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Draft Cover note for ESRS public consultation

TRACK CHANGES

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Part IV – Consultation questions

[Please, click here to access a word version of the survey questionnaire.](#)

Appendices ~~all appendices are still being developed and are not available yet~~

Appendix 1: Navigating the ESRS: ESRS index (Standards / DR / AG)

Appendix 2: CSRD requirements for [the development of standards](#) ~~setting~~ and ESRS / Article 19a & 19b requirements reconciliation table

Appendix 3: SFDR [Principle Adverse Impacts Indicators in the ESRS](#) ~~PAI KPIs and ESRS mapping table~~

~~Appendix 4: SASB / ESRS SEC 1 reconciliation table~~

Appendix ~~4~~5: TCFD & ESRS reconciliation table

Appendix ~~5~~6: ISSB & ESRS reconciliation table

[Appendix 6: Glossary and list of acronyms](#)

Commented [GM1]: Due to IP issues with SASB, ESRS SEC 1 is not included in the consultation package. And appendix 4 is deleted.

DRAFT



Part I – The context and the process

1. The Corporate Sustainability Reporting Directive and the contribution expected from EFRAG

- 1 On 21 April 2021, The European Commission adopted a [legislative proposal](#) for a Corporate Sustainability Reporting Directive (CSRD). One of the key provisions of the CSRD is that companies in scope would have to report in compliance with European sustainability reporting standards (ESRS) adopted by the European Commission as delegated acts, on the basis of technical advice provided by EFRAG.
- 2 ~~Article 19b.1.a of the CSRD proposal states that the European Commission is expected to adopt two sets of ESRS taking into consideration the technical advice from EFRAG. This has resulted in the elaboration of draft sustainability reporting standards in parallel to both the legislative process of the proposed CSRD and the revision of EFRAG's governance.~~ In this context, in a letter dated 12 May 2021, Commissioner McGuinness requested EFRAG to:
 - (a) reform its governance following the recommendations made by Jean-Paul Gauzès in his [report](#) issued in March 2021; and
 - (b) put in place interim working methods to start the technical [development of standards work](#) immediately, [in parallel to legislative negotiations](#), building on the membership, leadership, expertise and recommendations of the Project Task Force that undertook preparatory work for the elaboration of possible EU non-financial reporting standards (PTF-NFRS), with reference to its report issued in [March 2021](#).

Commented [GM2]: Add link to CSRD proposal here

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2. EFRAG's governance reform

- 3 Executing on Commissioner McGuinness' invitation, EFRAG immediately engaged in moving the reform of its governance along. In December to February 2022, EFRAG's General Assembly approved its enlarged membership, including organisations of a new Civil Society Organisations Chapter that was included in the membership of the EFRAG Sustainability reporting pillar. On 21 January 2022 the EFRAG General Assembly approved its new Statutes and Internal Rules, integrating a new Sustainability reporting pillar in EFRAG's organisational structure mirroring its Financial reporting pillar and organising a clear allocation of responsibilities between the Financial Reporting Board (FRB) and the EFRAG Sustainability Reporting Board (SRB) on the one hand (technical matters) and the newly created EFRAG Administrative Board on the other hand (administrative, governance, oversight and due process). The EFRAG Administrative Board was appointed in December (and its President and Vice-President and the Civil Societies Organisations' representative in February) and became operational after the approval of the EFRAG Internal Rules and EFRAG Statutes in January.
- 4 EFRAG Administrative Board supported by its Nominating Committee then proceeded with selecting the members of the EFRAG SRB, following a public call for candidates, and recommending its composition to the EFRAG General Assembly. Members of the EFRAG SRB were appointed by the EFRAG General Assembly in its 1 March meeting. The first EFRAG SRB meetings took place on 31 March 2022, 13 and 22 April 2022.
- 5 On 15 March 2022, the EFRAG General Assembly also approved EFRAG's [Due Process Procedures EU Sustainability Reporting Standard- Setting](#). Following a public call for candidates, the EFRAG Administrative Board supported by the Extended SRB EFRAG Administrative Board



Nominating Committee recommended the composition of the EFRAG Sustainability Reporting Technical Expert Group (SR TEG), that was appointed by the EFRAG SRB on 13 April 2022].

