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## Consultation survey – revised questions

### Structure and organisation of the survey

Menu of sections, that can be navigated independently, reflecting the survey structure around three sections, as described in the cover note.

- 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

Respondents can respond to certain sections only and can also choose to submit a comment letter by uploading it onto the tool – though they are encouraged to respond to at least part of the survey as well.

## 0. Respondent profile

### 1. Personal details:

- Organisation name,
- First name,
- Surname,
- Email (this won't be published),



- Country of origin

## **2. Type of respondent**

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

## **3. Size:**

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

## **4. User/Preparer perspective**

- User
- Preparer
- Both
- Neither

## **5. Subject to CSRD**

- Yes
- No



**SRB to decide:**

Whether to separate non-financial corps subject to CSRD from those not subject to CSRD?

=> additional question: #5



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

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

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

- **Cross-cutting ESRS** which:
  - i) Establish the general principles to be followed when preparing sustainability reporting in line with the CSRD provisions,
  - ii) Mandate disclosure requirements (“DRs”) aimed at providing an understanding of (a) strategy and business model, (b) governance and organization, (c) materiality assessment, covering all topics.
- **Topical ESRS** which, from a sector-agnostic perspective:
  - i) Provide topic-specific application guidance in relation to the cross-cutting DRs on strategy and business model, governance, materiality assessment;
  - ii) Mandate DRs about the undertaking’s implementation of its sustainability-related objectives (i.e. on its policies, targets, actions and action plans, and allocation of resources);
  - iii) Mandate performance measurement metrics.

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

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

1/ Fully 2/ To a large extent with some reservations, 3/ To a limited extent with strong reservations 4/ Not at all 5/ No opinion

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



### **Alignment and interoperability with international standards and frameworks**

CSRD Article 19b paragraph 3a requires that “When adopting delegated acts pursuant to paragraph 1, the Commission shall take account of the work of global standard-setting initiatives for sustainability reporting, and existing standards and frameworks for natural capital accounting, responsible business conduct, corporate social responsibility, and sustainable development.”

ESRS EDs were drafted accordingly, with the objective of fostering as much alignment as possible considering the constraints imposed by other provisions included in articles 19a and 19b as per the CSRD proposal. Details of these provisions and how they are covered by the ESRS EDs can be found in Appendix I.

The structure and organisation of the reporting areas was one aspect of alignment to which particular attention was paid. Thus, the two categories of standards are organised to cover the reporting areas in relation to governance, strategy, assessment/management of impacts, risks and opportunities, and targets/metrics (as considered by the TCFD and source of inspiration for the ISSB Sustainability standards). A detailed mapping of the ESRS Exposure Drafts disclosure requirements with TCFD recommendations and with ISSB Sustainability Exposure Drafts can be found in Appendices 5 and 6.

With a similar objective, the proposed classification of sectors as per ESRS SEC 1 is a way to reconcile the NACE approach to sector classification in the EU (base of the Taxonomy classification).

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

1/ Not at all 2/ To a limited extent with strong reservations, 3/ To a large extent with some reservations 4/ Fully 5/ No opinion

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

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

1/ Not at all 2/ To a limited extent with strong reservations, 3/ To a large extent with some reservations 4/ Fully 5/ No opinion

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

#### **Q4: in your opinion, to what extent is the ESRS sector classification compatible with other generally accepted international standards?**

1/ Not at all 2/ To a limited extent with strong reservations, 3/ To a large extent with some reservations 4/ Fully 5/ No opinion

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



One request to insert similar question on SEC – not entirely consistent with discussion in SRB meeting on 22/04 regarding SEC being jurisdictional initiative only (and decision not to include corresponding appendix) => SRB to decide what to do with this proposal.

If SRB decides to add the question, it would read as follows:

**Q5: in your opinion, to what extent is the SEC proposal on climate-related disclosure requirements compatible with the ESRS sector classification?**



**Consideration given to EU policies and legislation -NEW**

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

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

**Q5: in your opinion, have these European legislation and initiatives been considered properly?**

1/ Not at all 2/ To a limited extent with strong reservations, 3/ To a large extent with some reservations 4/ Fully 5/ No opinion

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

**Q6: are there any other European policies and legislation you would suggest should be considered more fully?**



### **Coverage of sustainability topics**

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

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

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

- a first set of sustainability standards covering the information required by article 19a and at least specifying information needed by financial market participants subject to the SFDR reporting obligations<sup>1</sup>
- a second set of standards covering information that is specific to the sector in which undertakings operate.

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

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

- (ii) the two cross-cutting standards on General principles (ESRS 1) and on General, strategy, governance and materiality assessment (ESRS 2)
- (iii) the eleven topical (sector-agnostic) standards covering environment- (ESRS E1 to E5), social- (ESRS S1 to S4) and governance-related (ESRS G1 and G2) sustainability topics
- (iv) a sector classification standard (ESRS SEC 1), as a foundation for the development of sector specific standards.

