

Open call for tenders to assist EFRAG for its cost-benefit analysis of the First Set of draft European Sustainability Reporting Standards

(Period to answer extended until Friday 27 May 2022)

A. Summary of contract requirements and tendering procedure

1. Contracting entity

1.1 Name and address

EFRAG 35 Square de Meeûs, B-1000 Brussels Belgium

Email box: call.for.tender@EFRAG.ORG

Contact persons:

- Saskia Slomp, EFRAG CEO, Saskia.Slomp@EFRAG.ORG; T +32-(0)2 207.93.05| M +32-(0)475 293.669.
- Patrick de Cambourg, Chair of the PTF-ESRS: Patrick.decambourg@efrag.org.

1.2 Internet address

www.efrag.org

1.3 Date of publication of this notice

The initial call for tenders was issued on 31 March 2022 with a deadline on 28 April and was based on the 21 Working Papers prepared by the EFRAG Project Task Force on European Sustainability Reporting Standards (PTF-ESRS).

Following the launch of the public publication on the [exposure-drafts of the first set of n the first set of draft European Sustainability Reporting Standards](#) (ESRS EDs), EFRAG is extending the period to respond to its call for tenders for the cost-benefit analysis of draft European Sustainability Reporting Standard to allow more time for tenderers to consider the published documents. .

The timeline to respond to the call for tenders (see next paragraph) and the timelines for the deliverables under the contract are extended accordingly.

1.4 Time limit to answer to the call for tender

The time limit to respond to the call for tenders is extended until Friday 27 May 2022. Tenders must be sent by email to: call.for.tender@EFRAG.ORG. Tenderers are advised to keep proof of the sending time.

1.5 Communication

Additional information can be obtained from the above-mentioned address.

1.6 EFRAG's mission statement

EFRAG's mission is to serve the European public interest in both financial reporting and sustainability reporting by developing and promoting European views in the field of corporate reporting and by developing draft EU Sustainability Reporting Standards.

In its financial reporting activities, EFRAG ensures that the European views are properly considered in the IASB's standard-setting process and in related international debates. EFRAG ultimately provides advice to the European Commission on whether newly issued or revised IFRS Standards meet the criteria of the IAS Regulation for endorsement for use in the EU, including whether endorsement would be conducive to the European public good.

In its sustainability reporting activities, EFRAG provides technical advice to the European Commission in the form of draft EU Sustainability Reporting Standards accompanied by bases of conclusions and cost benefit analysis including impact analysis.

EFRAG seeks input from all stakeholders, and obtains evidence about specific European circumstances, throughout the standard-setting process. Its legitimacy is built on transparency, governance, due process (which may include field tests, impact analyses and outreaches), public accountability and thought leadership. This enables EFRAG to speak convincingly, clearly and consistently, and be recognised as the European voice in corporate reporting.

EFRAG is operating in a fast-evolving environment. It is attentive to the need to adapt its activities to meet new opportunities and challenges in corporate reporting.

The present call for tenders concerns the sustainability reporting standard -setting activities.

2. Description of the contract

2.1 Background: Proposal for a CSRD

The European Commission adopted a legislative proposal for a Corporate Sustainability Reporting Directive (CSRD) which would require companies within its scope to report in compliance with European Sustainability Reporting Standards (ESRS) adopted by the European Commission as delegated acts.

Under the proposals for a CSRD, EFRAG would be the technical advisor to the European Commission developing draft ESRS accompanied with their basis for conclusion, cost-benefit analysis and guidance for Digital Reporting.

Article 19b of the proposals for a CSRD require in particular that the Commission to adopt a first set of European Sustainability Reporting Standards (hereafter 'the First Set of ESRS'). This set of standards should specify information that companies should report about all sustainability matters and all reporting areas listed in Article 19a(2) of the proposals for a CSRD.

However, EFRAG is informed that the co-legislators contemplate postponing the implementation deadline for the companies which may also impact the standard setting deadline. The first reporting by undertakings using the standards is expected in 2024 with

reference to reporting year 2023 which imply that the ESRS are adopted (by Delegated Act) no later than June 2023. EFRAG will keep contractors informed about any change in the timeline.