3. The work carried out in project mode to elaborate exposure drafts

- 6 In parallel with the governance reform, and in order to ensure that EFRAG's new SRB would be in a position to deliver its technical advice to the European Commission in time for the European Commission to meet its own deadline to adopt the first set of ESRS, the PTF-NFRS was invited by EFRAG, following Commissioner McGuinness recommendation, to launch the preparation of a first set of ESRS Exposure Drafts based on the CSRD mandate. The PTF-NFRS, which members were selected following a public call for candidates in July 2020, became the Project Task Force on the elaboration of ESRS (PTF-ESRS) and started working in June 2021, assisted by representatives of European Public Authorities acting as observers.
- 7 Beyond PTF-wide consensus building presentations, surveys and debates, preparatory work of the ESRS exposure drafts also involved interactions with external Expert Working Groups, the members of which were selected following a public call for candidates. All intermediary Working Papers were made publicly available on EFRAG's website as they were presented and debated by the PTF-ESRS in plenary meetings.
- 8 In order to meet the ambitious deadlines for submitting the first set of draft ESRS to the European Commission by November 2022 and to benefit from the longest public consultation period possible, it was critical that the public consultation on the Exposure Drafts (EDs) of the first set of ESRS be launched as soon as possible. In this context, the EFRAG SRB decided to launch the public consultation on the basis of the EDs prepared under the sole responsibility of the PTF-ESRS.
- 9 The EFRAG SRB has not reviewed or discussed the EDs and therefore has not taken any position on their content at this stage. However, the EFRAG SRB:
 - reviewed and approved the questions raised to stakeholders in the public consultation and
 - on the basis the European Commission's firm request for EFRAG to submit its technical advice for a full set 1 of draft ESRS in November, had to adopt an accelerated due process procedure for approved the modalities of the duration of the public consultation (including the duration of the public consultation period).
- 10 The EFRAG SRB and the EFRAG SR TEG will consider the EDs in parallel with the public consultation and following the handover by the PTF-ESRS. Together with the input and results from the public consultation, the EFRAG SRB supported by the EFRAG SR TEG will agree the final first set of draft ESRS to be submitted to the European Commission.
- ~~11 Tentative. Subject to EFRAG SRB decision.~~
- 1211 [On 27 April 2022], the PTF-ESRS transmitted its proposed public consultation package, including the first set of Exposure Drafts, to EFRAG SRB. Using the possibility given by paragraph 1.5 of the EFRAG Sustainability Reporting Due Process Procedures to go through an accelerated due process¹ the EFRAG SRB ~~decided to submit~~ these EDs to public consultation immediately

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¹ EFRAG Sustainability Reporting Due Process Procedures, paragraph 1.5: "A robust, agile and adaptable due process is necessary to meet urgent standard-setting needs within a rapidly-moving landscape. Therefore, all the steps described in this document may not need to be applied mechanically or sequentially in all instances. In some circumstances, an accelerated due process may be appropriate whereby a core of necessary due process steps will be defined. In such cases, the EFRAG Administrative Board, in its oversight role of due process, will be



for a period of ~~100~~ days ending on ~~8 August 2022~~, ~~3~~ weeks shorter than the standard 120 days period. This decision is driven by the following factors:

- the request of the European Commission for EFRAG to submit its technical advice on the first set of Draft ESRS in November,
- the time needed by EFRAG SR TEG and [EFRAG SRB](#):
 - to perform the analysis of the feedback received from stakeholders through the public consultation,
 - to debate on appropriate revisions to be made, and
 - to adopt the final draft ESRS.

If as a consequence of the political agreement reached following the finalisation of the CSRD legislative process, the timeline for the adoption of the ESRS in the form of delegated acts was modified in a way that creates flexibility, EFRAG would consider the possibility to move back its own public consultation period to the regular 120 day period.]