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

### **Q7: in your opinion, to what extent does the proposed coverage of set 1 adequately address CSRD sustainability topics?**

1/ Not at all 2/ To a limited extent with strong reservations, 3/ To a large extent with some reservations 4/ Fully 5/ No opinion

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

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<sup>1</sup> SFDR reporting obligations are set by the European Commission Delegated Act supplementing Regulation (EU) 2019/2088: [https://ec.europa.eu/info/business-economy-euro/banking-and-finance/sustainable-finance/sustainability-related-disclosure-financial-services-sector\\_en](https://ec.europa.eu/info/business-economy-euro/banking-and-finance/sustainable-finance/sustainability-related-disclosure-financial-services-sector_en). Annex I of the Delegated act, which prescribes the indicators on principal adverse sustainability impacts that financial market participants have to publish as per Regulation (EU) 2019/2088.

Appendix III of the cover note (accessible here) lays out how SFDR indicators are covered by the ESRS DRs.





**Q8: in your opinion, to what extent does the proposed coverage of set 1 adequately address SFDR reporting obligations?**

1/ Not at all 2/ To a limited extent with strong reservations, 3/ To a large extent with some reservations 4/ Fully 5/ No opinion

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

Request to insert a specific question on SFDR KPIs implementation feasibility / challenges:

**[Q9]: do you think that additional application and/or interpretation will be needed to enable faithful reporting on the SFDR indicators through application of the Eds?**

1/ Yes, 2/ no, 3/ No opinion



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

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

- a single separately identifiable section of the MR;
- four separately identifiable parts of the MR:
  - (i) General information;
  - (ii) Environment;
  - (iii) Social;
  - (iv) Governance
- one separately identifiable part per ESRS in the MR.

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

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

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

#### **Q9: Do you agree with the proposed three options?**

1/ Yes 2/ No 3/ No opinion

#### **Q10: would you recommend any other option(s)?**

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

#### **Q11: in your opinion, to what extent do you believe that connectivity between the sustainability reporting and other parts of the management report has been appropriately addressed?**

1/ Not at all 2/ To a limited extent with strong reservations, 3/ To a large extent with some reservations 4/ Fully 5/ No opinion

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



**Q12: in your opinion, to what extent does the incorporation of information in the Sustainability section by reference to other parts of the management report support cohesiveness throughout corporate reporting?**

1/ Not at all 2/ To a limited extent with strong reservations, 3/ To a large extent with some reservations 4/ Fully 5/ No opinion

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

**Q13: in your opinion, to what extent do the requirements and provisions on how to include monetary amounts and other financial statement-related quantitative data into sustainability reporting support connectivity with the financial statements?**

1/ Not at all 2/ To a limited extent with strong reservations, 3/ To a large extent with some reservations 4/ Fully 5/ No opinion

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



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

### ***Characteristics of information quality***

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

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

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

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

1/ Not at all 2/ To a limited extent with strong reservations, 3/ To a large extent with some reservations 4/ Fully 5/ No opinion

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

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

1/ Not at all 2/ To a limited extent with strong reservations, 3/ To a large extent with some reservations 4/ Fully 5/ No opinion

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

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

1/ Not at all 2/ To a limited extent with strong reservations, 3/ To a large extent with some reservations 4/ Fully 5/ No opinion

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



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

1/ Not at all 2/ To a limited extent with strong reservations, 3/ To a large extent with some reservations 4/ Fully 5/ No opinion

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

**Q18: to what extent do you think that the principle of understandability of sustainability information is adequately defined and prescribed?**

1/ Not at all 2/ To a limited extent with strong reservations, 3/ To a large extent with some reservations 4/ Fully 5/ No opinion

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



### **Double materiality**

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

**Double materiality assessment** supports the determination of whether information on a sustainability matter has to be included in the undertaking's sustainability report. ESRS 1 paragraph 46 states that "a sustainability matter meets the criteria of double materiality if it is material from an impact perspective or from a financial perspective or from both." Further indications as to how to implement double materiality is given by ESRS 2 Disclosure Requirement 2-IRO 1, paragraph 74b(iii) and AG 62.