As per the CSRD proposal of April 2021, EFRAG would be tasked by providing the European Commission the draft ESRS, accompanied by cost-benefit analyses that include analyses of the impacts of the technical advice on sustainability matters.

2.2 Objective and content of the contract

The objective of the contract is to assist EFRAG in the preparation of the cost-benefit analysis, in particular collecting data and evidence and performing preliminary analysis that can be used by EFRAG in preparation of its ex-ante cost-benefit analysis of the First Set of draft ESRS described in Section B3.

The purpose of cost-benefit analysis is to understand the impacts of proposed ESRS and amendments from various stakeholders' points of view on a systematic basis to enable informed judgements about how to balance the needs of different and possibly competing interests, including costs and benefits, including wider impacts on sustainability matters.

Contractors are asked to assess the costs and benefits for a broad set of stakeholders including reporting entities, investors (and other financial market participants including rating agencies and data providers) and lenders, civil society organisations and society at large. Benefits and costs can be direct or indirect (e.g., trickle down effects on SMEs as being part of the value chain of larger groups).

Contractors are asked to assess the costs and benefits of applying the First Set of draft ESRS taken as a whole and not ESRS by ESRS. This does not preclude contractors from applying a bottom-up approach to assess costs for individual draft ESRSs and then determine the aggregated amounts. In such case, input on the most difficult and 'costly to apply' draft ESRS would be welcomed.

EFRAG issued the EDs on the First Set of draft ESRS) for [public consultation](#) on 29 April and the consultation is open until 8 August 2022 ..

Contractors should consider this period (May to August) to collect the necessary data and conduct the analyses. After the consultation period, and based on the feedback received, EFRAG may need to amend the proposed draft ESRS. The contract will have to also cover the analysis of the effects of the revisions, if any, on the cost-benefit analysis once contents of the final draft ESRS is known.

2.3 Leveraging on previously performed cost-benefit analyses.

In performing the work, the contractor should take into consideration and build on the following:

- The European Commission's [impact assessment of the CSRD proposal](#); and
- The report provided by a think tank (CEPS) [Study on the non-financial reporting directive - Publications Office of the EU \(europa.eu\)](#), which the European Commission used to prepare its impact assessment for the proposals for a CSRD; in particular for cost calculations when it made its proposal for the Corporate Sustainability Reporting Directive.

In doing so the contractor shall put the emphasis on the contents of the ESRS and avoid addressing the analysis already performed in relation to directive level provisions.

2.4 Detailed description

See Section B. 3. Formal requirements and description of the procurement process

2.5 Delivery deadlines

Changes to the proposed draft Standards may result from the feedback from the public consultation. Therefore, the cost-benefit analysis should be considered in two stages, from a methodological standpoint:

- In a first step, assess the costs and benefits arising from the ESRS EDs as submitted to public consultation until 8 August 2022, and
- In a second step consider the effects of the changes (if material) made to the proposed First Set of draft ESRS after the consultation, on the cost-benefit analysis.

EFRAG will collect the feedback from the public consultation and will share with the contractor the input that may be relevant to the cost-benefit assessment. EFRAG will also inform the contractor about the contemplated changes to the EDs draft ESRS that may arise from the feedback of the public consultation.

The final report to be transmitted to EFRAG should be based on the final First Set of draft ESRS.

The organisation of the study should take place in the following phases which do not aim at producing different papers but ensuring a close coordination between the contractor and the EFRAG Secretariat on the progress of the report:

(The following timelines have been updated to take into consideration the extended deadline to answer to the call for tenders).

- a) The contractor shall submit a structured outline report (similar to a table of contents plus text indicating the intended methodology) of the cost-benefit analysis as basis for a kick-off meeting to be organised in June 2022; at the date agreed between the EFRAG Secretariat and the contractor.
- b) The Contractor shall inform on the progress in the form of a presentation at the EFRAG offices by the end July 2022.
- c) The contractor shall submit the draft report at latest by mid-September 2022 to EFRAG. The draft report should include all the elements specified in Section B 'Scope of work' and should explain the contractor's research and data gathering procedures, methodology for economic modelling and critical assumptions.
- d) The draft Report will be discussed by EFRAG Governance Bodies at public meetings.
- e) EFRAG will comment on the draft report within thirty (30) days of its receipt.
- f) As indicated above, the Contractor will be informed of the main developments occurring during and after the consultation period that may affect its mission including changes to the content of the proposed First Set of draft ESRS arising from:
 - i. The outcome of the public consultation on the proposed First Set of draft ESRS; or
 - ii. The effects of changes to the final CSRD text, as part of the ongoing legislative process.as soon as EFRAG is informed of such developments or changes.
- g) The Contractor shall follow up on the EFRAG comments on the draft report and present the final report at latest by [mid- October 2022](#) including the impacts of the changes to the ESRS EDs.

