

PART 1 – Architecture / Priorities / ESRS 1 and 2

EFRAG SR TEG – PRELIMINARY DISCUSSIONS

20 June 2022



DISCLAIMER

This paper has been prepared by the EFRAG Secretariat for discussion at a public meeting of EFRAG SR TEG. The paper forms part of an early stage of the development of a potential EFRAG position. Consequently, the paper does not represent the official views of EFRAG or any individual member of the EFRAG SR Board (SRB) or EFRAG SR TEG (SRT). The paper is made available to enable the public to follow the discussions in the meeting. Tentative decisions are made in public and reported in the EFRAG Update. EFRAG positions, as approved by the EFRAG SRB, are published as technical advice to the European Commission, or in any other form considered appropriate in the circumstances.

OBJECTIVE OF THIS SESSION

- This document will serve as a basis for a preliminary exchange of views of members and observers on the content of the EDs.
- The purpose of the discussion will be to:
 - identify the topics and/or disclosure requirements that will deserve detailed discussion and, as such, will have to be addressed with priority in the work to be done in September and October;
 - allow us to further clarify the rationale for some of the requirements and hopefully to reduce the number of topics and disclosure requirements to be further discussed in September and October.
- The outcome of the discussion at the EFRAG SR TEG will be reported back to the EFRAG SRB and will constitute the basis of a similar discussion at the Board.
- No decisions will be taken at the meeting.
- A decision-making discussion can only start on the basis of the full outcome of the ongoing consultation.

CONTENT OF THIS DOCUMENT

EFRAG SR TEG members have provided their tentative feedback to the consultation survey.

The positions expressed in these surveys are preliminary and members are not expected to be bound to the views expressed at this stage.

TIMING ALLOCATION

1A and 1B: KEY ISSUES – 9.40 - 11.20

1. Sector agnostic/optimal number of DRs/ rebuttable presumption
2. Value chain and approximation
3. Phase-in, application provisions
4. Connectivity and incorporation by reference
5. Inter-operability with ISSB

1 A and 1 B: OVERVIEW OF THE SUPPORT RATE and exchange of views on the questions other than the key issues – 11.20 – 11.40

1C Exposure Drafts content (40 mins) – 11.40 - 12.15

Wrap up and next steps – 12.15 – 12.30



1 A. and 1B. KEY ISSUES

PROFILE OF THE RESPONDENTS

Preparer	7	36%
Auditor	3	16%
Civil society	5	26%
User/Academic	4	21%

The % of the following slides reflect all the responses. However, where the approval score (fully agree/large extent) was below 70%, blanks, not applicable and no opinion have been deleted from the denominator to recalculate the approval score.

Key comments are presented for all the questions, irrespective of the approval score.

Quorum of TEG for decision making: 14 members



Sector agnostic/ optimal number of DRs /
rebuttable presumption

OVERVIEW OF THE SUPPORT RATE PER QUESTION

Support	Number of Questions	%
Over 70%	18	78%
66 to 70%	2	9%
Less than 65%	3	13%

The support above reflects the results after eliminating blanks, no opinion, not applicable from denominator where the original score of 'fully and largely agree' was less than 70%

1. OVERVIEW OF THE RECALCULATED SUPPORT RATE PER QUESTION (1/3)

Question	Approval
Q1: do the structure and articulation of cross-cutting and topical standards adequately support the coverage of CSRD topics and reporting areas	100%
Q4: have these <u>European legislation</u> and initiatives been considered properly?	64% -> 81%
Q6: proposed coverage adequately address CSRD sustainability topics?	89%
Q7: proposed coverage of set 1 (see Appendix I) adequately address SFDR?	74%
Q8: proposed <u>three options</u> (structure of the statements)?	47%
Q13: to what extent do you think that the principle of relevance of sustainability information is adequately defined and prescribed?	90%
Q14: to what extent do you think that the principle of faithful representation of sustainability information is adequately defined and prescribed?	100%
Q15: to what extent do you think that the principle of comparability of sustainability information is adequately defined and prescribed?	89%
Q16: to what extent do you think that the principle of verifiability of sustainability information is adequately defined and prescribed?	89%
Q17: to what extent do you think that the principle of understandability of sustainability information is adequately defined and prescribed?	89%

'->' eliminating from denominator blanks, no opinion, not applicable

1. OVERVIEW OF THE RECALCULATED SUPPORT RATE PER QUESTION (2/3)

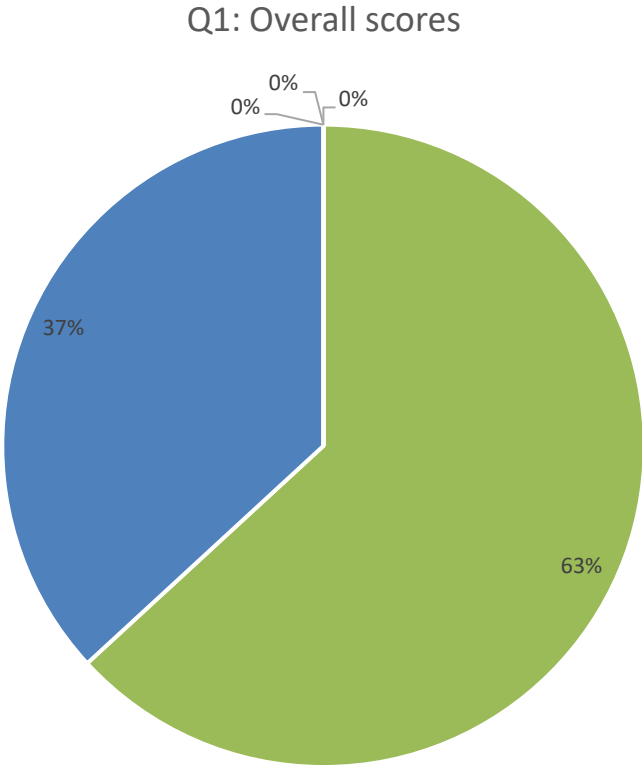
Question	Approval
Q18: in your opinion, to what extent does the definition of double materiality (as per ESRS 1 paragraph 46) foster the identification of sustainability information that would meet the needs of all stakeholders?	95%
Q19: to what extent do you think that the proposed implementation of double materiality (as per <u>ESRS 2-IRO 1</u>, paragraph 74b(iii) and AG 61) is practically feasible?	61% -> 65%
Q20: in your opinion, to what extent is the definition of impact materiality (as per ESRS 1 paragraph 49) aligned with that of international standards?	74%
Q21: to what extent do you think that the determination and implementation of impact materiality (as proposed by ESRS 1 paragraph 51) is practically feasible?	74%
Q23: to what extent do you think that the determination and implementation of <u>financial materiality</u> (as proposed by ESRS 1 paragraphs 54 to 56) is practically feasible?	53% -> 67%
Q24: to what extent do you think that the <u>(materiality) rebuttable presumption</u> and its proposed implementation will support relevant, accurate and efficient documentation of the results of the materiality assessment?	42 -> 47%

1. OVERVIEW OF THE RECALCULATED SUPPORT RATE PER QUESTION (3/3)

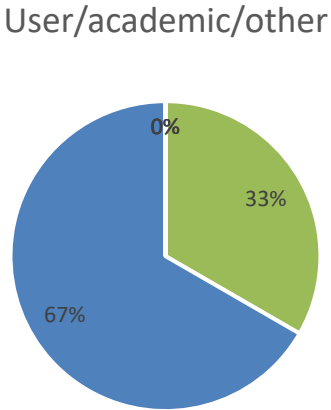
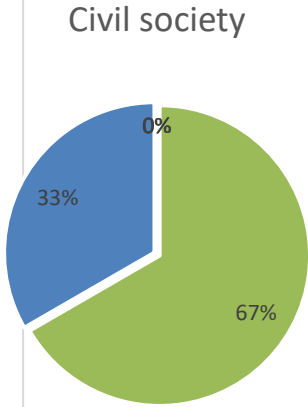
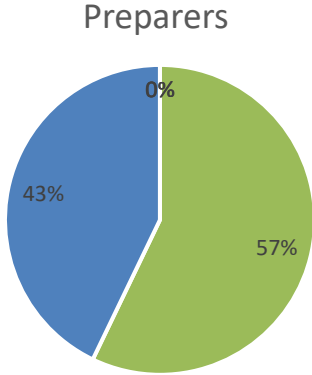
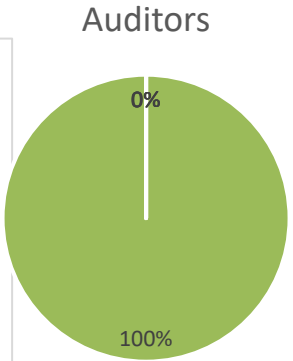
Question	Approval
Q30: in your opinion, to what extent will the choice of disaggregation level by the undertaking as per ESRS 1 paragraphs 72 to 77 contribute to the reporting of understandable, relevant, verifiable, comparable and faithfully represented sustainability information?	74%
Q31: do you think it is relevant to define short-, medium- and long-term horizon for sustainability reporting purposes?	89%
Q32: if yes, do you agree with the proposed time horizons?	67% -> 70%
Q34: in your opinion, to what extent will DP 1-1 contribute to the reporting of understandable, relevant, verifiable, comparable and faithfully represented information on sustainability related policies?	90%
Q35: in your opinion, to what extent will DP 1-2 contribute to the reporting of understandable, relevant, verifiable, comparable, and faithfully represented information on sustainability-related targets and their monitoring?	79%
Q36: in your opinion, to what extent will DP 1-3 contribute to the reporting of understandable, relevant, verifiable, comparable, and faithfully represented information on sustainability-related action plans and allocated resources?	84%
Q37: is anything important missing in the aspects covered by the <u>bases for preparation</u>?	67%

'->' eliminating from denominator blanks, no opinion, not applicable

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?



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



Sum of large extent + fully = 100%

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?

Fully/largely

SUPPORT FOR THE PROPOSAL

- Extremely rationale and robust and overall reflects CSRD

MATERIALITY AT SECTOR AGNOSTIC LEVEL

- While some sustainability topics or sub-topics are clearly sector-agnostic (for instance the one dedicated to workforce), many of them could be considered as sector-specific, with very different levels of materiality, particularly for E

REBUTTABLE PRESUMPTION

- Rebuttable presumption questionable for workforce (S1)

GOVERNANCE

- ESRS (G1 and G2) also are not as such "sustainability matters": an undertaking cannot have a positive or negative governance impact: governance should be integrated within the cross-cutting ESRS 2
- The topic of Governance is spread across ESRS 2 and ESRS G1 with in both cases DRs and AGs; thus, the sector-agnostic requirements are already displayed in 4 different sections and additional sector-specific requirements might be added.

OTHER

- The DRs IRO-2 and IRO-3 of ESRS 2 are not cross cutting and should be moved to topical standards (significant need for cross-referencing)

DUE DILIGENCE

- The ESRS should included clearer guidance clarifying the interconnectivity of the CCS criteria and topical standards in the implementation and reporting on the undertaking's due diligence.

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

Not at all/ to a limited extent

SFDR AND TAXONOMY

- How can investors assess compliance with MS for companies with no Taxonomy-eligible activities?
- “Sustainable investments”: how can investors assess tax compliance if CSRD does not cover taxation?
- Timing doesn't allow proper alignment, resulting in overlaps and complexity
 - E.g. PAI have been defined before the CSRD has defined the reporting areas and topics, KPIs have been defined before AG of CSRD KPIS have been defined, in the Pillar 3 ITS general information is required on strategy, governance ... with no reflection on what is already embedded in CSRD...
- ESRS are consistent with SFDR, but with major overlaps not easing the reporting/understanding: Some requirements are redundant with no clear view on the aim of each regulation.

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

Fully/ to a large extent

GOVERNANCE

- Overlaps with other governance-related requirements create significant complexity and fragmentation. **Will DRs taken over into the ESRS then be removed from the other regulations?** or will there be double reporting (where the information under other regulation is not provided in the management report and can thus not be cross-referenced) or complex cross-referencing (where the information under other regulation is also provided in the management report)?

TOO MANY DATAPOINTS/GRANULARITY/COMPLEXITY/COST-BENEFIT

- Regulations that are not applicable to all the companies are rolled out broadly.
- Some voluntary requirement (for example scope 3 GHG protocol) have become all mandatory in ESRS

SUPPORT FOR THE PROPOSAL

- As far as it concerns Taxonomy Regulation and SFDR they have been considered properly.