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

**Q19: in your opinion, to what extent does the definition of double materiality (as per ESRS 1 paragraph 46) foster the identification of sustainability information that would meet the needs of all stakeholders?**

1/ Not at all 2/ To a limited extent with strong reservations, 3/ To a large extent with some reservations 4/ Fully 5/ No opinion

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

**Q20: to what extent do you think that the proposed implementation of double materiality (as per ESRS 2-IRO 1, paragraph 74b(iii) and AG 62) is practically feasible?**

1/ Not at all 2/ To a limited extent with strong reservations, 3/ To a large extent with some reservations 4/ Fully 5/ No opinion

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

**Impact materiality:**

- A definition of impact materiality is given by ESRS 1 paragraphs 49: “a sustainability matter is material from an impact perspective if the undertaking is connected to actual or potential significant impacts on people or the environment over the short, medium or long term. This includes impacts directly caused or contributed to by the undertaking and impacts which are otherwise directly linked to the undertaking’s upstream and downstream value chain.”
- A description of how to determine impact materiality and implement impact materiality assessment can be found in ESRS 1 paragraph 51 and is complemented by ESRS 2 Disclosure Requirement 2-IRO 1, paragraph 74b(iii), AG 63a and AG 66.

**Q21: in your opinion, to what extent is the definition of impact materiality (as per ESRS 1 paragraph 49) aligned with that of international standards?**

1/ Not at all 2/ To a limited extent with strong reservations, 3/ To a large extent with some reservations 4/ Fully 5/ No opinion

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

**Q22: to what extent do you think that the determination and implementation of impact materiality (as proposed by ESRS 1 paragraph 51) is practically feasible?**

1/ Not at all 2/ To a limited extent with strong reservations, 3/ To a large extent with some reservations 4/ Fully 5/ No opinion

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

**Financial materiality:**

- A definition of financial materiality is given by ESRS 1 paragraph 53: “a matter is material from a financial perspective if it triggers or may trigger significant financial effects on the undertaking, i.e., it generates risks or opportunities that influence or are likely to influence the future cash flows and therefore the enterprise value of the undertaking in the short-, medium- or long- term, but it is not captured or not yet fully captured by financial reporting at the reporting date.”
- A description of how to determine financial materiality and implement financial materiality assessment can be found in ESRS 1 paragraphs 54 to 56 and is complemented by ESRS 2 Disclosure Requirement 2-IRO 1, paragraph 74b(iii), AG 63b and AG 67.

**Q23: in your opinion, to what extent is the definition of financial materiality (as per ESRS 1 paragraph 53) aligned with that of international standards?**

1/ Not at all 2/ To a limited extent with strong reservations, 3/ To a large extent with some reservations 4/ Fully 5/ No opinion

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

**Q24: to what extent do you think that the determination and implementation of financial materiality (as proposed by ESRS 1 paragraphs 54 to 56) is practically feasible?**

1/ Not at all 2/ To a limited extent with strong reservations, 3/ To a large extent with some reservations 4/ Fully 5/ No opinion

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





### Rebuttable presumption

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

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

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

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

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

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

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

- (a) all of the mandatory disclosures of an entire ESRS or
- (b) a group of DR related to a specific aspect covered by an ESRS,

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

- (a) the ESRS or
- (b) the group of DR is “not material for the undertaking”.

### **Q25: to what extent do you think that the proposed implementation of the rebuttable presumption will support relevant, accurate and efficient documentation of the results of the materiality assessment?**

1/ Not at all 2/ To a limited extent with strong reservations, 3/ To a large extent with some reservations 4/ Fully 5/ No opinion

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



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

**Q27: what would you say are the disadvantages of the (materiality) rebuttable presumption and its proposed implementation?**

**Q28: how would you suggest it can be improved?**



### ***Reporting boundary and value chain***

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

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

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

**Q29: in your opinion, to what extent would approximation of information on the value chain that cannot (practically) be collected contribute to the reporting of understandable, relevant, verifiable, comparable, and faithfully represented sustainability information?**

1/ Not at all 2/ To a limited extent with strong reservations, 3/ To a large extent with some reservations 4/ Fully 5/ No opinion

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

**Q30: what other alternative to approximation would you recommend in cases where collecting information is impracticable?**

**Q31: in your opinion, to what extent will the choice of disaggregation level by the undertaking as per ESRS 1 paragraphs 72 to 77 contribute to the reporting of understandable, relevant, verifiable, comparable, and faithfully represented sustainability information?**

1/ Not at all 2/ To a limited extent with strong reservations, 3/ To a large extent with some reservations 4/ Fully 5/ No opinion

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

**Time horizon**

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

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

**Q32: do you think it is relevant to define short-, medium- and long-term horizon for sustainability reporting purposes?**

1/ Yes 2/ No 3/ I don't know

Please explain why

**Q33: if yes, do you agree with the proposed time horizons?**

1/ Yes 2/ No 3/ I don't know

Please explain why

**Q34: if you disagree with the proposed time horizons, what other suggestion would you make? And why?**



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

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

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

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

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

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

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

1/ Not at all 2/ To a limited extent with strong reservations, 3/ To a large extent with some reservations 4/ Fully 5/ No opinion

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

**Q36: in your opinion, to what extent will DP 1-2 contribute to the reporting of understandable, relevant, verifiable, comparable, and faithfully represented information on sustainability-related targets and their monitoring?**