During the drafting of the report an on-going information exchange between the Contractor and the EFRAG Secretariat about the progress of the report shall be established via e-mail and/or virtual (MS teams) meetings. The contractor should at least give monthly updates by means of virtual or physical meetings. Any coordination meetings if considered necessary will be held in Brussels unless otherwise agreed with EFRAG. Travel expenses of these kick-off and coordination meetings are part of the all-inclusive study price.

3. Formal requirements and description of the procurement process

3.1 Duration of the contract

The contract will expire on 30 November 2022 at the latest unless the date on which EFRAG provides the information on the final draft ESRS does not allow for a proper assessment of the impact of the revision on the cost-benefit analysis or unless otherwise agreed.

3.2 Maximum total value of the contract

The maximum value of this contract is 400,000 EUR including VAT¹ and all other costs, expenses (including travel costs, meeting and other out-of-pocket costs) and fees.

3.3 Report

The report should be in English and be submitted in electronic MS Word format. Graphs, tables and figures being part of the text of the study must be provided in a format which can be edited using MS Word. The report shall also include:

- a) An abstract of no more than 200 words in English. The purpose of the abstract is to serve as a reference tool to help the reader to quickly ascertain the study's subject;
- b) An Executive Summary (the Executive Summary shall be independent from the main text. It shall offer an outline of the analysis and summarise the main results of the report and shall not be a repetition of the main text); and
- c) The following standard disclaimers:

"The information and views set out in this report are those of the author(s) and do not necessarily reflect the views or opinion of EFRAG.

EFRAG does not guarantee the accuracy of the data included in this report. EFRAG may not be held responsible for the use which may be made of the information contained therein.

EFRAG is partly funded European Union - DG Financial Stability, Financial Services and Capital Markets Union and the EEA-EFTA countries. Views and opinions expressed are however those of the author(s) only and do not necessarily reflect those of the European - DG Financial Stability, Financial Services and Capital Markets Union and the EEA-EFTA countries. Neither the European Union - DG Financial Stability, Financial Services and Capital Markets Union nor the EEA-EFTA countries can be held responsible for them."

4. Quality standards

4.1 General quality standards

The contractor shall undertake to perform the tasks assigned to them in accordance with the highest professional standards and to observe the highest integrity throughout the process (data, research, analysis, presentation, citations, etc.). The standards to be respected include:

- a) All written deliveries should be drafted in a concise language, allowing readers to readily gain an overview of the specific subject, independent of their prior knowledge;

¹ EFRAG has no VAT status and should therefore be invoiced VAT included for all provision of services, including those received from abroad.

- b) The contractor should remain aware of the limitations of the research method, including a consciousness of the impact of their own views and opinions which may predetermine an outcome. Any uncertainty inherent in a result should be reflected in the findings and conclusions;
- c) The contractor should bear in mind that the delivery must stand up to scrutiny in a wider context and that factual errors, imprecise or ambiguous wordings or an unclear, inaccurate or incomplete stating of sources and references may jeopardise the credibility of the delivery as a whole;
- d) Factual accuracy shall be ensured. The contractor has the responsibility to present the results fully without omission, misrepresentation or deception. In particular:
 - i. The most recently available information and data shall be included. Existing relevant work if any within the relevant community shall be taken into account as broadly as possible, including research that challenges the contractors' own results. Contradictory findings shall not be excluded at the outset;
 - ii. All material from the work of others which is used for the assignment, such as data, information, ideas, concepts, methodologies, quotes and literature must be clearly referenced at the appropriate place in the text by way of systematic referencing. A complete bibliography, and where applicable, a list of persons/organisations interviewed, is essential; and
 - iii. Inverted commas or quotation marks shall be used in case another author's material is copied word-for-word (direct quotation). Sources should also be clearly referenced in case of paraphrasing, i.e., when putting another author's ideas into one's own words.
- e) The contractor shall put in place effective internal quality control mechanisms. Non-compliance with the above standards can lead to the rejection of the services.