~~43~~ ~~Tentative. Subject to EFRAG SRB decision.~~

~~44~~¹² For similar reasons, the EFRAG SRB also decided to progress in parallel with the public consultation in respect of three key components of the due process:

- (a) Finalisation of the Bases for Conclusions in relation to the ESRS Exposure Drafts by the PTF -ESRS during the public consultation process at the latest by the end of May.

As a reminder, Bases for Conclusions are not part of a standard per se – and for this reason will not be part of the delegated act adopted by the European Commission – but aim to clarify the reasoning and logic ~~followed by the standard setter~~ [of the process followed by EFRAG](#) in drafting the relevant disclosure requirements Bases for Conclusions will be made publicly available on EFRAG’s website and will be announced by ~~a~~ dedicated news item~~s~~.

Commented [GM6]: EC comment : Standard setter is the EC, not EFRAG

- (b) Cost-Benefit Analysis

In consideration of the very tight timeline and of the available resources, the PTF-ESRS prioritised the preparation of the ESRS Exposure Drafts. The Cost-Benefit analysis, which is an important aspect of the standard ~~development setting~~ process, will be managed by EFRAG in parallel to the public consultation, in order for the EFRAG SRB supported by the EFRAG SR TEG to be in a position to provide a complete technical advice to the European Commission, as per the CSRD proposal.

- (c) Digital Guidance-

The digital guidance aims at helping reporting undertakings to publish their ESRS compliant information in ~~an ESAP-compatible~~ digital format. This will be considered in due course when following the public consultation and deliberations by the EFRAG TEG and [EFRAG SRB](#) the technical advice will be delivered to the European Commission.]

Commented [GM7]: EC comment : ESAP does not exist yet.

4. The public consultation

~~45~~¹³ The current public consultation is organised to receive feedback from constituents on three key aspects of the EDs:

consulted.” Paragraph 5.4 of the DPP requires approval by the EFRAG Administrative Board for a consultation period less than the minimum of 120 days.



- 1) the relevance of (i) the proposed architecture, (ii) the implementation of the CSRD principles and (iii) the overall content of each ED
- 2) the possible options criteria for prioritising / phasing-in the implementation of the ESRS on, and
- 3) the adequacy of each disclosure requirement mandated by each ED.

Part II – The 7 key features of the exposure drafts

4614 Articles 19a, 19b, 19c and 19d provisions of the CSRD proposal provide key elements framing and driving the architecture and content of the ESRS. The following paragraphs illustrate the way these provisions have guided the standard setting process and are covered by the ESRS EDs submitted to this public consultation.

1. Exposure Drafts may need to be adjusted to meet the requirements of the final CSRD

4715 EDs were prepared on the basis of the April 2021 CSRD legal mandate legislative proposal, as at the time of their issuance the final revised text of the Directive is not available, pending the ongoing legislative negotiation by European Council and Parliament.

4816 Therefore, any change adopted in the final CSRD (potentially during the public consultation period) will have to be reflected in the final draft standards approved by the EFRAG SRB and submitted to the European Commission.

2. Exposure Drafts take account of existing European law and initiatives

4917 As clearly articulated in the March 2018 EU action plan financing sustainable growth, robust, reliable, and relevant sustainability information is a key element of success for a number of leading initiatives embedded in the action plan. Some of which create sustainability reporting obligations, sometimes with specific disclosures being defined, while others influence or frame the definition of relevant sustainability information.

2018 Sustainable Finance Disclosure Regulation (SFDR) Principal Adverse Impact metrics (PAI KPIs) are indicators required to be reported by Financial Market Participants subject to the SFDR². In order for Financial Market Participants to be able to collect such indicators from their clients, these SFDR PAI KPIs as defined by the Regulatory Technical Standards (RTS) adopted by the European Commission on 6 April 2022, are included in the Exposure Drafts and specifically flagged as being SFDR PAI KPIs³.