1/ Not at all 2/ To a limited extent with strong reservations, 3/ To a large extent with some reservations 4/ Fully 5/ No opinion

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



**Q37: in your opinion, to what extent will DP 1-3 contribute to the reporting of understandable, relevant, verifiable, comparable, and faithfully represented information on sustainability-related action plans and allocated resources?**

1/ Not at all 2/ To a limited extent with strong reservations, 3/ To a large extent with some reservations 4/ Fully 5/ No opinion

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

**Bases for preparation**

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

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

**Q38: is anything important missed in the aspects covered by the bases for preparation?**

1/ Yes 2/No 3/ I don't know

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

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



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

### ***ESRS 1 – General Principles***

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

It covers the applicable general principles:

- (a) when reporting under European Sustainability Reporting Standards;
- (b) on how to apply CSRD concepts;
- (c) when disclosing on policies, targets, actions and action plans, and resources;
- (d) when preparing and presenting sustainability information;
- (e) on how sustainability reporting is linked to other parts of corporate reporting; and
- (f) specifying the structure of the sustainability statements building upon the disclosure requirements of all ESRS.

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

### **Q39: in your opinion, to what extent can ESRS 1 – *General principles* foster alignment with international sustainability reporting standards (in particular ISSB Sustainability Reporting S1 Exposure draft)?**

1/ Not at all 2/ To a limited extent with strong reservations, 3/ To a large extent with some reservations 4/ Fully 5/ No opinion

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





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

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

- (a) of a general nature;
- (b) on the strategy and business model of the undertaking;
- (c) on its governance in relation to sustainability; and
- (d) on its materiality assessment of sustainability impacts, risks and opportunities.

**Q40: Please, rate to what extent do you think ESRS 2 – General, strategy, governance and materiality assessment**

1/ Not at all 2/ To a limited extent with strong reservations, 3/ To a large extent with some reservations 4/ Fully 5/ No opinion

	1	2	3	4	5
A. Covers sustainability information required by articles 19a and 19b of the CSRD proposal (see Appendix II for CSRD detailed requirements)					
B. Supports the production of relevant information about the sustainability matter covered					
C. Fosters comparability across sectors					
D. Covers information necessary for a faithful representation from an impact perspective					
E. Covers information necessary for a faithful representation from a financial perspective					
F. Prescribes information that can be verified / assured					
G. Meets the other objectives of the CSRD in term of quality of information					
H. Reaches a reasonable cost / benefit balance					
I. Is sufficiently consistent with relevant EU policies and other EU legislation					
J. Is as aligned as possible to international sustainability standards given the CSRD requirements					

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

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

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

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



**ESRS E1 – Climate change**

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

- (a) the impact of the undertaking on climate change and its past, current, and future mitigation efforts in line with the Paris Agreement (or an updated international agreement on climate change) and limiting global warming to 1.5°C;
- (b) the plans and capacity of the undertaking to adapt its business model(s) and operations in line with the transition to a sustainable economy and to contribute to limiting global warming to 1.5°C;
- (c) the nature, type and extent of the undertaking’s climate-related risks and opportunities; and
- (d) the effects of climate-related risks and opportunities on the undertaking’s existing assets and liabilities and ability to generate future cash-flows and therefore to create enterprise value in the short, medium and long term.

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

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

**Q41: Please, rate to what extent do you think ESRS E1 – Climate change**

1/ Not at all 2/ To a limited extent with strong reservations, 3/ To a large extent with some reservations 4/ Fully 5/ No opinion

	1	2	3	4	5
A. Covers sustainability information required by articles 19a and 19b of the CSRD proposal (see Appendix II for CSRD detailed requirements)					
B. Supports the production of relevant information against the intended objective of the sustainability matter covered					
C. Fosters comparability across sectors					
D. Covers information necessary for a faithful representation from an impact perspective					
E. Covers information necessary for a faithful representation from a financial perspective					
F. Prescribes information that can be verified and assured					
G. Meets the other objectives of the CSRD in term of quality of information					
H. Reaches a reasonable cost / benefit balance					
I. Is sufficiently consistent with relevant EU policies and other EU legislation					
J. Is as aligned as possible to international sustainability standards given the CSRD requirements					

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



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

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

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



**ESRS E2 – Pollution**

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

- (a) the positive and negative impacts of the undertaking on the pollution of air (both indoor and outdoor), water (including groundwater) and soil, living organisms and food resources and its past, current and future measures to protect the environment from pollution;
- (b) the plans and capacity of the undertaking to adapt its strategy, business model(s) and operations in line with the transition to a sustainable economy concurring with the needs for prevention, control and elimination of pollution across air (both indoor and outdoor), water (including groundwater), soil, living organisms and food resources, thereby creating a toxic-free environment with zero pollution also in support of the EU Action Plan ‘Towards a Zero Pollution for Air, Water and Soil’;
- (c) the nature, type and extent of risks and opportunities to which the undertaking is exposed, arising from pollution itself as well as from the prevention, control or elimination and reduction of pollution, including from regulations and measures to prevent, control, eliminate and reduce pollution;
- (d) the effects of pollution-related risks and opportunities on the undertaking’s development, performance and position over the short-, medium- and long-term and thus on its ability to create enterprise value over the short, medium and long-term.