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

SUPPORT FOR ESRS PROPOSALS

- Set of regulations considered already quite comprehensive

MISSING DATA

- Reference to the whistle-blower directive and the European charter of rights could be checked.

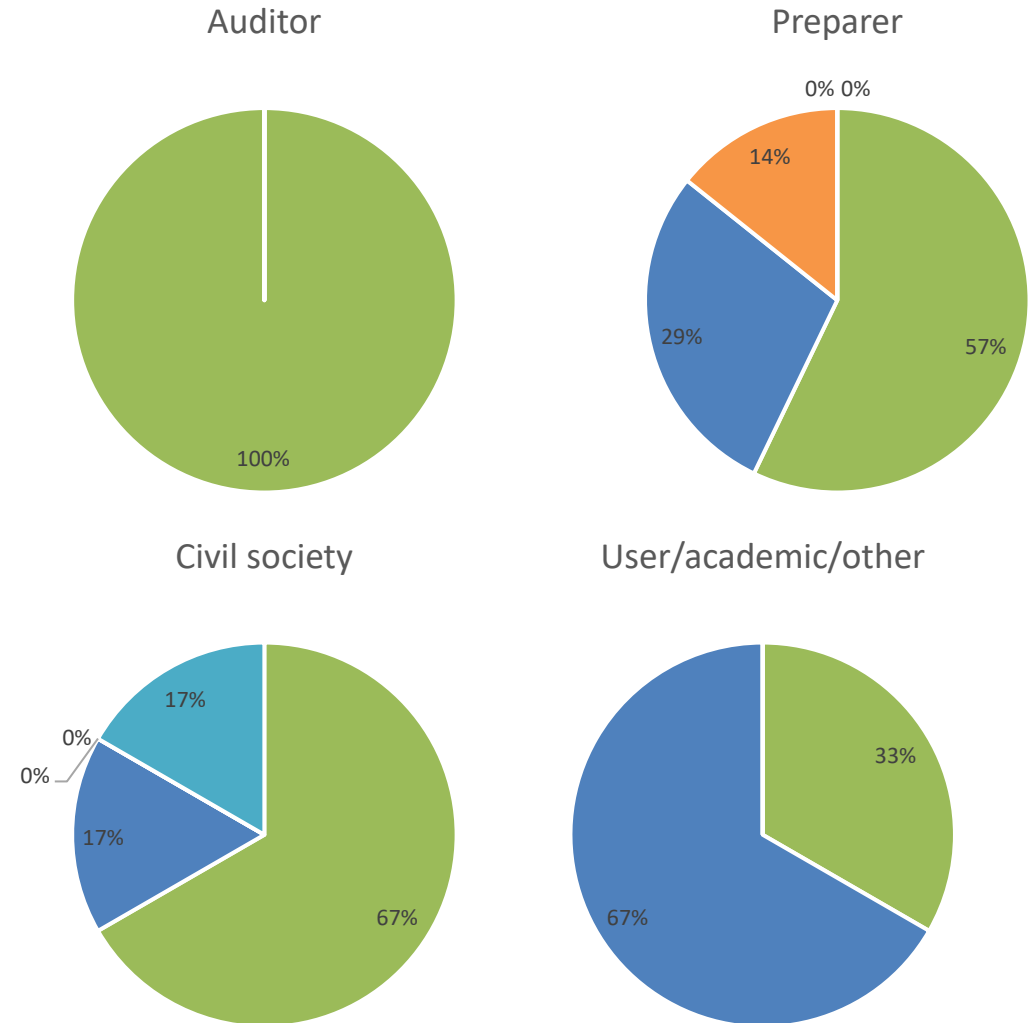
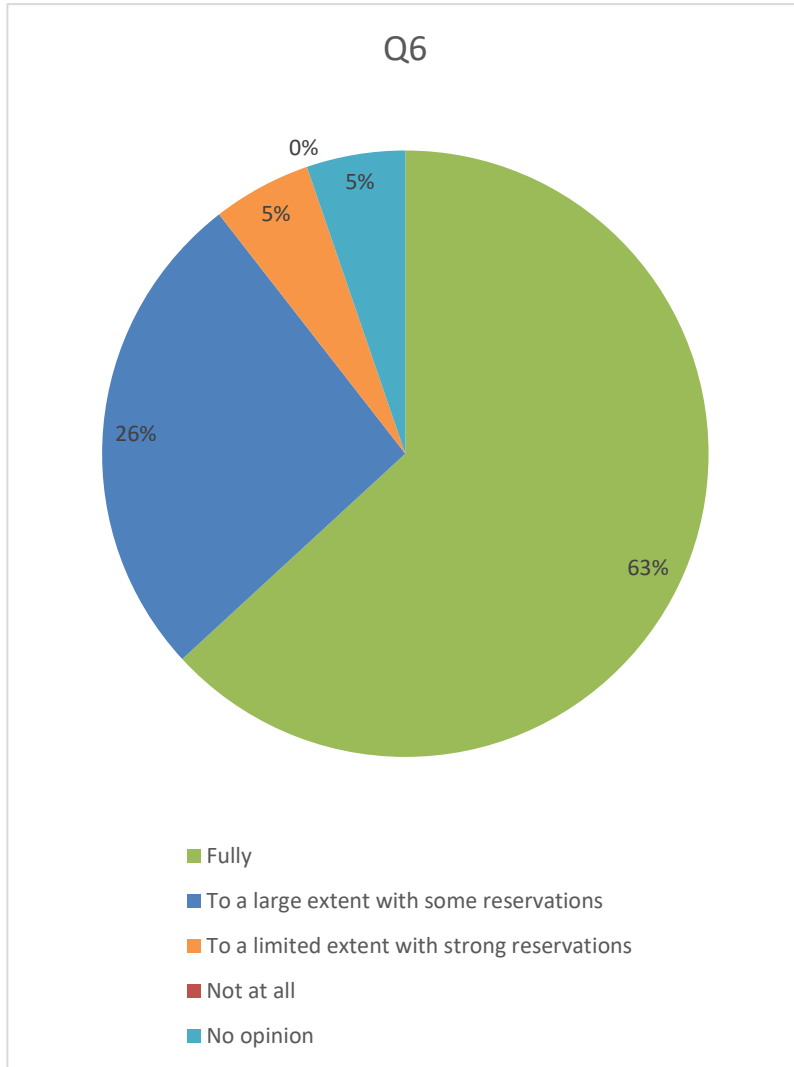
TOO MANY DATAPOINTS/GRANULARITY/COMPLEXITY/COST-BENEFIT

- Suggestion is to simplify and update all disclosure regulation of requirements based on CSRD once voted .

DUE DILIGENCE: The Corporate Sustainability Due Diligence Directive will rely on ESRS to define disclosure criteria for value chains. Need sufficiently relevant and appropriate standards covering:

- Companies' due diligence approach, including related steps, as given by the UNGPs and relevant OECD Guidelines.
- Value chain transparency, critical for insights into corporate exposure to risks and impacts. Description of companies' value chains is particularly relevant at sector level.
- Relationship between new regulations and ESRS should be made explicit when it embraces the same topics and define appropriate transition provisions.

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



Sum of large extent + fully = 89%

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

MATERIALITY AT SECTOR AGNOSTIC LEVEL

- Balance between sector-agnostic and sector-specific should be different/is questionable, to maintain a reasonable burden. Challenging to find additional sector specific DRs. In this regard, the rebuttable presumption should be justified but not too complex.

REBUTTABLE PRESUMPTION

- The rebuttable presumption should not be applicable to ESRS 2 (this is not clear from the text at the moment)
- ESRS S1 on workforce should be also mandatory.

GOVERNANCE: Governance matters should also be addressed entirely within ESRS 2.

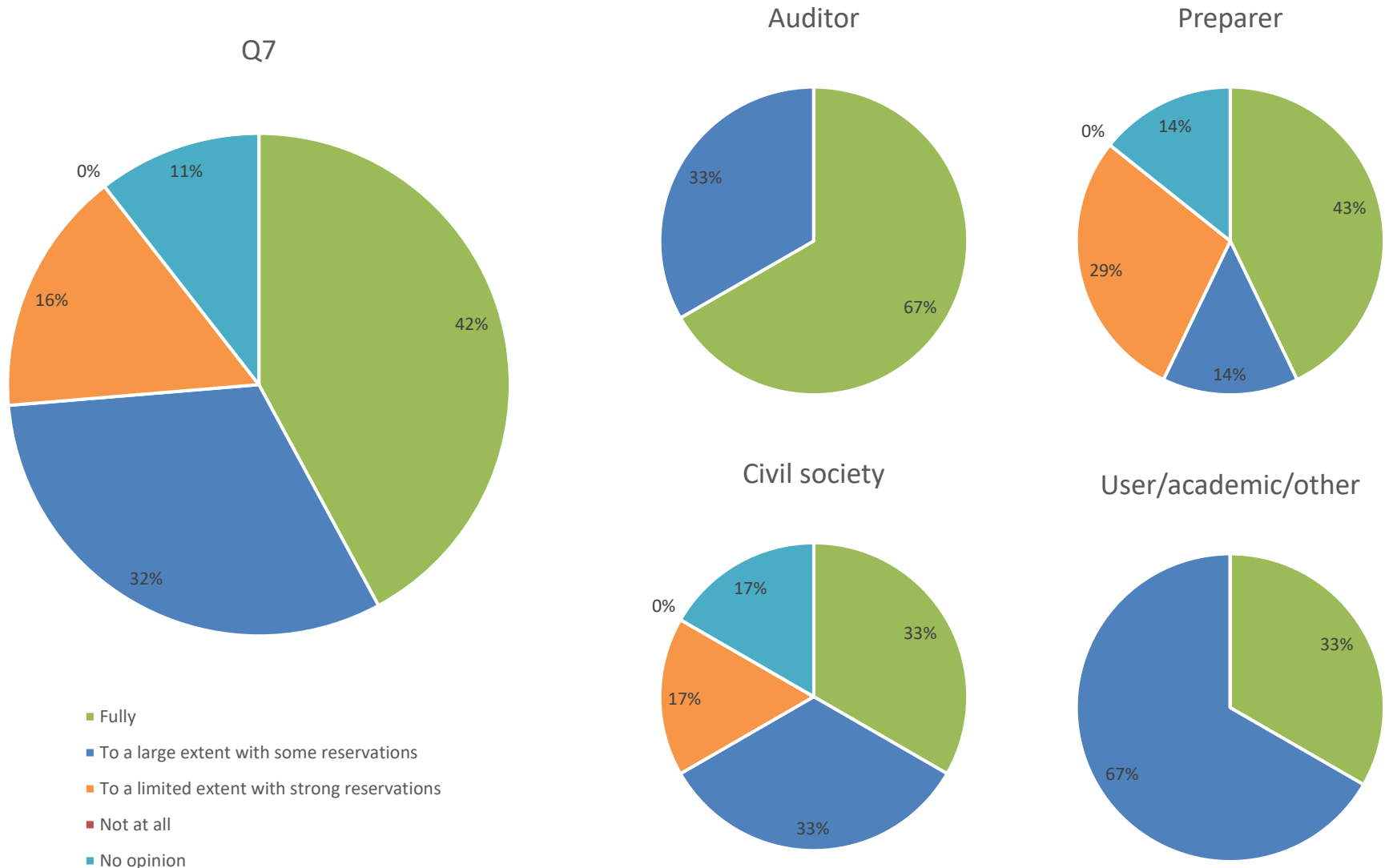
TOO MANY DATAPOINTS/GRANULARITY/COMPLEXITY/COST-BENEFIT

- Essential that the scope is defined **only** by the CSRD at Level 1. The standards should not add topics/disclosures which are not set out in the CSRD text.

MISSING DATA: Governance targets do not adequately address data protection and cybersecurity.