2419 The Taxonomy “Article 8” delegated act⁴ defines disclosure requirements for undertakings subject to the Taxonomy regulation. Environmental EDs (ESRS E1 to E5) make explicit reference to these disclosure requirements which are hosted in a dedicated placeholder of the sustainability

² <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32019R2088&from=EN>

³ A mapping of where SFDR PAI KPIs are covered in the ESRS can be found in appendix 3.

⁴ [taxonomy-regulation-delegated-act-2021-4987_en.pdf \(europa.eu\)](https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32021R0498&from=EN)



[management report and the social EDs \(ESRS S1 to S4\) address the reporting needs set out by the “minimum safeguards”.](#)

2220 Included in the list of European texts to be considered are the Benchmark Regulation, the GHG allowance Directive, the EMAS regulation ~~and~~ European Commission recommendation on the life cycle environmental performance of products and services. All have direct or indirect implications for the climate and other environmental standards. The way and extent to which they are taken into account in the definition of the disclosure requirements and application guidance of the environmental standards will be found in their respective basis for conclusions.

2321 Beyond this list, other key ongoing European initiatives have been considered in the drafting of the ESRS. This was notably the case for the recently released proposal by the European Commission of a Corporate Sustainability Due Diligence Directive (CSDDD). Due diligence related disclosure requirements found throughout the ESRS EDs – the overview of which can be found in ESRS 1 General principles and ESRS 2 General, strategy, governance, and materiality assessment disclosure requirements – are designed to provide transparency on the undertaking’s approach to due diligence. The related disclosure requirements may need to be adjusted in the future, following the completion of the ongoing CSDDD legislative process.

3. Exposure Drafts take account of European and international sustainability reporting initiatives

2422 Another direct request of article 19b.(3) relates to the consideration to be given to international standards ~~s~~ ~~setters~~ and other frameworks or initiatives pertaining to sustainability reporting.

2523 Aiming to capitalise upon and consolidate the sustainability reporting achievements to date the PTF-ESRS fully considered the lessons learned from the implementation of the current European legislation, the Non-Financial Reporting Directive (NFRD), the existing related guidelines and the best practices that have developed in such a context.

2624 It is with this objective in mind that the PTF-ESRS signed statements of cooperation with the GRI⁵, Shift⁶ and WICI⁷. Doing so enabled the PTF-ESRS to work closely with representatives of these three institutions, which provided input and recommendations for the drafting work and to enable the appropriate inclusion of impact related information, human rights principles, and best practices, and, in preparation of future EDs, intangible-related sustainability information.

2725 Robust and constructive dialogue was also entertained with other leading international initiatives regardless of any cooperation agreement being formalised, with the common goal of both mutual understanding of approach and goals and search for ways to facilitate compatibility and convergence wherever possible. With this in mind, the PTF-ESRS had regular technical dialogue with a delegation of experts of the IFRS Foundation’s [Technical Readiness Working Group \(TRWG\)](#) and now of the [International Sustainability Standards Board \(ISSB\)](#) on their two recently issued Exposure Drafts⁸. ~~This was also the case with the Value Reporting Foundation with which the PTF-ESRS discussed both the approach to sector classification and sector specific metrics as proposed by the SASB, for consideration and possible inclusion in the sector specific ESRS⁹.~~

Commented [GM8]: Since ESRS SEC1 is not included in the public consultation package, no need to keep this reference.

⁵ [GRI - Home \(globalreporting.org\)](http://globalreporting.org).

⁶ [Shift Home - Shift \(shiftproject.org\)](http://shiftproject.org)

⁷ [WICI - the world's business reporting network- \(wici-global.com\)](http://wici-global.com)

⁸ A mapping of the ISSB exposure drafts and the draft ESRS 1 on General provisions and ESRS E1 on climate can be found in appendix [56](#).

⁹ ~~A mapping of the SASB standards and the draft ESRS SEC 1 can be found in appendix 4.~~



²⁸²⁶ Other international initiatives were also considered. A comparison between the ESRS on climate-related disclosures and the recently issued proposal of the US Securities and Exchange Commission was considered. The reconciliation with the TCFD framework¹⁰ was also discussed with the delegation of experts from the TRWG and then the ISSB when comparing approaches to climate-related disclosures. And experts from the [Task-force on Nature-related Financial Disclosures \(TNFD\)](#) were invited to compare approaches on biodiversity-related disclosures.