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

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

**Q42: Please, rate to what extent do you think ESRS E2 - Pollution**

1/ Not at all 2/ To a limited extent with strong reservations, 3/ To a large extent with some reservations 4/ Fully 5/ No opinion

	1	2	3	4	5
A. Covers sustainability information required by articles 19a and 19b of the CSRD proposal (see Appendix II for CSRD detailed requirements)					
B. Supports the production of relevant information about the sustainability matter covered					
C. Fosters comparability across sectors					
D. Covers information necessary for a faithful representation from an impact perspective					
E. Covers information necessary for a faithful representation from a financial perspective					
F. Prescribes information that can be verified and assured					
G. Meets the other objectives of the CSRD in term of quality of information					
H. Reaches a reasonable cost / benefit balance					
I. Is sufficiently consistent with relevant EU policies and other EU legislation					



J. Is as aligned as possible to international sustainability standards given the CSRD requirements					
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**For part H, please explain why costs would be unreasonable and / or what particular benefit ESRS E2 offers**

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

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

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



**ESRS E3 – Water and marine resources**

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

- (a) to what extent the undertaking is contributing to the European Green Deal’s ambitions for fresh air, clean water, a healthy soil and biodiversity as well as to ensuring the sustainability of the blue economy and fisheries sectors, to the EU water framework directive, to the EU marine strategy framework, to the EU maritime spatial planning directive, the SDGs 6 Clean water and sanitation and 14 Life below water, and respect of global environmental limits (e.g. the biosphere integrity, ocean acidification, freshwater use, and biogeochemical flows planetary boundaries) in line with the vision for 2050 of ‘living well within the ecological limits of our planet’ set out in in the 7th Environmental Action Programme, and in the proposal for a decision of the European Parliament and the Council on the 8th Environmental Action Programme;
- (b) the positive and negative impacts of the undertaking on water and marine resources and its past, current and future measures to protect them, also with reference to reduction of water withdrawals, water consumption, water use, water discharges in water bodies and in the oceans; habitat degradation and the intensity of pressure on marine resources;
- (c) the water and marine resources-related risks and opportunities, including dependencies, in relation with the undertaking’s activities, and their consequences for the undertaking’s development, performance and position over the short-, medium- and long-term; and
- (d) the plans and capacity of the undertaking to adapt its business model and operations in line with the transition to a sustainable economy as well as with the preservation and restoration of water and marine resources globally.

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

**Q43: Please, rate to what extent do you think ESRS E3 – Water and marine resources**

1/ Not at all 2/ To a limited extent with strong reservations, 3/ To a large extent with some reservations 4/ Fully 5/ No opinion

	1	2	3	4	5
A. Covers sustainability information required by articles 19a and 19b of the CSRD proposal (see Appendix II for CSRD detailed requirements)					
B. Supports the production of relevant information about the sustainability matter covered					
C. Fosters comparability across sectors					
D. Covers information necessary for a faithful representation from an impact perspective					
E. Covers information necessary for a faithful representation from a financial perspective					
F. Prescribes information that can be verified and assured					
G. Meets the other objectives of the CSRD in term of quality of information					
H. Reaches a reasonable cost / benefit balance					
I. Is sufficiently consistent with relevant EU policies and other EU legislation					



J. Is as aligned as possible to international sustainability standards given the CSRD requirements					
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**For part H, please explain why costs would be unreasonable and / or what particular benefit ESRS E3 offers**

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

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

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



**ESRS E4 – Biodiversity and ecosystems**

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

- (a) to what extent the undertaking contributes to (i) the European Green Deal’s ambitions for protecting the biodiversity and ecosystems, the EU Biodiversity Strategy for 2030, the SDGs 2 Zero Hunger, 6 Clean water and sanitation, 12 Responsible consumption, 14 Life below water and 15 Life on land, the Post-2020 Global Biodiversity Framework and (ii) the respect of global environmental limits (e.g. the biosphere integrity and land-system change planetary boundaries);
- (b) the dependencies and impacts of the undertaking on biodiversity and ecosystems, and its past, current and future measures to protect and restore them;
- (c) the biodiversity and ecosystems-related risks and opportunities arising from the undertaking’s activities, and their consequences for the undertaking’s financial situation and performance over the short-, medium- and long-term
- (d) and the plans and capacity of the undertaking to adapt its business model and operations in line with the transition to a sustainable economy and with the preservation and restoration of biodiversity and ecosystems globally in general; and in particular in line with the objective of (i) ensuring that by 2050 all of the world’s ecosystems and their services are restored to a good ecological condition, resilient, and adequately protected and (ii) contributing to achieving the objectives of the EU Biodiversity Strategy at latest by 2030.