4.2 Plagiarism

Where performance of the contract entails the use of an intellectual or industrial property right belonging to a third party, the contractor hereby must warrant that he has obtained authorisation from the holder or holders of the said rights or from his or their legal representatives to use those rights for the purposes of this contract.

In such cases, the contractor must also inform EFRAG of any obligation or restriction arising from copyright or another intellectual or industrial property right belonging to a third party. Any fee for which the contractor may be liable for such authorisation shall be paid by him.

All material from the work of others which is used for the assignment, such as, data, information, ideas, concepts, methodologies, quotes and literature must be clearly identified and stated at the appropriate place in the text by way of a systematic referencing system. These works must be attributable to their original authors. Where the texts referred to are available on the Internet, hyperlinks should be provided if possible. A complete bibliography ("references"), and where applicable, a list of persons/organisations interviewed, is essential. Plagiarism checks will be carried out. In the case that serious plagiarism is detected and not eliminated by the contractor, EFRAG will reject the study.

4.3 Results and copyright

EFRAG acquires ownership of the results of the work carried out under the contract ('the results'). EFRAG may use the results for the following purposes:

- Use for its own purposes;
- Make the report publicly available;
- Communication through press information services;

- Inclusion in databases, indexes and portals as EFRAG would see appropriate;
- Modification by or in the name of EFRAG; and
- Quote from and/or incorporate extracts from the report in its cost-benefit analysis that is submitted as part of EFRAG's Technical Advice to the EC and in any other reports, presentations and technical papers that EFRAG might prepare in connection with this project.

The contractor may not publish or otherwise use the report commissioned by the EFRAG unless a prior written authorisation is obtained.

5. Scope of the work and guidance on the quality criteria

The contractor will support the EFRAG Sustainability Reporting Board and EFRAG Sustainability Reporting TEG in the assessment of the benefits and costs of the provisions included in the proposed First Set of draft ESRS.

The tender should describe the methodology the contractor proposes to use to meet the objectives of the contract to assess the impact of the First Set of draft ESRS. The assessment should start from the estimations presented in the impact assessment of the CSRD proposal and assess whether and to what degree the expected costs and benefits would be different from those mentioned there given the degree of granularity and scope of indicators included in the draft ESRS, It is expected that Contractors look at all the dimensions below:

Expected benefits for companies

- The effect of the obligation to report the information contained in the First set of draft ESRS on the behaviour of companies including increased awareness of the issues, improvements in internal procedures related to the production and approval of the ESRS information, adjustments to internal policies and practices; integration of sustainability risks in the company strategy; and changes in policies with a direct impact on the main business model of a company.
- The possible synergies and efficiencies deriving from a set of standards and data requirements to ensure better coherence and integration with the various component of the European policies that are related to sustainability, including the SFDR and the Taxonomy Regulation.
- Cost savings for preparers; for instance, preparers' current costs of dealing with multiple ad hoc sustainability information requests would be reduced by the mandatory application of ESRS, also in light of data to be provided to rating agencies, surveys and demands of financial service companies (banks etc.).

Expected Costs companies

- Making more precise the estimates for one- off and ongoing costs of applying the First Set of draft ESRS that were presented in the impact assessment of the CSRD proposal. The costs should be presented as incremental, compared to the rules currently in force (NFRD) and existing company practice.
- Contractors should also consider costs incurred by companies that are not themselves within the scope of the CSRS but are affected as being part of the supply chain of larger companies (the so-called trickle-down effect).
- Estimated indirect costs should be also considered where these may be affected by the scope and indicators used in the draft ESRS, notably those associated with the assurance level required by the CSRD² for the ESRS information (i.e., both the costs of the requirement for the statutory auditor to check the existence of the information in the

² -The proposal for a CSRD requires all companies within the scope to seek limited assurance for reported sustainability information, while including an option to move towards a reasonable assurance requirement at a later stage).

management report as well as the assurance provided by any third-party assurance provider).

- Assessment of further risks such as the risk for EU companies incurring higher reporting costs than non-EU companies, with negative impacts on their international competitiveness.