4. The overall architecture of Exposure Drafts is designed to ensure that sustainability information is reported in a carefully articulated manner

²⁹²⁷ Article 19a.(2) of the CSRD proposal gives a list of sustainability information to be covered by the ESRS. Many elements of information contained in this list would apply to all sustainability subject matters – also identified as sustainability topics, subtopics or even sub-subtopics in the Exposure Drafts – listed in article 19b.

³⁰²⁸ Therefore, the EDs architecture is designed a) to organise the reporting of ~~the relevant information over generally agreed upon sustainability subject matters on the basis of~~ relevant disclosures [addressing sustainability subject matters as required by the CSRD proposal](#), b) to foster maximum comparability across sectors while ensuring appropriate room for and balance between sector-agnostic, sector-specific and entity-specific information, and c) to facilitate the navigation through the reported information.

³¹²⁹ Following this approach, standards are organised by categories which all complement and interact with each other. There are three categories of standards:

(a) The **cross-cutting standards** cover the general provisions applying to

- ~~sustainability reporting under the CSRD, including principles to be followed by the topical standards (sector-agnostic and sector-specific) when prescribing disclosure requirements related to policies, targets, actions and action plans, resources across all sustainability subject matters, in order to ensure consistency on these aspects throughout all ESRS (ESRS 1), and~~
- ~~the sustainability disclosure requirements (ESRS 2) that relate to how the undertaking complies with ESRS, to the way sustainability is embedded in the undertaking's "company-wide" business strategy and business model(s), its governance and to how the undertaking identifies and manages its principal sustainability impacts, risks and opportunities.~~

These aspects are meant to be transversal to all sustainability subject matters, as defined in article 19b (hence the name “cross-cutting” standards). The related disclosure requirements correspond to the governance, strategy and risk management reporting pillars of the TCFD and the ISSB¹¹. ~~The cross-cutting standards also frame how to report with a single approach under topical standards (sector-agnostic and sector-specific) for disclosure requirements related to policies, targets, actions and action plans, resources across all sustainability subject matters.~~

(b) **Topical standards** cover a specific sustainability topic or sub-topic – as defined by article 19b and described in the next section – from a sector agnostic perspective. They set disclosure requirements relating to sustainability impacts, risks and opportunities that are deemed to be material for all undertakings, regardless of the sectors they operate in. Such disclosure

¹⁰ A mapping of the TCFD recommendations and the draft ESRS can be found in appendix [65](#).

¹¹ See appendix [46](#) and [65](#) for a mapping of TCFD and ISSB recommendations and ESRS disclosure requirements.



requirements complement those prescribed by the cross-cutting standards and cover information to be reported on

- the *policies, targets, actions and action plans, resources* adopted by the undertaking on a given sustainability topic or subtopic,
- as well as corresponding *performance measurement metrics* for each sustainability topic or subtopic.

Such targets and performance measurement metrics correspond to the TCFD and ISSB targets & metrics fourth and last reporting pillar¹².

- (c) The ESRS architecture foresees the preparation of **sector-specific standards**, not **yet** included in this consultation. Such standards will prescribe disclosure requirements designed to provide for the preparation of information relating to sustainability risks, impacts and opportunities that are deemed to be material for all undertakings operating in a given sector. Such disclosure requirements complement those prescribed by the cross-cutting standards and the topical (sector-agnostic) standards and **specify** ~~cover~~ additional information to be reported on the *policies, targets, actions and action plans, resources* adopted by the undertaking on a given sustainability subject matter, as well as on the corresponding *performance measurement metrics*.

3230 All three categories of standards are meant to organise the reporting of information in a way that will foster relevance and comparability (across sectors and within sectors) while being reader / user friendly. They also prescribe how mandatory information resulting from all other ESRS should be organised and presented in the Management Report.