This standard derives from the [Draft Corporate Sustainability Reporting Directive] stating that the sustainability reporting standards shall specify information to disclose about ‘biodiversity and ecosystems’.

This standard sets out Disclosure Requirements related to the undertaking’s relationship to terrestrial, freshwater and marine habitats, ecosystems and populations of related fauna and flora species, including diversity within species, between species and of ecosystems and their interrelation with many indigenous and local communities.

**Q44: Please, rate to what extent do you think ESRS E4 – Biodiversity and ecosystems**

1/ Not at all 2/ To a limited extent with strong reservations, 3/ To a large extent with some reservations 4/ Fully 5/ No opinion

	1	2	3	4	5
A. Covers sustainability information required by articles 19a and 19b of the CSRD proposal (see Appendix II for CSRD detailed requirements)					
B. Supports the production of relevant information about the sustainability matter covered					
C. Fosters comparability across sectors					
D. Covers information necessary for a faithful representation from an impact perspective					
E. Covers information necessary for a faithful representation from a financial perspective					
F. Prescribes information that can be verified and assured					
G. Meets the other objectives of the CSRD in term of quality of information					
H. Reaches a reasonable cost / benefit balance					
I. Is sufficiently consistent with relevant EU policies and other EU legislation					





J. Is as aligned as possible to international sustainability standards given the CSRD requirements					
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**For part H, please explain why costs would be unreasonable and / or what particular benefit ESRS E4 offers**

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

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

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



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

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

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

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

**Q45: Please, rate to what extent do you think ESRS E5 – Resource use and circular economy**

1/ Not at all 2/ To a limited extent with strong reservations, 3/ To a large extent with some reservations 4/ Fully 5/ No opinion

	1	2	3	4	5
A. Covers sustainability information required by articles 19a and 19b of the CSRD proposal (see Appendix II for CSRD detailed requirements)					
B. Supports the production of relevant information about the sustainability matter covered					
C. Fosters comparability across sectors					
D. Covers information necessary for a faithful representation from an impact perspective					
E. Covers information necessary for a faithful representation from a financial perspective					
F. Prescribes information that can be verified and assured					
G. Meets the other objectives of the CSRD in term of quality of information					
H. Reaches a reasonable cost / benefit balance					
I. Is sufficiently consistent with relevant EU policies and other EU legislation					
J. Is as aligned as possible to international sustainability standards given the CSRD requirements					

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



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

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

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



**ESRS S1 – Own workforce**

The objective of this [draft] Standard is to set out the Disclosure Requirements for undertakings to report on:

- (a) how they affect their own workforce, in terms of positive and negative material impacts with regard to working conditions, equal opportunities and other work-related rights; and
- (b) the effects of risks and opportunities, related to their impacts and dependencies on own workforce, on the undertaking’s development, performance and position over the short, medium and long term and therefore on its ability to create enterprise value.

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

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

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

**Q46: Please, rate to what extent do you think ESRS S1 – Own workforce**

1/ Not at all 2/ To a limited extent with strong reservations, 3/ To a large extent with some reservations 4/ Fully 5/ No opinion

	1	2	3	4	5
A. Covers sustainability information required by articles 19a and 19b of the CSRD proposal (see Appendix II for CSRD detailed requirements)					
B. Supports the production of relevant information about the sustainability matter covered					
C. Fosters comparability across sectors					
D. Covers information necessary for a faithful representation from an impact perspective					
E. Covers information necessary for a faithful representation from a financial perspective					
F. Prescribes information that can be verified and assured					
G. Meets the other objectives of the CSRD in term of quality of information					



H. Reaches a reasonable cost / benefit balance					
I. Is sufficiently consistent with relevant EU policies and other EU legislation					
J. Is as aligned as possible to international sustainability standards given the CSRD requirements					

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

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

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

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



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

The objective of this [draft] standard is to set out the Disclosure Requirements for undertakings to report on:

- (a) how they affect workers in their value chain – in both positive and negative ways – through their own operations and their upstream and downstream value chain; and
- (b) the effects of risks and opportunities, related to their impacts and dependencies on value chain workers, on the undertaking’s development, performance and position over the short-, medium- and long-term and therefore on its ability to create enterprise value.