SUPPORT FOR ESRS PROPOSALS: We do not believe that issues have been left out

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



Sum of large extent + fully = 74%

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

Not at all/ to a limited extent

SDFR (1/2)

- The mapping of SFDR indicators in the ESRS should include more details:
 - When SFDR indicators are not quantitative, they are connected to more than one DRs in the same standard or in different standards (e.g. lack of a due diligence; this cannot be assessed through one DR alone). Currently, for each PAI, the ESRS **indicate one DR only**. The basis for conclusion of the social standards, provides that the ESRS should indicate what investors should look at to find helpful info.
- Tick-the-box mentality
 - The ESRS should clarify what information financial market actors should look at in connection to SFDR indicators, to ensure better insight into corporate impacts and related management approach. To illustrate: the need to report on % of operations and suppliers at significant risk of incidents of child labour, or of forced or compulsory labour. **This promotes a tick-the-box exercise**, likely to generate unintended consequences along the supply chain (such as abruptly interrupting relationships with existing suppliers, instead of leveraging the relationship to address issues; or such as focusing on quantitative data, without taking into account critical qualitative disclosures that should accompany such data).

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

Not at all/ to a limited extent

SDFR (2/2)

- Doubts on how to read Table 2 - Overview of ESRS Exposure Drafts and SFDR Principal Adverse Impacts indicators. There are two columns called "Number of DR covering SFDR PAI indicators" and "Number of SFDR PAI indicators covered per ED". The number of DR is greater than the number of SFRD PAI indicators. There should be only two columns: "Total number of DR per ED" and "Number of SFDR PAI indicators covered per ED".

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

REBUTTABLE PRESUMPTION

- The rebuttable presumption should not be applicable to PAI. Topical coverage is addressed, but the rebuttable presumption mechanism may significantly damage application of the standards for the needs of financial institutions subject to SFDR.

TOO MANY DATAPOINTS/GRANULARITY/COMPLEXITY/COST-BENEFIT

- Overdone. SFDR requirements rolled out to companies beyond scope of SFDR.

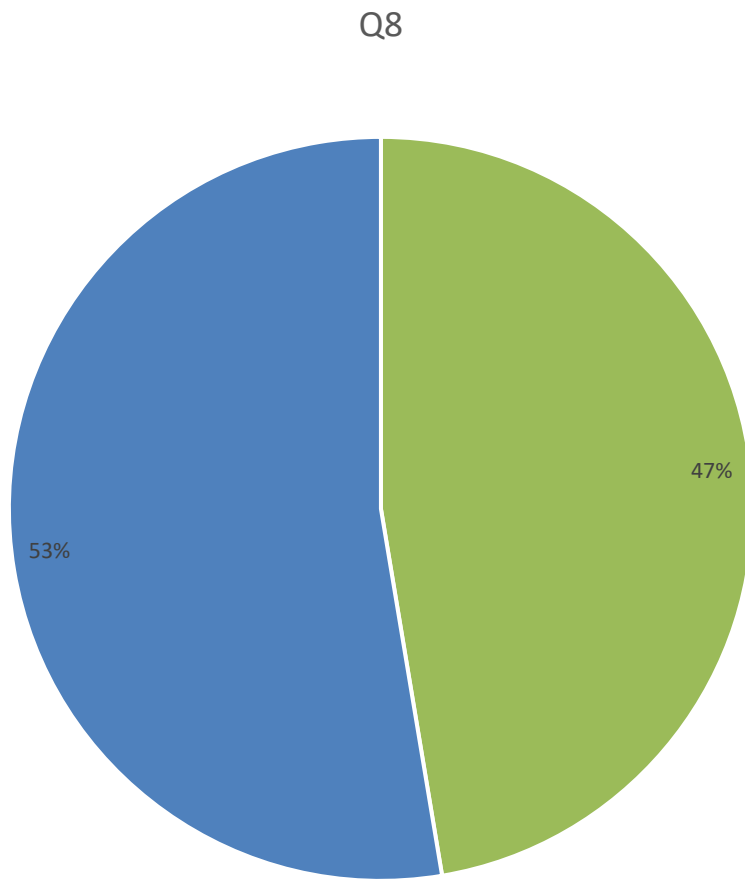
MISSING DATA

- indicators on turnover and on absenteeism.
- Strong reservations as far as coherence with SFDR for social standards

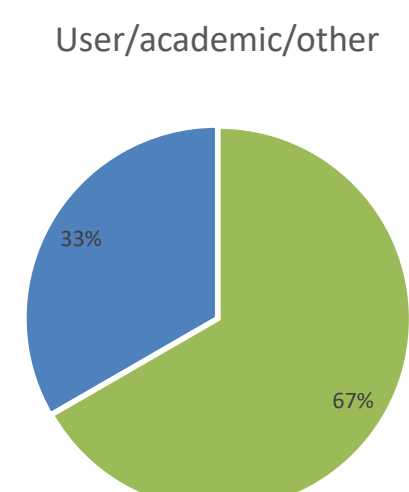
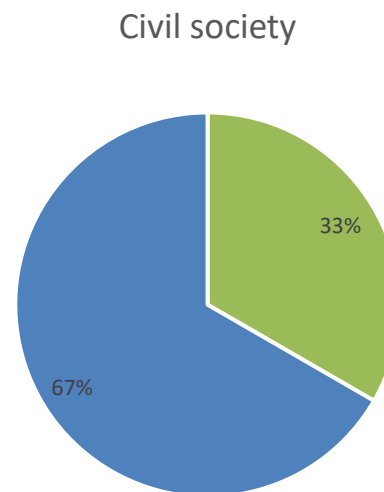
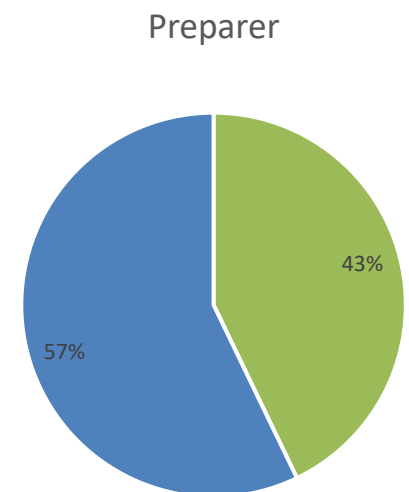
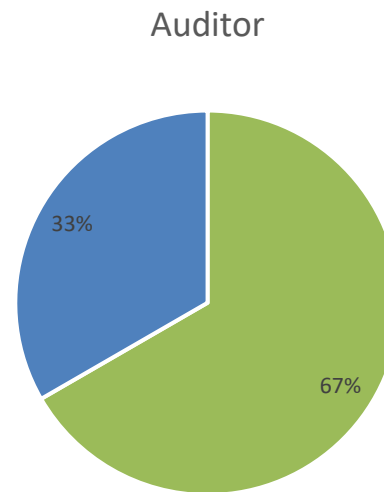
SUPPORT FOR ESRS PROPOSALS

- For environmental standards KPIs seems coherent with SFDR
- The number of indicators and DR could be expanded in some areas (ESRS E4 and ESRS 1), but it must also be said that it is a good proposal
- I fully support that the ESRS intend to fully cover the SFDR-relevant data in the first set

Q8: Do you agree with the proposed three options (structure of the statements)?



■ Yes ■ No



47% agree with proposals

Q8: Do you agree with the proposed three options (structure of the statements)?

Yes

GOVERNANCE

- Integrate the governance ESRS G1 and G2 within ESRS 2 as part of cross-cutting and enabling matters. This would make the disclosure more coherent, more readable, and would make more sense differentiating governance from environmental and social issues. Governance is a lever to better manage environmental and social impacts, risks and opportunities. It is not as such a sustainability risk or opportunity. The materialisation of bad governance adverse impacts on sustainability would be on E and S factors.

INTERCONNECTIVITY

- More application guidance needed, redundancies should be avoided between general information and specific sections. The interconnectivity disclosures should be more detailed once all KPIs validated.

INTEGRATED REPORTING

- A short-term review clause be foreseen to account for fully integrated reporting as soon as the second set of ESRS apply (at the latest) and to account for ISSB developments. This would also allow to address inter-operability with the building block approach/ global baseline, as soon as available).

OTHER

- Irrespective of the final options, companies should have flexibility on the order in which e.g. metrics are disclosed.

Q8: Do you agree with the proposed three options (structure of the statements)?

No

ALTERNATIVE PROPOSAL (TO ADD SOME FLEXIBILITY)

- Auditor: **A single separately identifiable section should remain the preferred option but more flexibility** to allow for progressive interconnectivity.
- Undertakings might need to disclose the sustainability statements in a separately identifiable part (option a), yet having some information scattered (similar to option c) in other parts of the MR to facilitate connectivity to financial report (e.g. business card, governance, risk factors, risk management, compliance/business ethics).
 - Suggestion 1: propose 148 a) as a preferred option with a possibility to mix with 148 c) with limited flexibility, i.e., reporting the disclosures within a separately section, with limited proportion of information mentioned in the rest part of the management report, and accompanied with a location table.
 - Suggestion 2: Propose 148 b) as a secondary option, and offer more flexibility on the number of separately identifiable parts, i.e., delete "four" and add "such as" at the end of b). Preparers could report according to their own organization, for instance, Ethics & Compliance, Procurement, HR, Environment, etc.. In this case, the sustainability statement should be accompanied with a **location table**.
 - Suggestion 3: 148 c) would be mixed into 148 a); **a full presentation by ESRS seems not to be very convincing and relevant.**

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

NO OPTIONS: OPTION 1 A OR XBRL FORMAT

- Ensure standardization for machine readability and comparability/accessibility. Alternatives could be only one option, i.e. all data in one block or requiring XBRL format across all reports.

NO OPTIONS/USE OPTION 1: just one prescription, the current option 1

NO OPTIONS/ USE OPTION 3: structure should corresponds to individual ESRS

SUPPORT OPTION 2 WITH INCORPORATION BY REFERENCE

- Observed practices show extensive of integrated reporting, with many references and indexes (at least in France). Most common practices seem to be option 2 with extensive use of incorporation by reference.

FULL FLEXIBILITY

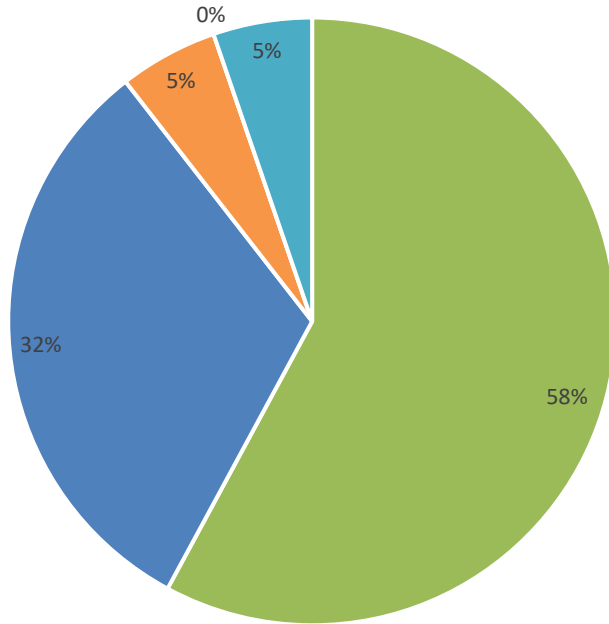
- Free integration into annual report, **using an index table** to identify DRs.
- Fully integrated reporting should be allowed.

SUPPORT FOR THE PROPOSAL

- All three options are correct and also that the preferred option is the one that best represents a proper statement.

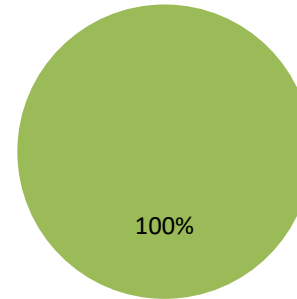
Q13: to what extent do you think that the principle of relevance of sustainability information is adequately defined and prescribed?