5. Exposure Drafts address sustainability matters¹³ as per Article 19b of the CSRD proposal

3331 Article 19b(2) of the CSRD proposal provides a list of sustainability subject matters to be covered by the ESRS. The ESRS structure is designed to organise the coverage of listed matters in a way that avoids duplication and confusion.

3432 Article 19b(2)(a) covers **environment-related matters** and identifies six specific subtopics. Five environmental Exposure Drafts have been designed to cover these six subtopics, with the two climate-related subtopics of mitigation and adaptation being covered by one single climate standard – ESRS E1. Other environmental standards include ESRS E2 on *Pollutions*, ESRS E3 on *Water and marine resources*, ESRS E4 on *Biodiversity and ecosystems*, and ESRS E5 on *Circular economy*.

3533 Article 19b(2)(b) covers **social-related matters**. The approach taken to organise the social-related standards to cover all listed matters is driven by the category of population potentially concerned by the listed social matters. Therefore, it was proposed to organise the social ESRS around the categories of affected population: own workforce (ESRS S1), workforce in the value chain (ESRS 2), affected communities (ESRS S3) and end-users / consumers (ESRS S4).

3634 Article 19b(2)(c) covers **governance-related matters**. These are addressed by two governance EDs: ESRS G1 on *Governance, risk management and internal control*, ESRS G2 on *Business conduct*. The governance topical standards aim at prescribing disclosure requirements pertaining

¹² Ibid.

¹³ Referred to as sustainability topics or subtopics in the Exposure Drafts.



to governance aspects, as sustainability matters *per se* (i.e. not limited to governance of sustainability matters), like business ethics and conduct, Board diversity and inclusion.

6. Exposure Drafts are a first step of journey towards a faithful representation of sustainability performance

~~35~~ ~~In its articles 19b(1) and 19c.4 of the CSRD proposal calls require that the Commission adopts delegated acts for for an adoption of ESRS, sustainability reporting standards, in the form of a delegated act, in two subsequent sets. The~~ first set ~~one~~ shall cover *“the information that undertakings are to report in accordance with paragraphs 1 and 2 of Article 19a, and at least specifying information corresponding to the needs of financial market participants subject to the disclosure obligations of Regulation (EU) 2019/2088”*. ~~sustainability information over all sustainability subject matters, as identified in articles 19a.2 and 19b.2 – i.e. all cross-cutting and topical (sector-agnostic) standards meant to be used by large undertakings. The~~ second set of ESRS shall cover *“(i) complementary information that undertakings shall report with regard to the sustainability matters and reporting areas listed in Article 19a(2), where necessary, (ii) information that undertakings shall report that is specific to the sector in which they operate, and (iii) sustainability reporting standards proportionate to the capacities and characteristics of small and medium-sized undertakings”*.

~~3736~~ Article 19b(1) also states that *“The Commission shall, at least every three years after its date of application, review any delegated act adopted pursuant to this Article, taking into consideration the technical advice of the European Financial Reporting Advisory Group (EFRAG), and where necessary shall amend such delegated act to take into account relevant developments, including developments with regard to international standards”*. ~~SME-proportionate standards and sector-specific standards.~~

~~3837~~ ESRS Exposure Drafts submitted to this public consultation follow this phased-in approach and, as a consequence, do not include SME-proportionate standards nor sector-specific standards. Such standards are still being developed and will be submitted to a separate public consultation ~~in due times as soon as possible~~¹⁴.

~~3938~~ Article 19b(1) also requires the European Commission to review, at least every three years, any previously adopted delegated act (i.e. ESRS). This continuous enhancement approach aims at ensuring that the ESRS remain relevant and up-to-date with recent developments, should such developments result from the evolution of European law and/or from progress made by international sustainability reporting standard setters and frameworks, as well as addressing any challenge or potential need for improvement arising from the implementation of the already applied standards. This means that the ESRS submitted to this public consultation will most likely be enhanced in the future, as the legislative and standard setting environment and actual reporting practices evolve, in the EU and on the global stage.