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

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

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

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

**Q47: Please, rate to what extent do you think ESRS S2 – Workers in the value chain**

1/ Not at all 2/ To a limited extent with strong reservations, 3/ To a large extent with some reservations 4/ Fully 5/ No opinion

	1	2	3	4	5
A. Covers sustainability information required by articles 19a and 19b of the CSRD proposal (see Appendix II for CSRD detailed requirements)					
B. Supports the production of relevant information about the sustainability matter covered					
C. Fosters comparability across sectors					
D. Covers information necessary for a faithful representation from an impact perspective					
E. Covers information necessary for a faithful representation from a financial perspective					
F. Prescribes information that can be verified and assured					



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

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

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

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

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



**ESRS S3 – Affected communities**

The objective of this [draft] standard is to set out the Disclosure Requirements for undertakings to report on:

- (a) how they affect local communities – in both positive and negative ways – through their own operations and their upstream or downstream value chain; and
- (b) the effects of risks and opportunities, related to their impacts and dependencies on local communities, on the undertaking’s development, performance and position over the short-, medium- and long-term and therefore on its ability to create enterprise value.

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

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

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

**Q48: Please, rate to what extent do you think ESRS S3 – Affected communities**

1/ Not at all 2/ To a limited extent with strong reservations, 3/ To a large extent with some reservations 4/ Fully 5/ No opinion

	1	2	3	4	5
A. Covers sustainability information required by articles 19a and 19b of the CSRD proposal (see Appendix II for CSRD detailed requirements)					
B. Supports the production of relevant information about the sustainability matter covered					
C. Fosters comparability across sectors					
D. Covers information necessary for a faithful representation from an impact perspective					
E. Covers information necessary for a faithful representation from a financial perspective					
F. Prescribes information that can be verified and assured					
G. Meets the other objectives of the CSRD in term of quality of information					
H. Reaches a reasonable cost / benefit balance					
I. Is sufficiently consistent with relevant EU policies and other EU legislation					
J. Is as aligned as possible to international sustainability standards given the CSRD requirements					





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

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

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

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



**ESRS S4 – Consumers and end-users**

The objective of this [draft] standard is to set out the Disclosure Requirements for undertakings to report on:

- (a) how they affect the consumers and end-users - in both positive and negative ways - of their products and/or services; and
- (b) the effects of risks and opportunities, related to their impacts and dependencies on consumers and end-users, on the undertaking’s development, performance and position over the short-, medium- and long-term and therefore on its ability to create enterprise value.

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

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

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

**Q49: Please, rate to what extent do you think ESRS S4 – Consumers and end-users**

1/ Not at all 2/ To a limited extent with strong reservations, 3/ To a large extent with some reservations 4/ Fully 5/ No opinion

	1	2	3	4	5
A. Covers sustainability information required by articles 19a and 19b of the CSRD proposal (see Appendix II for CSRD detailed requirements)					
B. Supports the production of relevant information about the sustainability matter covered					
C. Fosters comparability across sectors					
D. Covers information necessary for a faithful representation from an impact perspective					
E. Covers information necessary for a faithful representation from a financial perspective					
F. Prescribes information that can be verified and assured					
G. Meets the other objectives of the CSRD in term of quality of information					
H. Reaches a reasonable cost / benefit balance					
I. Is sufficiently consistent with relevant EU policies and other EU legislation					
J. Is as aligned as possible to international sustainability standards given the CSRD requirements					



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

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

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

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



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

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

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

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

**Q50: Please, rate to what extent do you think ESRS G1 – Governance, risk management and internal control**

1/ Not at all 2/ To a limited extent with strong reservations, 3/ To a large extent with some reservations 4/ Fully 5/ No opinion

	1	2	3	4	5
A. Covers sustainability information required by articles 19a and 19b of the CSRD proposal (see Appendix II for CSRD detailed requirements)					
B. Supports the production of relevant information about the sustainability matter covered					
C. Fosters comparability across sectors					
D. Covers information necessary for a faithful representation from an impact perspective					
E. Covers information necessary for a faithful representation from a financial perspective					
F. Prescribes information that can be verified and assured					
G. Meets the other objectives of the CSRD in term of quality of information					
H. Reaches a reasonable cost / benefit balance					
I. Is sufficiently consistent with relevant EU policies and other EU legislation					
J. Is as aligned as possible to international sustainability standards given the CSRD requirements					

**For part H, please explain why costs would be unreasonable and / or what particular benefit ESRS G1 offers**

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

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



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



**ESRS G2 – Business conduct**

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

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

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

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

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

**Q51: Please, rate to what extent do you think ESRS G2 – Business conduct**

1/ Not at all 2/ To a limited extent with strong reservations, 3/ To a large extent with some reservations 4/ Fully 5/ No opinion