Q13: Overall results

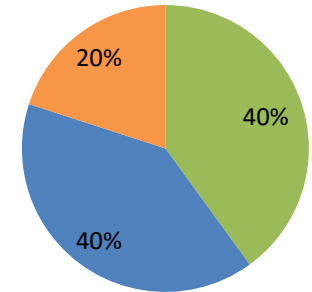


- Fully
- To a large extent with some reservations
- To a limited extent with strong reservations
- Not at all
- No opinion

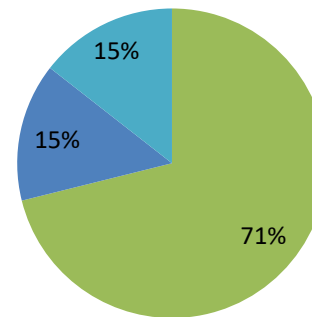
Auditor



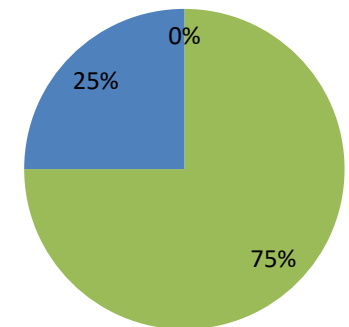
Civil society



Preparer



User/academic/other



Sum of large extent + fully = 90%

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

MISSING GUIDANCE

- ESRS 1, Para 28 requires clarification. It seems to suggest that a test of ‘decision-usefulness’ can overrule materiality.
- The ESRS have been developed to ensure sector-agnostic relevance of DRs under given issues. A company should assess the materiality of an issue, and based on that, apply and report on all the criteria provided by the topical standard at hand. The ESRS should then identify, the individual and more granular criteria within the standard whose application should instead be based on entity-specific materiality.
- The information on material impacts, in particular those explicitly required by the ESRS, should be always reported regardless of an additional test of ‘decision-usefulness’ .
- Civil society: §26: Would be great to indicate where it is explained who the users of information are / may be. Undertakings need to be clear that this is not just financial market actors.
- Auditor: The mixed use of the word “user” and “stakeholder” in paragraph 26, 27 and 28 raises confusion. Either a clearer definition needs to be made if any difference, or a unified language should be used.
- User/Academic/Other: The correlation between materiality and relevance could be even strengthened in the guidelines.

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

MISSING GUIDANCE

- Stewardship, i.e. accountability for past performance, should be incorporated into the standards where relevant. This requires the reporting of backward-looking information, whereas para 27 emphasises only information that is relevant to future outcomes and, in particular, is 'decision-useful'. There is nothing wrong with decision usefulness and forward-looking information, but it should be complemented by backward-looking stewardship information. Other parts of the exposure draft strike a better balance in this regard, esp. Para 79. Accordingly, Para 28 should also be expanded to incorporate the stewardship principle and clarify that backward-looking information that helps users assess past sustainability performance is also relevant.
- The principle of relevance also needs to consider that the information can be easy to analyze and process which is a relevant missing concept.
- Guidance on the methodology for conducting an impact materiality analysis is needed as this is a new concept.
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Q13: to what extent do you think that the principle of relevance of sustainability information is adequately defined and prescribed?

MISSING GUIDANCE

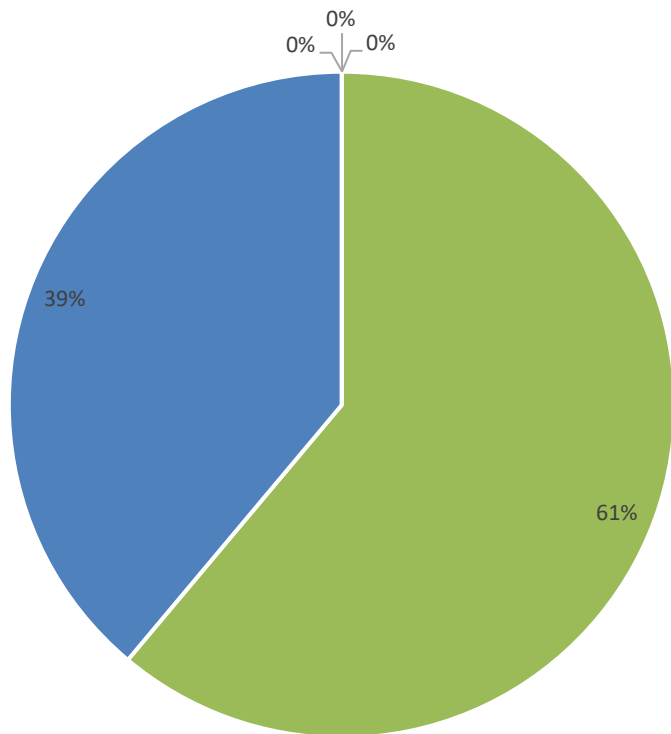
- Guidance on the methodology for conducting an impact materiality analysis is needed as this is a new concept.
- The methodology which should be used to define the scale of positive or negative impact should be clarified.
- There is a lack of clarity concerning the scope of “actual or potential significant impacts by the undertaking on people or the environment. Without a clear definition, the impact analysis will potentially be extremely broad (e.g., in the case of financial institutions, the actual or potential impact is considerably extensive when considering the entire value chain).

OTHER

- If we assume that relevance on ESRS has already been assessed, this shall be applied for entity specific disclosures.

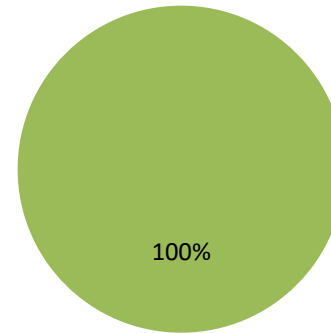
Q14: to what extent do you think that the principle of faithful representation of sustainability information is adequately defined and prescribed?

Q14: Overall results

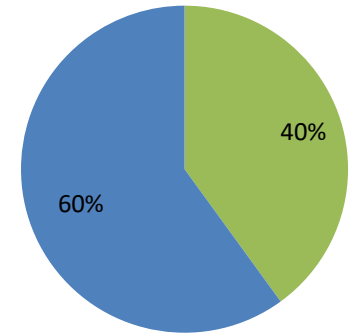


- Fully
- To a large extent with some reservations
- To a limited extent with strong reservations
- Not at all
- No opinion

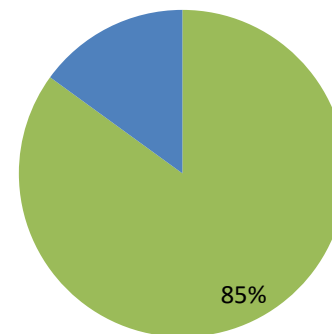
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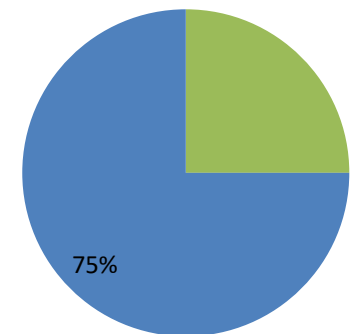
Civil society



Preparer



User/academic/other

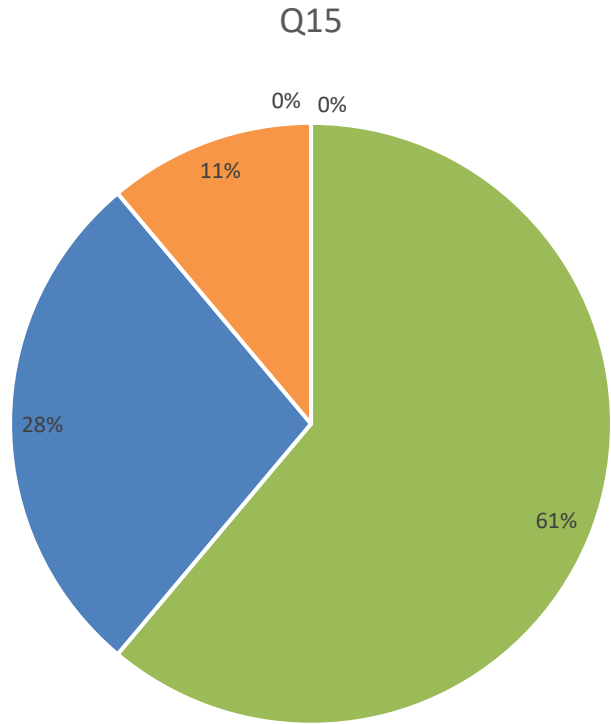


Sum of large extent + fully = 100%

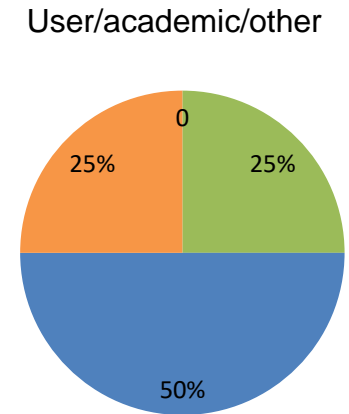
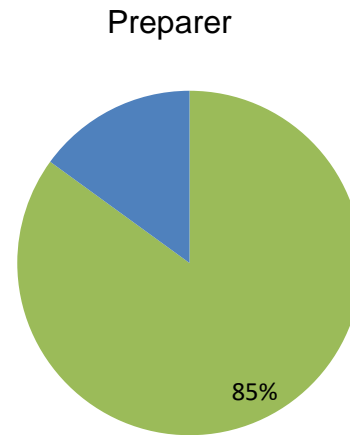
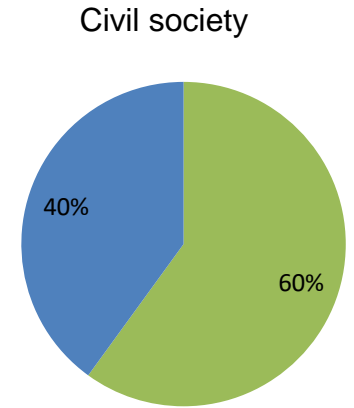
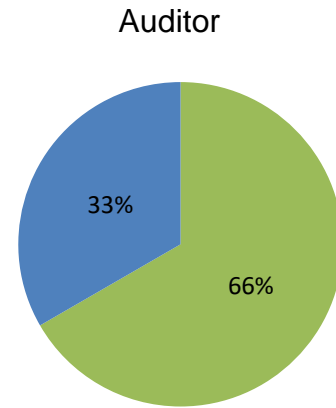
Q14: to what extent do you think that the principle of faithful representation of sustainability information is adequately defined and prescribed?

- ESRS needs to consider clarifying calculation rules, methodologies, and units in all the ESRS standards or at least the numeric ones.
- For qualitative information is much more difficult to ensure this principle unless ESRS suggests a minimum level of categorization as it is a common practice in CDP for example. Otherwise, there will be difficulties that all the reporting companies to adequate their processes to reduce errors as it is described in paragraph 32.
- Support not to allow netting.

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



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



Sum of large extent + fully = 89%

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

SUPPORT FOR THE PROPOSAL:

- Comparability being a very long-term objective of sustainability reporting and will not be achieved before years.
- Orders of magnitude and relative data or ratio are other elements of comparison that greatly help investors/ users' understanding. E.g. a **carbon intensity ratio** (CO₂teq / MWh of electricity produced) is a more meaningful comparative information than raw data / tons of CO₂.

TOO MANY DRS/GRANULARITY/COMPLEXITY/COST-BENEFITS

- Need to consider whether the standard fully enables this principle. Need to have at least a minimum core mandatory DRs in the standard. As it is, each company will take its own criteria and it will be impossible to compare.
- Comparability may not be fully possible for environmental standards; for example, trajectories to be compliant with the Paris agreement will shift (ie use of CO₂ budget in early years with less being available in later years vs reduction to be steeper in later years).

MISSING DATA

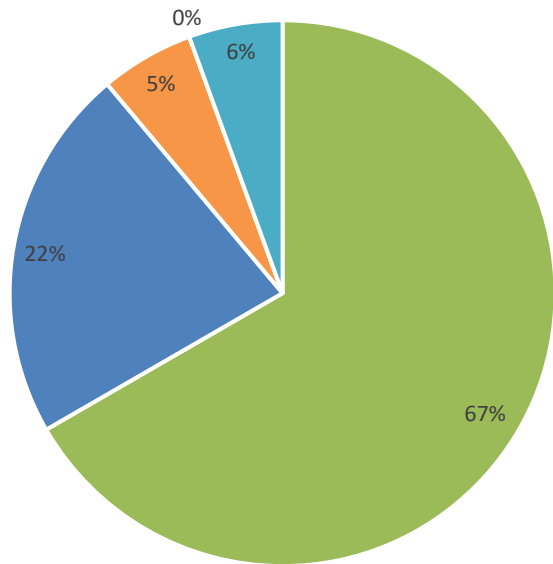
- Need to provide compared and relative (VS industry benchmarks) data would be extremely useful for investors for significant indicators.

OTHER

- Comparability is defined intra-company only; the aspect of comparability across companies, highly relevant for investors, is not addressed.