The cost assessment should distinguish between:

- Listed and unlisted companies within the scope of the CSRD; and
- Larger and smaller companies within the scope of the CSRD.

and identify the extent to which the First Set of draft ESRS would affect differently these companies in relation to their sizes or to the fact that they were or were not in the scope of the NFRD including the possible trickling down effect.

Expected benefits for users of sustainability reporting

- Possible benefits for users of sustainability information from better access to comparable, relevant and reliable sustainability information from more companies. Costs reduction associated with trying to find adequate information should also be assessed.
- For the purposes of this exercise, and consistent with the propositions in the CSRD, the terms 'users' focuses on the primary intended users of sustainability information disclosed in company annual reports:
 - On the one hand investors, including asset managers, who want to better understand the risks and opportunities that non-financial issues pose to their investments, as well as to better understand the social and environmental impacts of those investments;
 - On the other hand, non-governmental organisations, trade unions and other stakeholders, who want to better hold companies to account for their social and environmental impacts.
- The possible synergies and efficiencies deriving from a set of standards and data requirements that is more coherent and integrated with the various components of the European policies that are related to sustainability (for example the SFDR and the Taxonomy Regulation).

For other stakeholders

- Qualitative or where relevant quantitative assessment of any other significant positive or negative impacts on the economy, society, the environment or fundamental rights derived resulting from the application of the First Set of ESRS on corporate behaviours with special emphasis on the impact of double materiality and notably impact materiality application.

The tender should also provide a description of:

- How the contract would be organised and managed including experience of proposed team members in the relevant field of (sustainability) standards and reporting and/or costs of reporting;
- The quality control procedures the contractor would apply.

6. Exclusion, selection and award criteria

6.1 Exclusion criteria

Tenderers must meet the exclusion criteria as laid down in the Information Form and sign the Information Form as part of the tender in this respect.

6.2 Selection criteria

Tenderers must prove their economic, financial, technical and professional capacity to carry out the work subject to this call for tenders.

The economic and financial capacity will be assessed on the basis of a signed declaration of financial capacity, professional independence and absence of conflicts of interest (see point 3 of the Information Form) to be submitted by the tenderer. EFRAG reserves the right to seek evidence at any time relating to the tenderer's economic and financial capacity. Tenderers must prove their technical and professional capacity.

Tenderers must demonstrate relevant experience and credibility in delivering inputs for impact assessments or studies in the field of sustainability reporting and capital markets in an EU context. The tenderer must prove experience in the domain of the call for tenders by one or more recent projects delivered in this field.

The tenderer should propose a team of experts with sound educational and professional qualifications and professional experience. Each team member should have a university degree and at least three years of relevant experience. The tenderer should propose a project leader with at least five years of relevant experience. The tender should provide information about the tenderer's relevant experience including:

- Experience in the field of researching the anticipated behavioural consequences of changes in financial or capital markets regulation on an EU-wide basis;
- Experience in the field of correlating anticipated behavioural consequences with economic impacts on an EU-wide basis;
- Experience in interview/survey techniques, data collection, statistical analyses and drafting reports and recommendations; and
- Capacity to draft economic reports in English.

The tender should also provide CVs that summarise the relevant professional qualifications and experience of the Project Manager and other core team members of the project team. The contractor may reject tenderers at selection stage in case of professional conflicting interests that may affect the performance of the contract.

6.3 Award criteria

The tenderer will be awarded according to the best-value-for-money procedure. The maximum total of quality score is 100 points divided as follows:

Criteria	Max points
a) Quality, relevance and coherence of proposed approach gathering evidence on the one-off and ongoing cost and benefits arising from the draft ESRS	20 points
b) Quality, relevance of proposed approach and methodology for correlating behaviours with economic consequences for the EU and EEA and EFTA countries and benefits arising from the draft ESRS	20 points
c) Organisation of the work (including quality of the team, quality of the proposed mechanism for project management, balance of profiles and break down of tasks);	30 points
d) Coordination and quality control (including risk management)	10 points
e) Price (Comparison of prices will be made on the basis of the stated, all-inclusive fixed price using a formula i.e. the lowest quoted price will receive the maximum number of 20 points; all other offers will receive a number of price points in relation to the lowest offered price: Price points = (lowest price / price of the respective tender) x 20	20 points

6.4 Other information

The tenderer should complete and sign the Information Form that is part of the tender documents. This form includes a confirmation in relation to the EFRAG's EC grant agreement as well as a confirmation that your organisation has no potential conflicts of interest.