~~4039~~ For the time being, they represent the PTF-ESRS’s best assessment of the right balance between the consolidation of observed best practices to date in terms of sustainability reporting by large undertakings and the Commission’s goal as set in the April 2021 CSRD proposal to enhance the quality of sustainability reporting in Europe fast enough that it can support its sustainable development and sustainable finance agenda.

Commented [GM9]: Changes made to accommodate EC’s request.

¹⁴ See appendix 1 for a comprehensive mapping of all ESRS and tentative scope for set 1 and set 2 submission by EFRAG.



7. The public consultation will help to ~~strike the right balance between~~ finetune proper relevance and comparability ~~on the one hand and proportionality on the other hand~~ as well as explore ESRS implementation prioritisation / phasing-in options

~~41~~ 40 Bearing in mind that sector-specific and SME-proportionate standards will be adopted in a second step, EDs were drafted in search of the right balance between:

- the need to make significant progress in improving the quality of sustainability information (enhancing relevance, verifiability, and comparability, among other things);
- meeting the growing needs of users (some of which derive from a number of sustainable finance-related regulations with tight implementation deadlines)
- while not overburdening preparers (some of which will be first time preparers).

41 The ESRS architecture seeks to support this balance based on the central articulation of:

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

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

~~42~~ EDs will need to additional fine-tuning to better strike the optimal balance between relevance under the double materiality approach, maximum comparability and proportionality. The comments collected as part of the public consultation will be key in that regard.

~~43~~ Some aspects have already been considered to foster such an appropriate balance but remain to be further considered based on the feedback collected through the public consultation:

~~42~~ materiality assessment as a pivotal element of the entity's proportionate sustainability reporting. The mandatory disclosure requirements included in the EDs mainly result from the consolidation of current best practices, based on the use of existing international standards and frameworks, complemented by new sustainability reporting obligations resulting from recent European regulations and legislation (like SFDR and Taxonomy, for example). It was decided to include them in the sector-agnostic standards in order to foster relevance and faithful information for all sectors.

~~43~~ However its own materiality assessment enables the entity to determine which ones of the mandatory disclosures requirements are relevant to its specific situation, i.e. address its material impacts, risks and opportunities.

44 EFRAG expects that the public consultation will help to assess:

- the efficiency of the entity materiality assessment practical implementation
- the relevance of the proposed mandatory disclosure requirements, both in terms of sustainability matter coverage objective and sector-agnostic nature
- the opportunities and criteria to consider ESRS implementation prioritisation / phasing-in options. EFRAG acknowledges that the EDs support a ~~the presumption that all disclosure requirements covered by the sector-agnostic topical standards are material is rebuttable on the basis of the undertaking's own materiality assessment of its risks, impacts and opportunities. The presumption of materiality can be rebutted at the level of sub/sub-subtopic or an aspect of them. When presumption is properly rebutted, the undertaking is expected to simply report "not material". As~~



~~a consequence, the undertaking shall be able to mitigate any risk of over-burden while offering a mapping of its impacts, risks and opportunities against a broad spectrum of disclosure requirements providing for maximum comparability, including by reference to their « not material » nature.~~

- ~~— Prioritisation and phasing-in as steps towards the end-game vision of comprehensive sustainability reporting. Acknowledging the fact that the proposed vision of a comprehensive sustainability reporting [that](#) might be challenging to implement in year one for the new preparers and potentially to some of the large preparers [already reporting under the NFRD](#) as well, EFRAG will consider using some prioritisation levers to smoothen out the implementation of the first set of standards. These could include, for example, some or a combination of the following:~~
- ~~— considering prioritising reporting on a robust set of “core” disclosure requirements.~~
- ~~— considering “non-core” disclosure requirements as optional that would convert — or not — into mandatory disclosures over time.~~
- ~~— Postponing the requirements of comparatives to year 2 and introducing transitional provisions to ease the first time application of the ESRS on the basis of feasibility criteria.~~
- ~~- The list is indicative and for illustration purpose only. One of the objectives of this public consultation is to solicit feedback and input from the various stakeholder categories on the adequacy of such prioritisation levers and on potential other prioritisation solutions that would be appropriate for consideration.~~