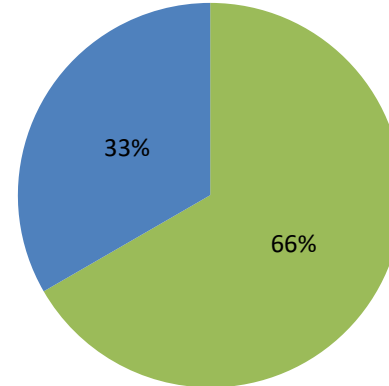
Q16: to what extent do you think that the principle of verifiability of sustainability information is adequately defined and prescribed?

Q16

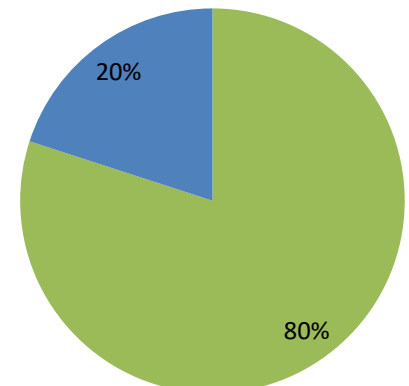


- Fully
- To a large extent with some reservations
- To a limited extent with strong reservations
- Not at all
- No opinion

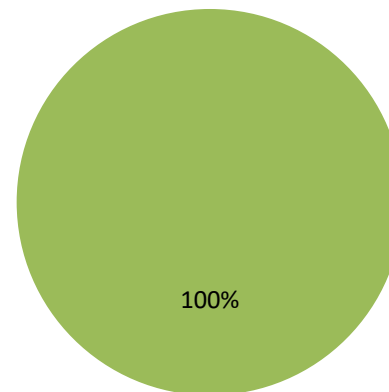
Auditor



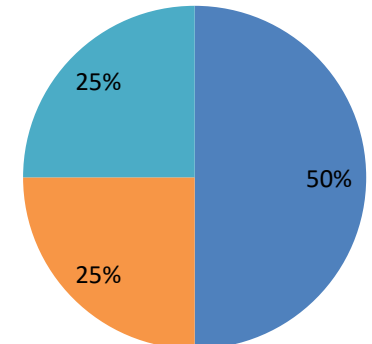
Civil society



Preparer



User/academic/other



Sum of large extent + fully = 89%

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

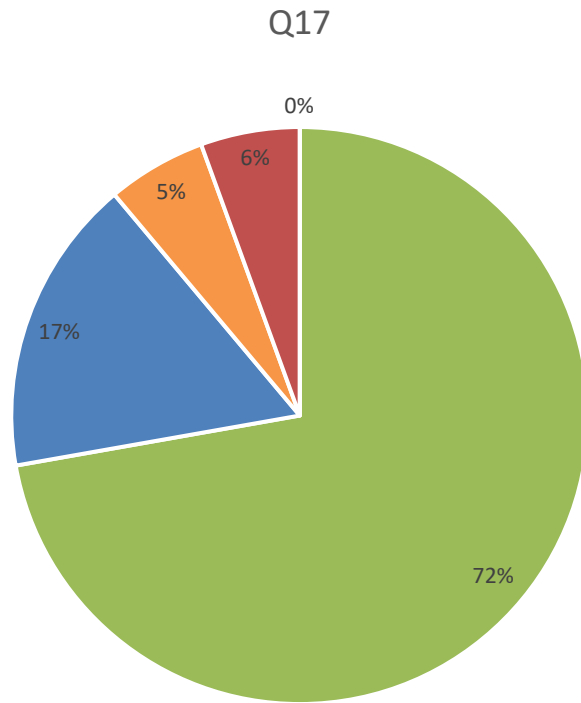
SUPPORT FOR THE PROPOSAL

- A challenge especially for qualitative information, especially to avoid excessive additional reporting burdening.
- Qualitative information is indispensable and the challenge to verify it should not be a barrier to disclose qualitative information.
- More guidance on how could qualitative information reasonably satisfy this criteria would be helpful.

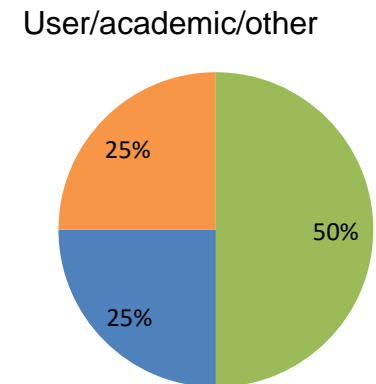
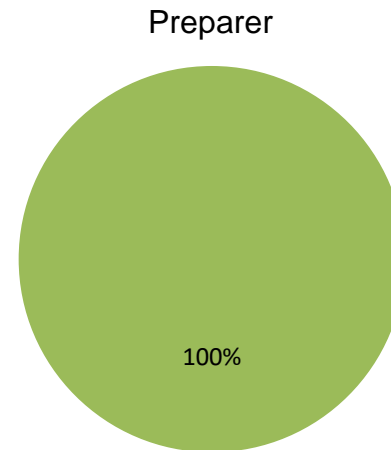
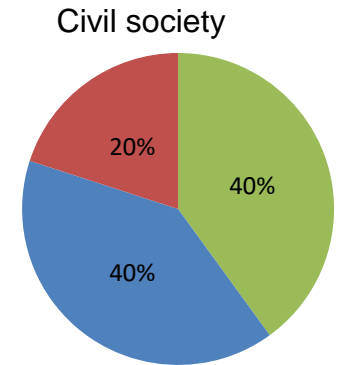
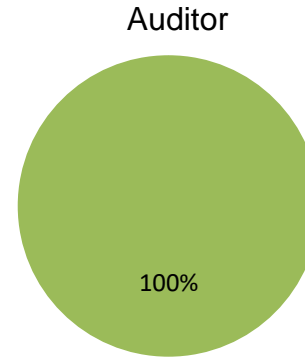
OTHER

- Recommendation of incorporating in paragraph 37, “Information is verifiable if it is possible to trace over the time and also its calculation with clear methodologies”

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



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



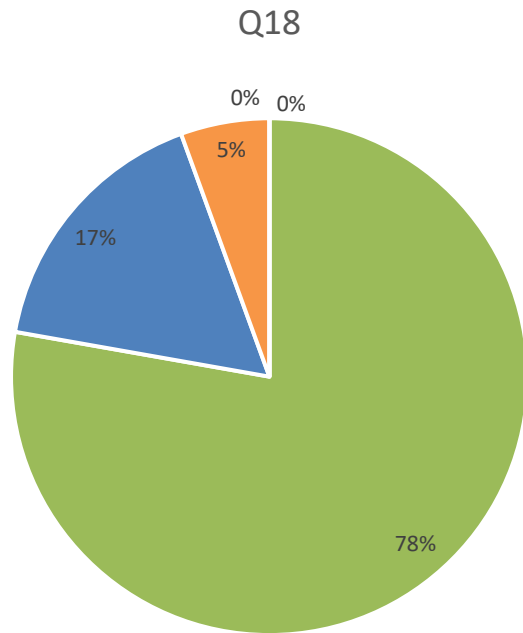
Sum of large extent + fully = 89%

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

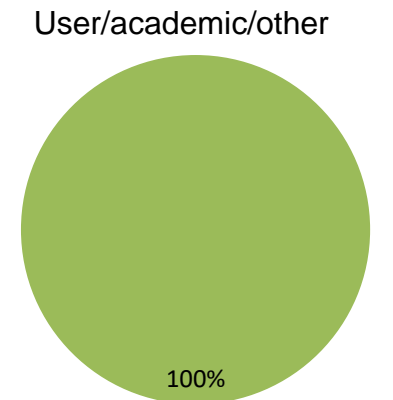
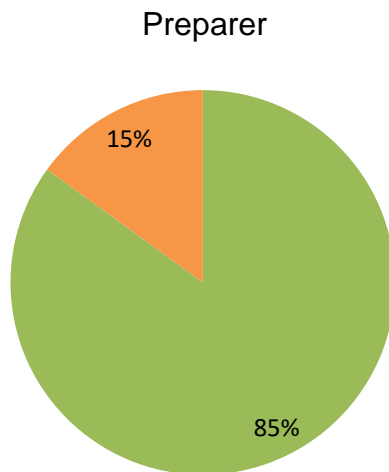
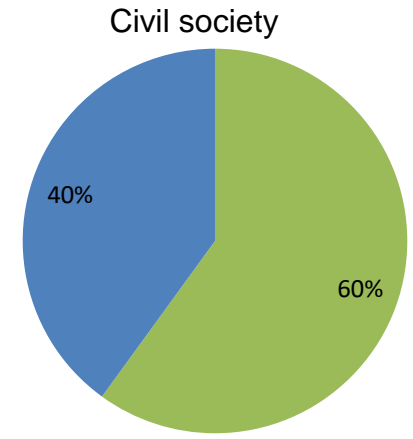
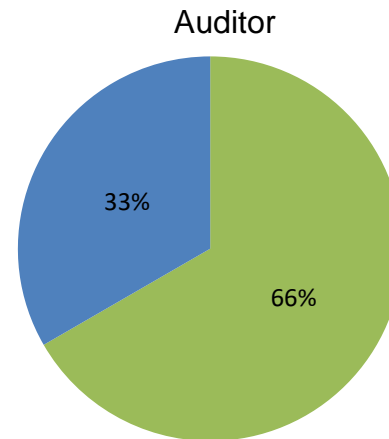
OTHER

- Para. 39 ESRS 1: Suggested wording '*any reasonably knowledgeable user*' vs 'understandable information enables all (knowledgeable) intender users to readily comprehend the information being communicated' to ensure that corporate sustainability information addressed to those that have an interest in it.
- ESRS 1, para 38, is not accurate. Whilst sustainability information should be concise, it must also be comprehensive, in order to reflect the complexity of the matter being reported. Paragraph 38 should be reformulated, e.g. as follows: "Sustainability information is understandable when it is clear, adequately comprehensive, and concise, that is avoiding unnecessary disclosures." (2 comments)

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



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



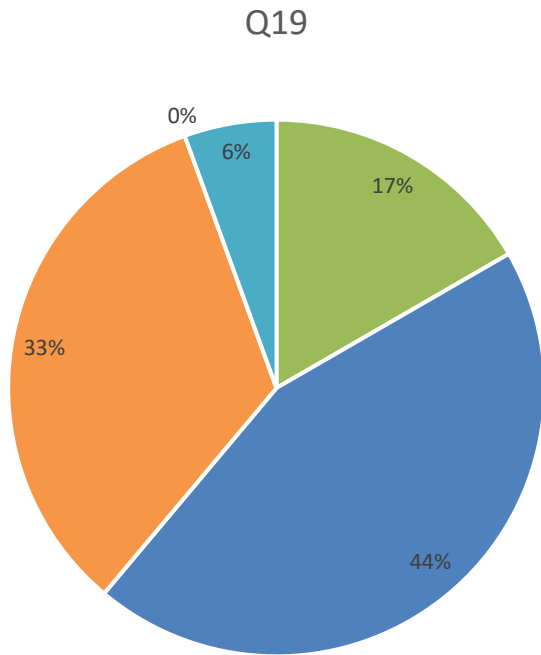
Sum of large extent + fully = 95%

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

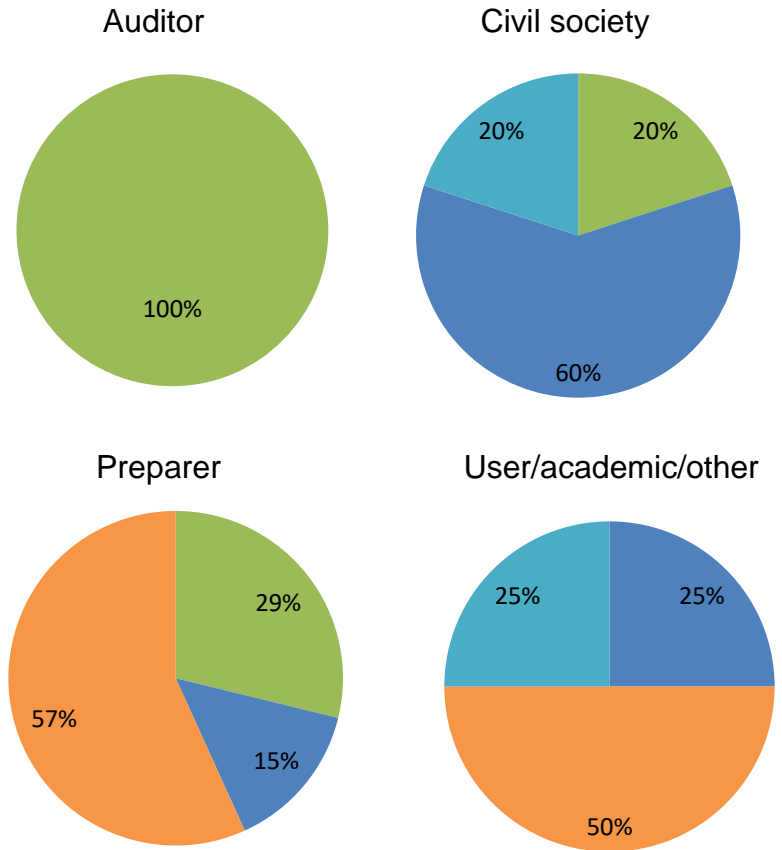
MISSING GUIDANCE

- Clear guidance should be provided that materiality assessment to take place first on all CSRD topics rather than excluding some topics ex ante
- The definition fully meets the objective to cover all stakeholders' expectations, it would perhaps conversely benefit from a definition of what is a significant and "material" stakeholder, in order to avoid an inflationist trends to consider the expectations of some stakeholders that are sometimes affected in an extremely limited way by the undertaking's activities, products and services.

