freshwater is ‘water with concentration of total dissolved solids equal to or below 1,000 mg/L’.</p> <p>GRI 303 classifies water with concentration of total dissolved solids of more than 1,000 mg/L as ‘other water’, rather than as ‘freshwater’.</p>	<p>Indeed a definition of marine resources would be useful.</p> <p>Wherever possible, definitions were taken from the EU legislative frameworks. Further alignment with GRI will be considered notwithstanding alignment with EU texts.</p>	<p>→ Draft to be amended</p> <p>→ To be considered (if compatible with EU definitions).</p>

## ESRS E4 Biodiversity

ESRS E4	GRI feedback	EFRAG Secretariat preliminary analysis	Conclusion
1. Disclosure Requirement E4-3 Measurable targets for biodiversity	The revised GRI Standard for biodiversity is expected to focus on the process for setting goals and targets, in addition to the information on targets required by GRI 303-e-ii.	These elements on the process are generic and covered directly by ESRS 1 Disclosure Principle 1-2.	N/A



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and ecosystems			
2. Disclosure Requirement E4-4 – Biodiversity and ecosystems action plans	The revised GRI Standard for biodiversity is expected to focus on the actions taken by the undertaking in relation to the mitigation hierarchy.	Actions covering the mitigation hierarchy are covered by paragraph 42 (d).	N/A
3. Disclosure Requirement E4-5 Pressure metrics	<p>GRI strongly recommends aligning with the wording of IPBES and SBTN's DPSIR approach.</p> <p>The direct drivers of biodiversity loss considered by GRI reflect those identified through the IPBES global assessment and include land and sea use change, climate change, overexploitation of resources, pollution, and invasive alien species.</p> <p>GRI therefore proposes that Disclosure Requirement E4-5 (paragraph 44) requires the undertaking to report the direct drivers responsible for its most significant actual or potential impacts on biodiversity including but not limited to land and sea use change, climate change, overexploitation of resources, pollution, and invasive alien species.</p>	<p>The direct drivers are well detailed in paragraph 46 and are indeed the five drivers described in the IPBES report.</p> <p>Possible further alignment in terminology to be assessed, also in a consistent manner with TNFD.</p>	→ <b>To be considered</b>
4. Optional Disclosure Requirement E4-9 – Biodiversity offsets	By using the direct drivers approach proposed for Disclosure Requirement E4-5, Disclosure Requirements E4-5, E4-6, E4-7 and E 4-9 could be combined into one disclosure requirement focusing on drivers of biodiversity loss.	Form / architecture to be considered along with other TEG comments received.	→ <b>To be discussed</b>



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	<p>ESRS E5 is closely related to other standards such as E1, E3 and E4 and some of the required data may overlap across these standards. For example, the policies to decouple economic activity from the extraction of non-renewable resources and for the regeneration of renewable resources and ecosystems (E5-1) overlaps with E1 and E4 respectively. GRI proposes reviewing these standards to eliminate duplication of content and to clearly state at the beginning of each standard the precise scope of the standard.</p>	<p>The scopes of the standards are already mentioned. However EFRAG acknowledges that further clarification on the articulation of the standards would be helpful to ensure the absence of overlaps.</p> <p>Introductory section to environmental standards to be drafted and all existing or missing cross-references to be reviewed and clarified.</p>	<p>→ Draft to be amended</p>
<p>2. Disclosure Requirement E5-1 – Policies implemented to manage resource use and circular economy</p>	<p>Disclosure Requirement E5-1 prescribes the undertaking to disclose separately its policies i) to decouple economic activity from extraction of non-renewable resources and ii) for regeneration of renewable resources and ecosystems. However, Disclosure Requirements ESRS E5-2, E5-3, E5-7 and E5-8, which require information on targets, action plans, strategies and partnerships, do not follow the same structure. They only request information on targets, action plans, strategies and partnerships ‘to optimise resource use in creating circular business models’ or ‘to accelerate the transition from linear to circular economy’. GRI proposes harmonizing these disclosure requirements.</p>	<p>Agree that further consistency throughout the standard shall be sought.</p>	<p>→ Draft to be amended</p>
<p>3. Disclosure Requirement E5-3 – Resource use and circular economy action plans</p>	<p>GRI recommends adding a requirement for reporting whether waste is managed by a third party, and the processes to determine whether this third party manages waste in line with contractual or legislative obligations, in line with GRI 306-2.</p>	<p>Information on waste management by third party could indeed be added.</p>	<p>→ Draft to be amended</p>
<p>4. Disclosure Requirement E5-4 – Resource inflows</p>	<p>GRI strongly recommends aligning Disclosure Requirement E5-4 with GRI 301, by including the disclosures on non-renewable materials used by the undertaking to produce and package its primary products. This is useful to understand the impacts of an organization. It also facilitates tracking the policies and commitments disclosed in Disclosure Requirement E5-2. Paragraph 33b requires information on renewable</p>	<p>There are some inconsistencies between the main body and the application guidance of this disclosure requirement, the application guidance being the most up-to-date.</p> <p>Redrafting is needed for consistency.</p>	<p>→ Draft to be amended</p>

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	materials, whereas AG paragraph 16 refers to the use of renewable and reused or recycled materials. In turn, AG 21 requires information on reused or recycled and renewable materials, whereas paragraph 33c only refers to reused or recycled. GRI recommends making the requirements and the AG consistent.		
5. Disclosure Requirement E5-5 – Resource outflows	There is some unnecessary repetition between this disclosure requirement and the corresponding application guidance.	Will be considered as simplification to be considered wherever possible.	→ <b>Draft to be amended.</b>
6. Disclosure Requirement E5-6 – Waste	<p>GRI recommends aligning Disclosure Requirement E5-6 more closely with the disclosures in GRI 306 which represent best practice for reporting on waste.</p> <p>GRI recommends aligning the terminology ‘averted to disposal’ in paragraph 41c with the terminology in GRI 306 ‘directed to disposal’.</p> <p>GRI also recommends including GRI 306-1 to provide information on the inputs, activities and outputs that lead to waste, and whether waste was generated in own activities or in the upstream or downstream value chain.</p>	<p>To be considered, but the proposal was to have less granularity because this is a sector-agnostic measure. Detailed breakdown by composition can prove to be complex.</p> <p>Ok to change terminology.</p> <p>Regarding input/activity/output, it is addressed by the application guidance on SBM 3 and SBM 4 on the integration of resource use and circular economy in the business model. Inflow is similar to input, activity is the business model and outflow is similar to output.</p> <p>Value chain is to be considered in application guidance on IROs.</p>	<p>→ <b>To be discussed</b></p> <p>→ <b>Draft to be amended</b></p> <p>→ <b>No action</b></p>
7. Disclosure Requirement E5-7 – Resource use optimisation	GRI proposes combining this disclosure requirement with Disclosure Requirement E5-3 to avoid repetition.	The idea is interesting and architecture can be further streamlined. We propose an integration in E5-9 as it may be more relevant.	→ <b>Draft to be amended.</b>

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8. Disclosure Requirement E5-8 – Circularity Support	GRI proposes combining this disclosure requirement with Disclosure Requirement E5-3 to avoid repetition. Paragraph 47 (b) and (c) refer to 'circular economy topics', which is not a clear concept and is not referred to in any other part of the standard. Consider replacing 'circular economy topics' for 'circular principles' or specify what circular economy topics mean, and how it differentiates from circular economy principles.	Agreed.	→ Draft to be amended.
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