Part III – The objectives and practical aspects of this public consultation:

1. Objectives of the public consultation

4445 EFRAG is consulting on:

- (a) The overall ESRS architecture, content and substance, and specifically:
 - i) [on the practicality and efficiency of the proposed approach to materiality](#)
 - ii) ~~Whether the ESRS and the proposed disclosure requirements do promote relevant, verifiable, understandable, comparable information and ultimately are adequate to support the production of faithful information;~~
 - iii) ~~Whether the ESRS and the proposed disclosure requirements do strike the right balance between feasibility, preparation costs and decision-usefulness.~~
 - iv) ~~The completeness of the ESRS, in terms of datapoints and of disclosure requirements, per each sustainability topics / subtopics.~~
- (b) The [implementation](#) prioritisation/[phasing-in](#) opportunities and options to further ensure that the ESRS strike the right balance between covering all CSRD requirements and stakeholders expectations, paying particular attention to sustainable finance related needs, while achieving a reasonably ambitious enhancement of current reporting practices.



~~45~~46 As mentioned above, EFRAG is not consulting on standards that are due to be considered and adopted by the European Commission in a second set, namely the sector-specific and SME-proportionate standards.

2. Practical aspects of the consultation

~~46~~ EFRAG will hold outreach events in a number of geographies to engage more closely with stakeholders. For more information on these events, see here: ~~xxx~~

47 You are invited to reply by ~~[xxx]~~ to the ~~online survey~~ available on the following webpage: ~~xxx~~. The ~~The public consultation~~ survey is organised in ~~three~~3 sections that can be accessed and answered ~~to~~ independently:

~~0-1~~ Overall substance of the ~~Exposure Drafts~~

~~0-2~~ ~~ESRS Implementation~~ ~~P~~prioritisation / ~~phasing-in~~

~~0-3~~ Adequacy of ~~D~~isclosure ~~R~~requirements

48 In order to ease the survey navigation, these 3 sections are organised in a chapter menu, as follows:

[1A. Overall ESRS Exposure Drafts relevance – Architecture](#)

[1B. Overall ESRS Exposure Drafts relevance – Implementation of CSRD principles](#)

[1C. Overall ESRS Exposure Drafts relevance – Exposure Drafts content](#)

[2. ESRS implementation prioritisation / phasing-in](#)

[3A. Adequacy of Disclosure Requirements – Cross cutting standards](#)

[3B. Adequacy of Disclosure Requirements – Environmental standards](#)

[3C. Adequacy of Disclosure Requirements – Social standards](#)

[3D. Adequacy of Disclosure Requirements – Governance standards](#)

49 Respondents are strongly encouraged to respond to sections 1 and 2. ~~D~~Due to the comprehensive nature of ~~the third~~ section 3, ~~respondents~~you are welcome to selectively choose which disclosure requirements ~~they~~you would like to respond to and comment.

[Respondents should provide their response to the public consultation questions](#)

~~48~~ Should you wish to submit an open comment letter, you are welcome to do so preferably by uploading it onto the survey tool.

~~49~~50 by using the ~~online survey~~ (please click here for the link to the survey tool) in order for these responses to be analysed and included in the report summarising the responses and to allow EFRAG to meet the ambitious timetable. In this way, a fair and transparent consultation process can be ensured. ~~Please note that in order to ensure a fair and transparent consultation process online responses are encouraged to facilitate their analysis and inclusion in the report summarising the responses.~~

51 ~~Comments that do not address the specific aspects covered by the questions listed in the online survey, such as general comments, may be sent in the form of comment letters, preferably uploading the letters on the survey tool. Responses and submissions will be published unless~~



~~respondents indicate otherwise in their online submission. Responses authorised for publication will be published on the following webpage: xxx~~

50—EFRAG will hold outreach events in a number of geographies to engage more closely with stakeholders. More information on these events will be posted on EFRAG website and announced by a news item in the coming weeks.

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