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



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



Sum of large extent + fully = **61%**
 Excluding no opinion: **65%**

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

TOO MANY DR/GRANULARITY/COMPLEXITY/COST-BENEFITS

- ESRS 2 IRO 1 is extremely heavy, challenging to implement even by significant undertakings. **Disclosure on the assessment process not necessary.** Result materiality assessment very important, must be disclosed and justified, but some flexibility needed in assessment process.
- The ED proposal is complex to apply and will lead to unnecessary accumulation of information. **IRO 1 should be simplified especially paragraph 74.** The paragraph shall only request for the disclosure of the process and its result of the double materiality assessment. No need here to add information on the dedicated resources.
- **AG61 is too detailed** and will result in multi cross referencing with low added value. At this stage of the report (general information) the disclosure requirement must address only the process and the output. Potential impact risk or exposures are detailed in the topic section. Paragraph b i and ii are requesting effect on performance positions and cash flows which is already requested for instance in ESRS E1 with a different wording (potential financial effects). paragraph iv request a description of the monitoring process which is also a request embedded in each topics standard.

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

MISSING GUIDANCE

- Impact materiality needs practical objective guidance, as it is currently open to subjective opinion of stakeholder groups.
- A definition of “resources” (para.74, ESRS 2) is needed (whether it refers to work hours, FTE, invested capital, etc.).
- The definitions connected to double materiality and the methodology for conducting a double materiality analysis need to be clarified for sustainability reporting to be concise and efficient.
- Clear examples of what is expected are needed, otherwise unlikely that materiality will be uniformly understood and that disclosure requirement will be uniformly applied
- The implementation is feasible, but the current content of ESRS 2-IRO doesn't include enough clarity for companies, which risks leading to divergent implementation.
- “prioritization of negative impacts reflecting their relative severity and likelihood, where severity is defined by their scale, scope and remediability” is deemed as critical. It is unclear to us how a process like materiality can define remediability of issues and how this can be communicated in the reporting of a global company operating in multiple countries.

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

VALUE CHAIN

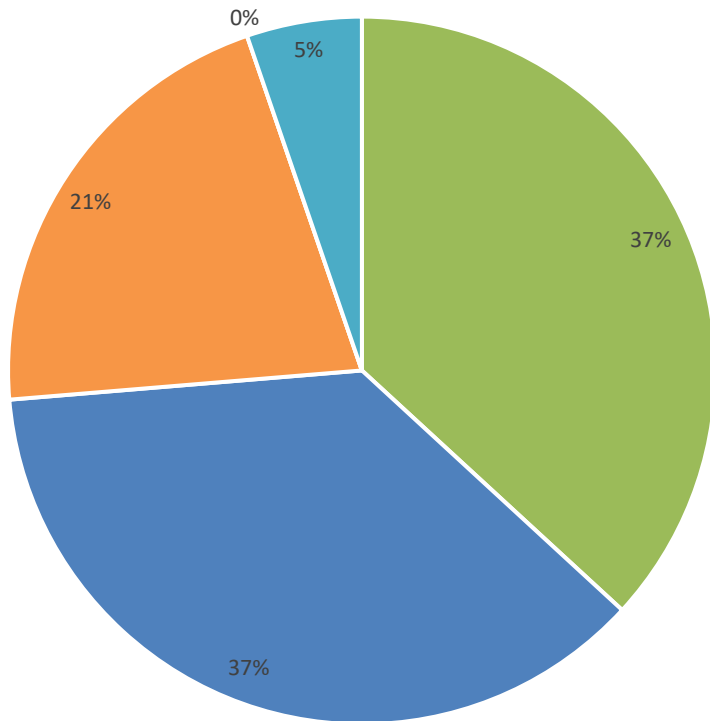
- A definition of “**boundaries and value chain**” (para. 69, ESRS 2) is needed. This is especially relevant for **financial institutions** - there is currently a huge uncertainty.
 - How much data (and what data) and information are needed from clients and investees? Potentially all topics will be material to report due to lending and investing within a variety of sectors.
 - The boundary for the value chain is also unclear for financial institutions. Do they need to assess clients value chain (suppliers(customers) also, to assess materiality?
- Due diligence process as proposed by the CSRD level one text and recalled in paragraphs 85 to 91 (ESRS1), impossible to implement in practice. Engaging with stakeholders that have no contractual relation with the entity in order to “take actions to address those adverse impact” [paragraph 86 (a)] would likely be unfeasible.

SUPPORT FOR THE PROPOSAL

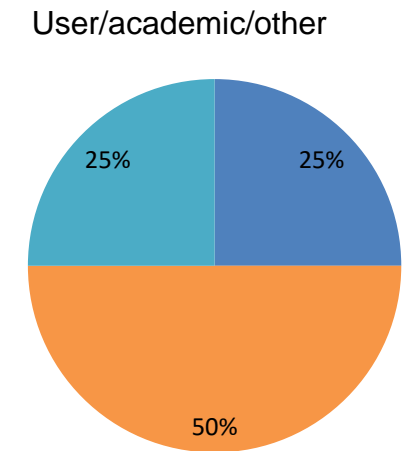
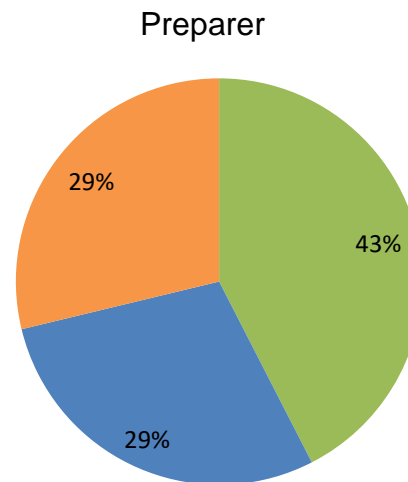
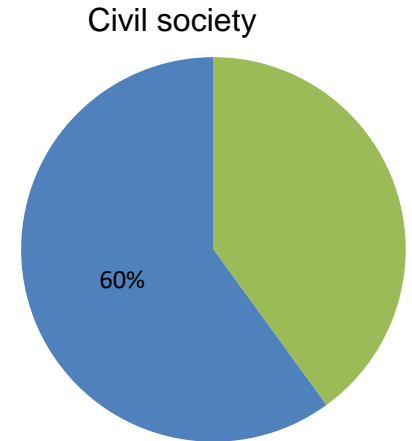
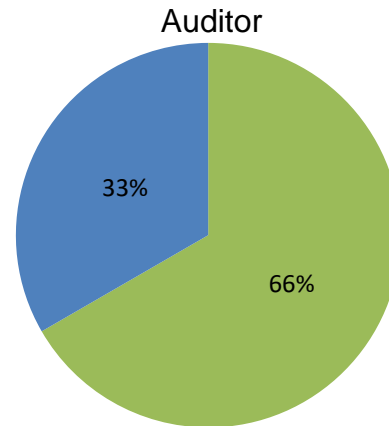
- If this process of identification is not supported by dialogue and participatory processes with stakeholders it cannot be guaranteed that the topics or items included in the sustainability report truly represent matters that are of interest for them.
- The disclosure requirement outlined in 74(b)(iii) seems generally feasible; nonetheless, level of detail will only become clearer once the materiality assessment process is established.

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

Q20: Overall comments



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



Sum of large extent + fully = 74%

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

SUPPORT FOR THE PROPOSAL

- Europe is the leader in terms of impact / double materiality and as such as standard setter. To date we see no equivalent across international standards.
- The definition seems to be aligned with GRI requirements.

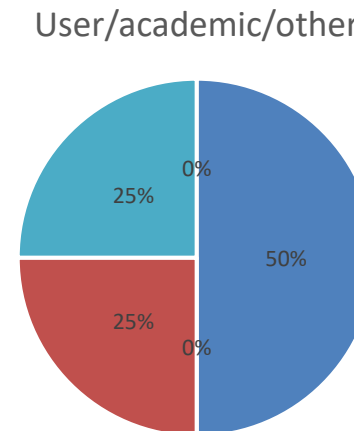
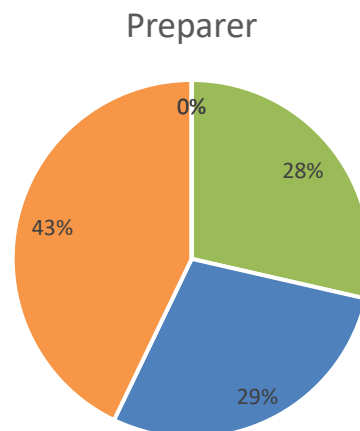
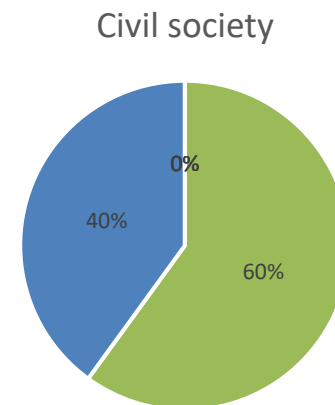
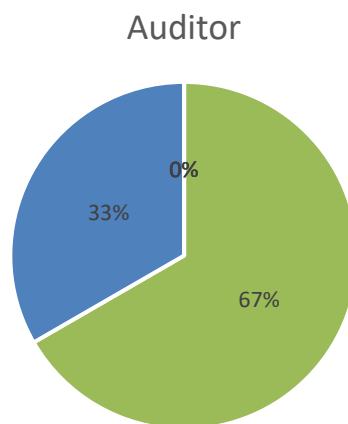
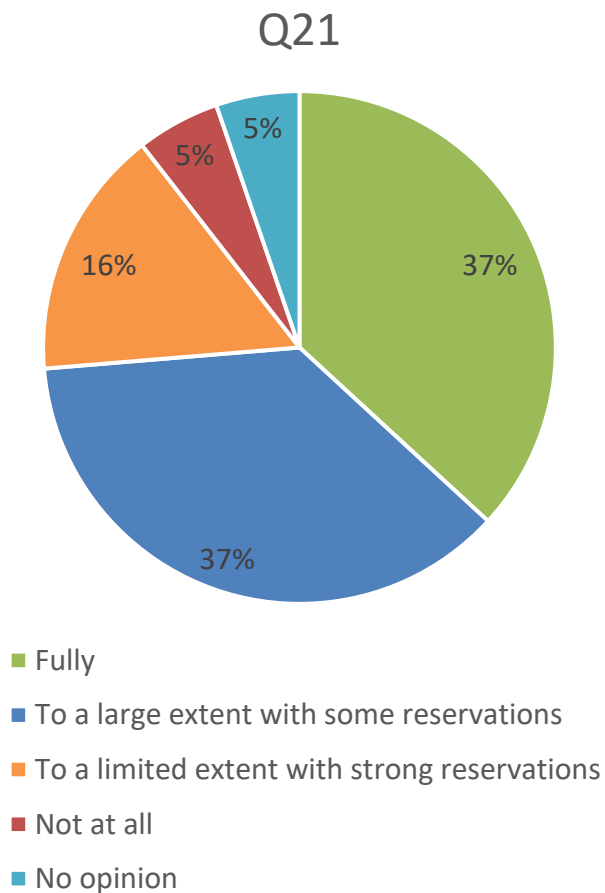
COMPATABILITY WITH IFRS/TCFD

- ISSB bring back impacts to financial effects of those impacts. More comfortable with the ESRS definition which is more straightforward.
- ISSB and other international frameworks do not provide minimum thresholds or uniform quantitative method to determine minimum reporting requirements. ESRS aligned to them.
- Definition of impact materiality (as per the ESRS) may go beyond what is outlined in the ESRS.
- ISSB does not use it, legacy standards like GRI use more practical approaches.