6.5 EFRAG's EC grant agreement

Part of EFRAG's financing comes from the European Union in the form of a grant (the EC grant). Articles 11 (proper implementation), 12 (conflict of interest), 13 (confidentiality and security), 14 (ethics), 17.2 (visibility), 18 (specific rules for carrying out action), 19 (information) and 20 (record-keeping) as laid down in the Single Market Programme (SMP) General Model Grant Agreement ([SMP MGA – Multi & Mono version 1.0 August 2021](#)) also apply to the subcontractors are also applicable to the contractor. A condition for inclusion as a valid tender is that the prospective contractor confirms that it has been made aware of these Articles and agrees to be bound by them if the contract is awarded to them.

The tender is only open to organisations established/domiciled in the European Economic Area and EFTA countries.

6.6 Time limit for receipt of tenders

Tenders must be sent by Friday 27 May 2022 to the email address: call.for.tender@EFRAG.ORG. Tenderers are advised to keep proof of the sending time.

6.7 Language in which tenders must be drawn up

Tenders must be submitted in English.

7. Notification of the results and award of the contract

7.1 Notification of the results

EFRAG has the intention to notify the successful tenderer by the beginning of June 2022. As part of the evaluation process, EFRAG has the right to request a presentation of the proposal at the EFRAG offices or by Teams. Please note that the notification at this stage does not constitute a commitment on the part of EFRAG.

Prior to signing the Draft Contract, EFRAG may either abandon or cancel this procurement procedure without entitling any tenderer to any compensation. Notification of the results will also be sent to the unsuccessful candidates, indicating the reason(s) for rejection.

7.2 Award of the contract

The contract will be awarded, through the signature of a Draft Contract (the Draft Contract is part of the tender documents), to the candidate who has made the most advantageous offer in terms of quality and price. At the time of signature of the Draft Contract, signed originals, forming an integral part of the contract, shall be submitted. The signature of the Draft Contract will set the start for the period of execution of the contract. There can be no provision of services without such a Draft Contract.

8. Components of this call for tenders

This call for tenders consists of:

- Open call for tenders to assist EFRAG in its cost- benefit analysis of ESRS (this document);
- The Information Form; and
- The Draft Contract.

B. Scope of work

1. General requirements

The objective of the contract is to assist EFRAG in its ex-ante cost-benefit analysis of the First Set of ESRS.

The analysis findings will serve as an input to EFRAG's Technical Advice to the EC on draft ESRS.

Background information on ESRS is provided in Section C Part 2. The main focus of the work is the impact of applying ESRS by companies that are included in the scope of the proposed CSRD and the impacts on users and other stakeholders, notably civil society.

The overall analysis should cover, or be representative of, entities in the EU and if feasible EEA countries as a whole with a good representation of listed/ listed and larger/ smaller companies across a wide range of industries and countries. Where resources or data constraints require it, deeper analysis can be restricted to specific market segments, or Member States. However, reasons why these restrictions are necessary should be documented and the tender should give a sense of expected coverage.

As mentioned previously, EFRAG will inform the selected contractor about any developments that may affect the contractor's mission including the final adoption of the CSRD.

2. FIRST SET OF DRAFT ESRS

ESRS EDs have been issued on 29 April 2022 for public consultation for a of 100-day period until 8 August 2022.

The initial call for tenders (issued on 31 March 2022 with a deadline on 28 April) referred for background information to the 21 Working Papers prepared by the EFRAG Project Task Force on European Sustainability Reporting Standards (PTF-ESRS).

A number of adjustments and simplifications have been made to the working papers made available by EFRAG over the course of January to March 2022, based on the continuous work performed by the PTF-ESRS. Some of the working papers have been totally or partially reallocated to other drafts. The list of ESRS Exposure drafts is shown in Table 1 in [Appendix 1 to the Cover Note](#).