	1	2	3	4	5
A. Covers sustainability information required by articles 19a and 19b of the CSRD proposal (see Appendix II for CSRD detailed requirements)					
B. Supports the production of relevant information about the sustainability matter covered					
C. Fosters comparability across sectors					
D. Covers information necessary for a faithful representation from an impact perspective					
E. Covers information necessary for a faithful representation from a financial perspective					
F. Prescribes information that can be verified and assured					
G. Meets the other objectives of the CSRD in term of quality of information					
H. Reaches a reasonable cost / benefit balance					
I. Is sufficiently consistent with relevant EU policies and other EU legislation					
J. Is as aligned as possible to international sustainability standards given the CSRD requirements					



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

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

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

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



## 2. ESRS implementation prioritisation / phasing-in

### ***Application provisions***

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

Application Provision AP1 which exempts undertaking to reports comparatives for the first reporting period, and

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

### **Q52: to what extent do you support the implementation of Application Provision AP1?**

1/ Not at all 2/ To a limited extent with strong reservations, 3/ To a large extent with some reservations 4/ Fully 5/ No opinion

### **Q53: to what extent do you support the implementation of Application Provision AP2?**

### **Q54: what other application provision facilitating first-time application would you suggest being considered?**

**Please explain why**



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

Set 1 proposes the target content of a set of standards aimed at achieving the objectives of the CSRD proposal in an “end game” perspective, with the exception of the standards to be included in Set 2. As such it sets a comprehensive package of principles and requirements.

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

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

**Q55: for which one of the current ESRS disclosure requirements (see Appendix I) do you think implementation feasibility will prove challenging? and why?**

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

**Q56: over what period of time would you think the implementation of such “challenging” disclosure requirements should be phased-in? and why?**

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

**Q57: beyond feasibility of implementation, what other criteria for implementation prioritisation / phasing-in would recommend being considered? And why?**

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

**Q58: please share any other comments you might have regarding ESRS implementation prioritisation / phasing-in**



### 3A. Adequacy of Disclosure Requirements – Cross cutting standards

[Each disclosure requirement is introduced by a very short description of what it is about]

[Same questions to be repeated for each and all disclosure requirements]

#### DR 2-GR 1: General characteristics of the sustainability reporting of the undertaking

The undertaking shall give general information about (i) its sustainability report, and (ii) the structure of its sustainability statement.

The principle to be followed under this disclosure requirement is to give the necessary context of the sustainability reporting of the undertaking.

#### Q59: Please, rate to what extent do you think DR2-GR 1: General characteristics of the sustainability reporting of the undertaking

1/ Not at all 2/ To a limited extent with strong reservations, 3/ To a large extent with some reservations 4/ Fully 5/ No opinion 6/ Not applicable

	1	2	3	4	5	6
A. Requires relevant information about the sustainability matter covered						
B. Requires information that is relevant for all sectors (true sector-agnostic information)						
C. Can be verified / assured						
D. Meets the other objectives of the CSRD in term of quality of information						
E. Reaches a reasonable cost / benefit balance						
F. Is sufficiently consistent with relevant EU policies and other EU legislation						
G. Is as aligned as possible to international sustainability standards given the CSRD requirements						
H. Could be considered “core” information to be prioritised in first year of implementation						
I. Is well suited to be transformed in a digital reporting taxonomy that will avoid creating misunderstandings or practical complexities						

**For part E, please explain why costs would be unreasonable and / or what particular benefit this disclosure requirement offers**

**For part F, please specify what existing European sustainability reporting obligation you think the disclosure requirements misses to address adequately**

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



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

**To be repeated for each disclosure requirement**

**PTF-ESRS requests that additional specific questions be asked for DR G2-10 on Payment practices**

Payment delays complicate the financial management of undertakings, especially SMEs<sup>2</sup>, who rely on predictable flows of cash to operate. According to the relevant EU legislation (Directive 2011/7/EU) a payment is late when the creditor has not received the funds at the expiry of the period negotiated in the contract. And yet, even payments performed within the contractually negotiated period can hide unfair payment practices. Very often businesses accept payment terms longer than they are comfortable with<sup>3</sup>, as such terms may reflect the one party's power compared to the other, such as by virtue of its size or brand.

- 1) Do you consider that the indicators in G2-10 (in isolation or jointly) capture the following sufficiently:

	Yes	No	No opinion
the extent to which accounts payable or creditors at period end have been outstanding			
the fairness of the undertaking's payment practices			

If not, please provide your rationale and indicate the sector(s) for which you deem add-ons necessary.

- 2) What alternative indicators would you propose? Please specify whether your proposal(s) are of sector-agnostic or sector-specific nature.

<sup>2</sup> SMEs (Small and Medium-sized enterprises) are defined according to the Commission Recommendation 2003/361/EC [https://ec.europa.eu/growth/smes/sme-definition\\_en](https://ec.europa.eu/growth/smes/sme-definition_en)

<sup>3</sup> According to the Intrum European payment Report 2021, on average 49% of businesses in the EU accepted payment terms longer than they are comfortable with out of fear of losing their customers or damaging business relations.