OTHER

- Recommendation: paragraph 49 re alignment on due diligence. It should be “This includes impacts directly caused or contributed to by the undertaking and impacts which are directly linked to the undertaking’s operations, products or services by a business relationship. Business relationships include the undertaking entire value chain”

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



Sum of large extent + fully = 74%

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

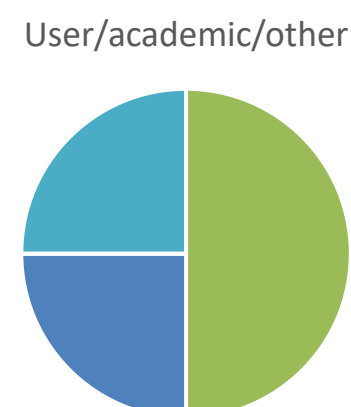
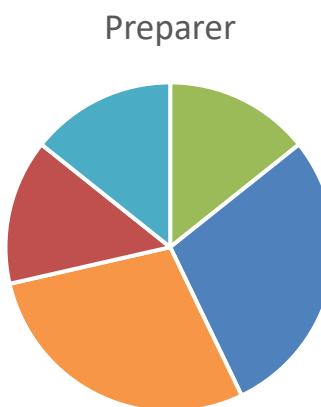
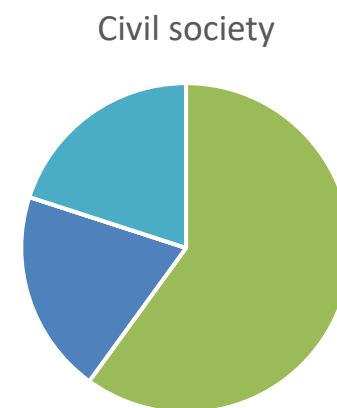
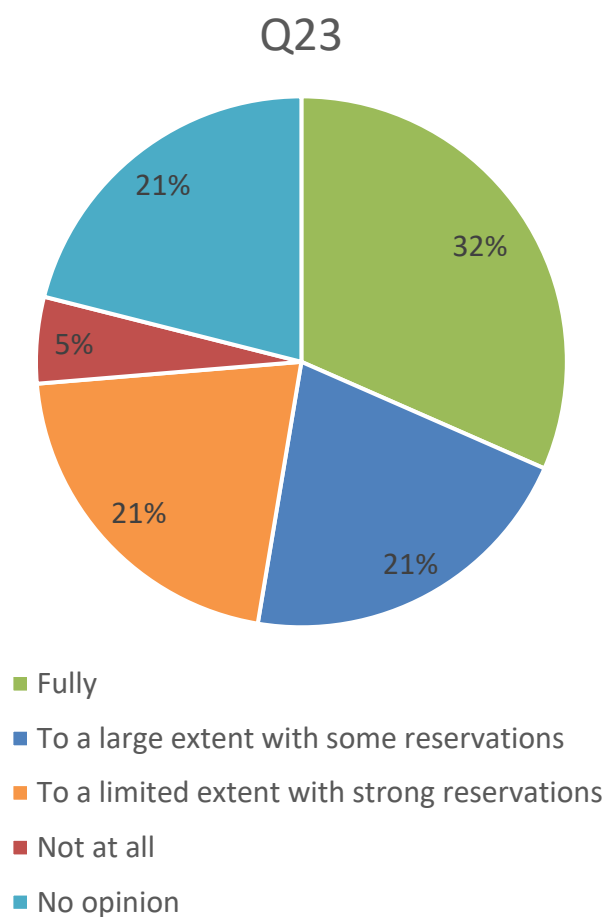
OTHER

- Impact materiality should be defined using impact monetarization methods, e.g. in terms of financial risks resulting from impacts (e.g. future litigations).
- This process requires initial work to determine an adequate materiality process and high level of judgement (upon first implementation and on an ongoing basis). Diversity in practice and reporting inconsistencies across companies

MISSING INFORMATION

- More guidance or illustrative examples would be helpful. It does not need to part of the ESRS but developed in parallel.
- International norms on due diligence - the UNGPs and the OECD Guidelines - provide a comprehensive guidance to determine material impacts. Enhancements to the DRs on IRO.
- The process described is highly qualitative. It should add some technical references related to size, financial relevance or another key driver related to the nature of the undertaking to ensure a minimum of transparency and reporting.

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



Sum of large extent + fully = 53%
 Excluding no opinion: 67%

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

TOO MANY DR/GRANULARITY/COMPLEXITY/COST-BENEFITS

- In paragraph 55 it should be clarified that only material dependencies matter. This can also be a small, but hard to replace, amount of resources. Same for paragraph 56.

MISSING GUIDANCE

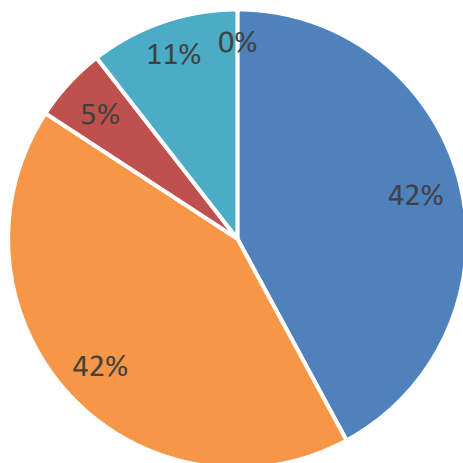
- It would be beneficial to have further guidance on which methodology could and should be used and, more precisely, on how to integrate future cash flows and enterprise values to coming climate or human right related risks.
- Paragraph 54 should be clarified. How to apply financial materiality on non capital with no existing financial definition? It is not clear from my perspective and might be postponed to future set of standards.

OTHER

- Financial materiality should explicitly be linked to IFRS usage.
- Methodologies to forecast cash flows are not so mature as to be able, in its current state, to absorb qualitative sustainability disclosures in their calculations.

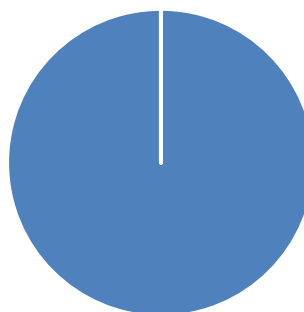
Q24: to what extent do you think that the (materiality) rebuttable presumption and its proposed implementation will support relevant, accurate and efficient documentation of the results of the materiality assessment?

Q24

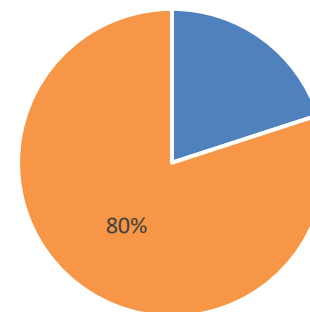


- Fully
- To a large extent with some reservations
- To a limited extent with strong reservations
- Not at all
- No opinion

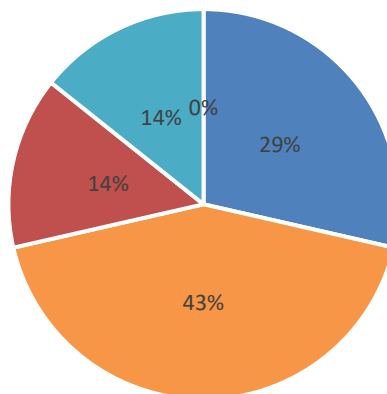
Auditor



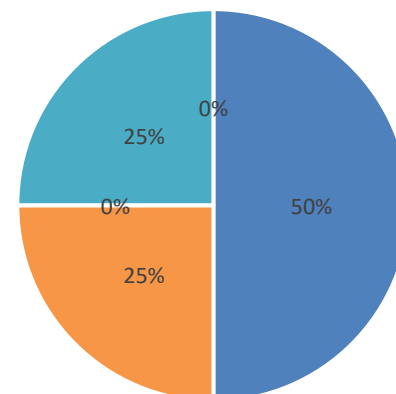
Civil society



Preparer



User/academic/other



Sum of large extent + fully = **42%**
 Excluding no opinion: **47%**

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

TOO MANY DR/GRANULAR/COMPLEXITY/COST-BENEFITS

- Rebuttable presumption is a burden for companies, that will have to report or prove on a vast number of immaterial DRs, and it offers the possibility to cheat to those corporations that can build elaborate arguments on why some DRs might not be material for them. It would be easier to have a number of mandatory material sustainability DRs, whose assessment should be done at expert group level, and **leave the rest voluntary**.
- Support the possibility to not report information that was not deemed useful for stakeholders. Paragraph 59 of ESRS 1 (i.e. a systematic need for justification of non-materiality) would be quite a burdensome process and may impair the readability of sustainability reporting. I would suggest instead to limit the disclosure to information that the company deemed material **without additionally having to provide the proof** that the other information was considered non-material

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

SUPPORT FOR THE PROPOSAL

- I agree. However, more guidance is needed as for thresholds and/or criteria as concept is new.
- Materiality is key.
- Generally support the rebuttable nature of the DR on sector-agnostic standards. It will ensure proportionality from a preparer perspective, and clarity and visibility of the significant information for users.
- The rebuttable presumption is needed but should remain limited to avoid too long explanations.

ADDITIONAL GUIDANCE

- However, disclosure requirements around immaterial aspects should be avoided, i.e. no list of immaterial aspects nor any disclosure on why aspects are immaterial as these items are immaterial and may obscure material information. As the materiality assessment process will be subject to audit, there is no need for additional “justifications” to the public.

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

Limited extent / Not at all

INFO SHOULD BE MANDATORY WITHOU REBUTTABLE PRESUMPTION

- Concern that undertakings would be able to escape reporting material information: sector-agnostic social standards are all material and should be not subject to rebuttable presumption.
- In its proposed form it is not clear how stakeholders' 'interest and transparency' will be preserved and how these mechanisms would not be used to avoid reporting.
- Limit exemptions to the rule, i.e. more indicators that cannot be rebutted e.g. in particular on some aspects of S1 or GHG emissions scopes 1 & 2.
- Approach of rebuttable presumption will lead to dilution of relevance in ESG reporting and create huge formal overhead of rebuttals.
- With the right balance between sector-agnostic and sector-specific level, there would be no need of rebuttable presumption mechanism.

MISSING GUIDANCE

- Clear thresholds should be provided for when it applies and how it can be applied
- Given its importance, more guidance on its implementation could be provided to undertakings on how they can assess that an ESRS overall or by subtopic is not significant and material for them and how to briefly justify this.
- In particular, it will be important to understand how the rebuttable presumption (and the materiality assessment) is applied at consolidated / affiliate level, in order not to miss important information that needs to be disclosed at a more granular level.

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

MISSING DR

- The rebuttable presumption is not explicitly included in IRO disclosure. IRO section must be simplified and must cover all the aspects of the process and result of double materiality assessment including the issued deemed not material.

OTHER

- In theory this could work. However, auditors will have to play their role and call out corporates, when they try to avoid reporting material information. If this doesn't work, and there is every reason to believe that it won't work (see Wirecard, see long time missing Scope 3 emission statements by O&G firms), then this will represent a significant issue.