Tenderers are invited to base their proposal on the published ESRS EDs

- [Appendix II](#) analyses how the ESRS EDs cover the CSRD requirements for the development of sustainability reporting standards
- [Appendix III](#) indicates in which part of the ESRS Exposure Drafts the SFDR Principal Adverse Impacts Indicators, as requested by Annex I of the European Commission Delegated Act Supplementing Regulation (EU) 2019/2088: are covered.
- [Appendix IV](#) provides a TCFD Recommendations and ESRS reconciliation table
- [Appendix V](#) provides an IFRS Sustainability Standards and ESRS reconciliation table

Tenderers are expected to consider the availability of the above analyses prepared by the PTF-ESRS in preparing their tenders.

All 13 published ESRS EDs are available on EFRAG's Website [here](#).

Cross-cutting Exposure Drafts

ESRS 1 General principles

ESRS 2 General, strategy, governance and materiality assessment

Topical standards - Environment

ESRS E1 Climate change

ESRS E2 Pollution

ESRS E3 Water and marine resources

ESRS E4 Biodiversity

ESRS E5 Resource use and circular economy

Topical standards - Social

ESRS S1 Own workforce

ESRS S2 Workers in the value chain

ESRS S3 Affected communities

ESRS S4 Consumers & end-users

Topical standards - Governance

ESRS G1 Governance, risk management and internal control

ESRS G2 Business conduct

C. Background information

About the proposal for a CSRD

On 21 April 2021, the European Commission adopted a [legislative proposal for a Corporate Sustainability Reporting Directive \(CSRD\)](#). One of the key provisions is that companies under scope would have to report in compliance with European sustainability reporting standards (ESRS) adopted by the European Commission as delegated acts.

The objective of the European Commission proposal for a CSRD currently going through the EU legislative process, is to contribute to the establishment of a comprehensive and mandatory sustainability reporting landscape. The ultimate aim is to have robust and comparable sustainability-related data to support the success of public policies relating to sustainability, of sustainable business strategies and of sustainable finance objectives.

The proposal for a CSRD requires sustainability reporting by all large undertakings and all listed undertakings (circa 50 000 entities), to be prepared on the basis of reporting standards under a mandatory regime, taking into account the following:

- (a) Comprehensive coverage of sustainability topics: environment (including climate), social and governance;
- (b) Fostering proper quality of information (relevant, faithfully represented, comparable, understandable, reliable);
- (c) Addressing the needs of all stakeholders under the concept of double materiality (impact and financial materiality);
- (d) To be located in the management report;
- (e) To be audited by an external third party (limited assurance initially); and
- (f) Capable of being translated to digital format at the outset.

About EFRAG's role

Under the proposal for a CSRD, EFRAG would develop draft standards, using proper due process, public oversight and transparency, and with the expertise of relevant stakeholders.

The timeline contained in the proposal requires the elaboration of draft sustainability reporting standards in parallel to the legislative process to adopt the proposed CSRD. To meet this timeline, Commissioner McGuinness, in a [letter dated 12 May 2021](#), requested EFRAG to:

- (a) Reform its governance following the recommendations by Jean-Paul Gauzès in his report which were fully supported by Commissioner McGuinness; and
- (b) Put in place interim working methods to start the technical work immediately building on the membership, leadership, expertise and recommendations of the PTF-NFRS.

On the basis of the CSRD proposal, the governing bodies of the sustainability reporting pillar of EFRAG, envisaged to be in place by the end of March 2022, are expected to deliver to the European Commission³:

- (c) A first set of reporting standards in 2022; and

³ It has however to be noted that (a) EFRAG can only provide the technical advice when political agreement is reached; and (b) the political agreement between the European Parliament and the Council may change the deadlines. Contractor will be informed of any changes as soon as EFRAG is informed.

- (d) A second set of reporting standards, specifying complementary sustainability-related as well as sector-specific information to be disclosed, together with reporting standards specific for small and medium-sized undertakings (SMEs), by mid-2023.

The elaboration of the standards is to be operated in full transparency and under a robust due process.

The reporting standards will be adopted by the European Commission by means of delegated acts. The European Commission is to review the adopted delegated acts at least every three years after the date of application, taking into consideration the technical advice of EFRAG, to take account of relevant developments, including developments in international standards.

According to the European Commission's CSRD proposal, the first reporting by undertakings using the standards is expected in 2024 with reference to reporting year 2023.