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

SUPPORT FOR THE PROPOSAL

AUDITOR/USER/ACADEMIC/OTHER

- The rebuttable presumption is needed but should remain limited to avoid too long explanations. A kind of "**Comply or Justify**" allowing flexibility for such specific cases
- Focus on material information only/ it allows to design an adapted reporting scope
- At least it will clarify to what extent certain sustainability reports are comparable

CIVIL SOCIETY

- Companies need to analyse whether the broad range of sustainability issues is material for them. Raise awareness on how business is connected to adverse risks in their own operations and their supply chain and incentivizes to collect necessary data
- Makes undertakings consider their IROs. Puts the onus on them to explain why a topical standard or DR is not material

PREPARER

- Allows for sector-agnostic standards to be sufficiently ambitious, but to still allow to consider entity-specific context when conducting the materiality assessment.
- Supports proportionality and comparability
- Common playing field for all undertakings which grant comparability
- Referencing to a given "long list of topics" increases comparability
- Ensuring relevant, material and clear disclosures, which meet the entities' and their stakeholders' needs and expectations.

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

TOO MANY DR/GRANULARITY/COMPLEXITY/COST-BENEFIT

- Rebuttable presumption is a burden for companies, that will have to report or prove on a vast number of immaterial DRs, and it offers the possibility to cheat to those that can build elaborate arguments on why some DRs might not be material for them.
- The main disadvantage is the requirement to provide proof for those disclosure requirements which are considered non-material. Additional information in reports that impacts readability of the report and its understandability. Therefore, **limiting disclosures to material information would be a preferable approach.**
- High risk of very burdensome and comprehensive materiality assessments (by default for all sector-agnostic DRs), including efforts for documentation, alignment with auditor, etc. Also, companies may find themselves in a situation where they need to “defend” themselves as users will by default assume that anything for which is rebuttable presumption applies is indeed material.
- As "rebuttal" often is perceived as negative, companies will tend to report to be on the save side. Nevertheless, this will lead to unnecessary efforts for irrelevant reporting, that distract resources from truly relevant matters. Furthermore, relevance of single aspects within a standard will lead to long lists of rebuttals. E.g. logistics companies should typically report on particulate matter emissions under E2-4, but all other DRs in E2 are not truly of material relevance to their business model.

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

SECTOR AGNOSTIC VS SPECIFIC MATERIALITY

- All topics/subtopics are presumed material, requiring to apply the rebuttable presumption too many times. The industry-agnostic disclosure requirements do not take into consideration the sectoral specificity of the undertakings
- The lack of sector-specific prioritization, thresholds and/or criteria is likely to result in a heavy workload for SME preparers
- I think the impact of this proposal is that standard setter must pay a greater attention to what is requested on sector agnostic and specific standards, not to request too many information to avoid reporting burden. Thus, the BFC must explain for each DR why it can be considered as material by default otherwise the principle is not respected.

TOO MUCH FLEXIBILITY

- Leaves great flexibility, also not to disclose if the materiality assessment failed to be properly led.
- Lack of comparability between companies and sectors. Ability for companies to escape reporting on topics that they don't want to report on. Incomplete data for users (e.g. for financial companies subject to SFDR). Too much emphasis on role of auditors - the whole responsibility for materiality assessment will lie with the auditor, as there are no incentives for the management board to get involved in materiality assessment.

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

OTHER

- Companies need sufficient guidance, training, best practice and interaction with stakeholders to understand their connection to adverse impact for this to become meaningful.
- Again, auditors have an essential role, which they need to fulfill. In theory they can, but will it work in practice.
- A challenge is to find the right way / balance to both :
 - Enable undertaking to justify use of rebuttable presumption so as not to disclose
 - While asking them to justify this with few data not excessively increasing burden
 - **Lack of a formal mechanism of participation of stakeholders in determining materiality**

Q27: how would you suggest it can be improved?

REDUCE N. OF DR AT SECTOR AGNOSTIC AND LINK TO SECTOR MATERIALITY

- Presumptions per sector would be helpful, e.g. to identify which ESRS are (not) expected to be rebutted for each sector, similar to SASB materiality map. E.g. we definitely expect a chemical or infrastructure company to disclose on E standards. However we don't necessarily expect a consultancy company to assess biodiversity or pollution as material IRO
- Scope to only extend to disclosure requirements that are indeed material for all or the large majority of companies across sectors; it must at least be ensured that any disclosure requirements are also relevant for the financial sector.

Take the courage to

- Clearly prescribe mandatory DRs for all companies (minimum disclosures)
- Define sector specific positive-lists of DRs from sector-agnostic standards. Maintain lists over time.
- Maybe be inspired by the SASB sector standards - The SASB approach includes a materiality assessment per sector (e.g., with thresholds for the most emitting sectors) and entities, therefore, do not have to provide proof that their impacts are non-material.

Q27: how would you suggest it can be improved?

MISSING GUIDANCE

- Paragraph 60: “child labor” and “forced labor” are aspects with material impacts but the other aspects “freedom of association and collective bargaining”, “privacy” and “adequate housing” are usually bound together for a given country, thus not material for the undertakings. A more appropriate example should be illustrated here.
- Include more guidance and criteria to determine thresholds
- Providing a more granular specification on how many/which material topics need to be reported – the focus should be on key stakeholders’ needs
- ESRS 2 IRO 2 could provide more guidance on what to disclose / how to rapidly justify that an ESRS is not material

SCOPE OF NON-REBUTTABLE ITEMS

- Disclosure on ESRS S1 workforce should also be excluded from the rebuttable presumption.

Q27: how would you suggest it can be improved?

REDUCE THE NUMBER OF DR

- The concept of rebuttable presumption of materiality is important to take account of undertakings' specificities but **should remain marginal**. The materiality analysis should be pre-conducted by the Standard Setter to:
 - Limit the workload for preparers in analyzing the materiality and justifying the rebutted materiality presumption
 - Foster auditability by limiting the number of such rebuttable decisions with endless discussions between preparers and auditors.
 - If materiality presumption is rebutted, thresholds and/or criteria shall be established and disclosed under ESRS 2 77c which will generate a lot of work for small new preparers with limited IROs.

OTHER

- While ESRS 2 could be simplified and re-organised, integrating governance topical standards (G1 and G2), its entire content should be excluded from the rebuttable presumption.
- To guarantee the participation of all relevant stakeholders in the process of determining materiality in each dimension of the report.

Q27: how would you suggest it can be improved?

INFO SHOULD BE MANDATORY WITHOUT REBUTTABLE PRESUMPTION

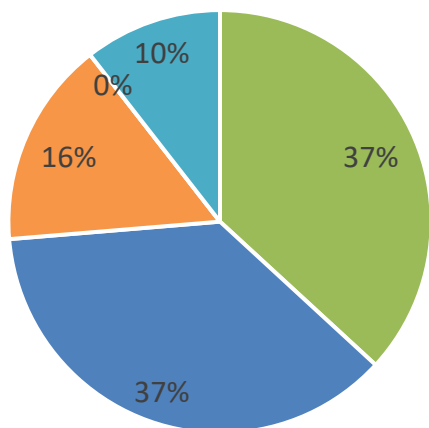
- Some DRs should be mandatory for all firms. For example, if we want to get to net zero, then we need a complete picture of emissions. All CO₂e must be counted. Hence, there it cannot be rebutted.
- Expand the scope of Standards and DRs it doesn't apply to, and define thresholds where it does apply.

DO NOT SUPPORT THE REBUTTABLE PRESUMPTION

- It would be easier to have a number of mandatory material DRs, whose assessment should be done at expert group level, and leave the rest voluntary
- Improve the whole architecture (which would include elimination of this mechanism from the system)
- No disclosure requirements as to immaterial topics/aspects, neither in terms of a list nor explanations as to immateriality or the undertaken assessment in this respect.

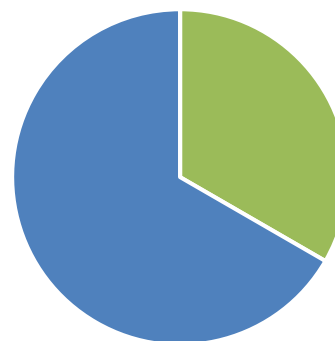
Q30: in your opinion, to what extent will the choice of disaggregation level by the undertaking as per ESRS 1 paragraphs 72 to 77 contribute to the reporting of understandable, relevant, verifiable, comparable and faithfully represented sustainability information?

Q30

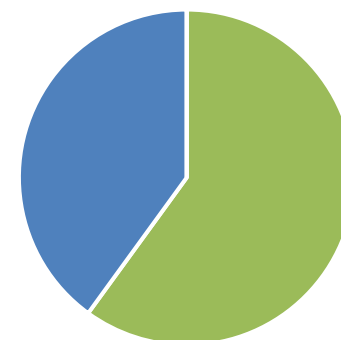


- Fully
- To a large extent with some reservations
- To a limited extent with strong reservations
- Not at all
- No opinion

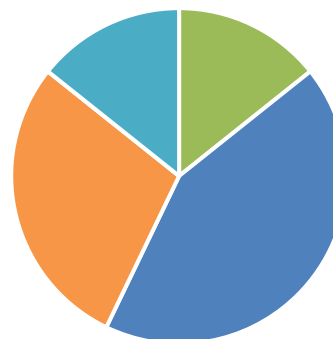
Auditor



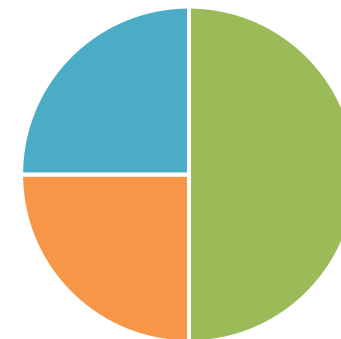
Civil society



Preparer



User/academic/other



Sum of large extent + fully = 74%

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

Limited extent / Not at all

TOO MANY DR/GRANULARITY/COMPLEXITY/COST-BENEFIT

- Key Level of disaggregation should follow IFRS 8 segments instead of own definition, to allow for connectivity to financial reporting KPI.
- Disaggregation should follow a principles-based approach as management is best positioned to make a meaningful assessment as to which level of disaggregation is necessary and useful for users.
- Consolidated information at group-level is sufficient (in line with CSRD), acknowledging that more granularity may be needed, for example at region- or country-level or site- or product-level, in exceptional cases. As an exception from this, in many cases, a segment-level view (based on segments as defined under IFRS 8 for IFRS preparers) may be valuable for users.

SUPPORT FOR THE PROPOSAL

- Disaggregation is critical. Obscuring relevant information via aggregation must be avoided.

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

Large extent / Fully agree

MISSING GUIDANCE/SUGGESTIONS FOR CLARIFICATION

- The paragraph 49 of IFRS S1 on disaggregation is simpler and clearer.
- Regarding to 74 a) (disaggregation by country), a better wording would be "shall be aggregated except if" rather than saying "shall disaggregate if relevant".
- Regarding to 74 b), it is unexplained why there is a reference to European regulations.
- Individual DRs in thematic ESRS should clarify the level of (dis)aggregation, as per paragraph 77.

OTHER

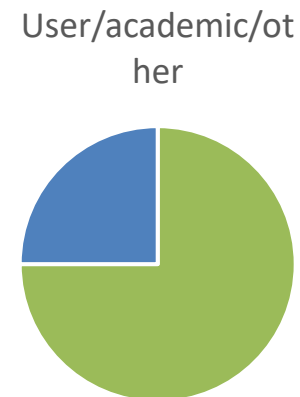
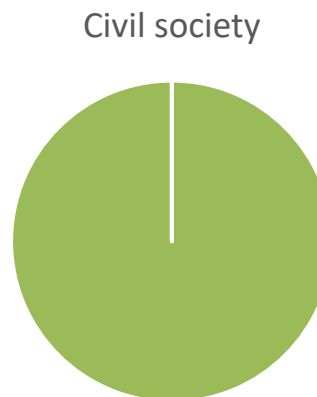
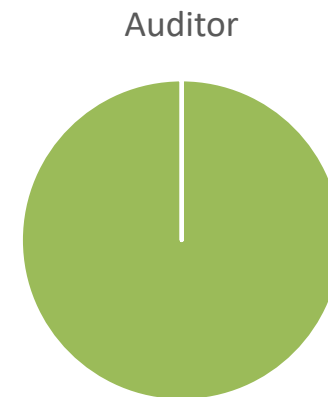
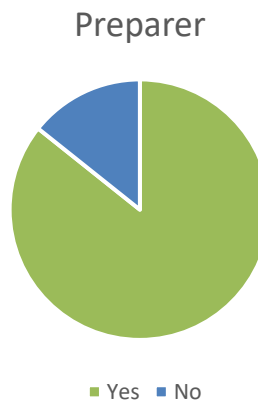
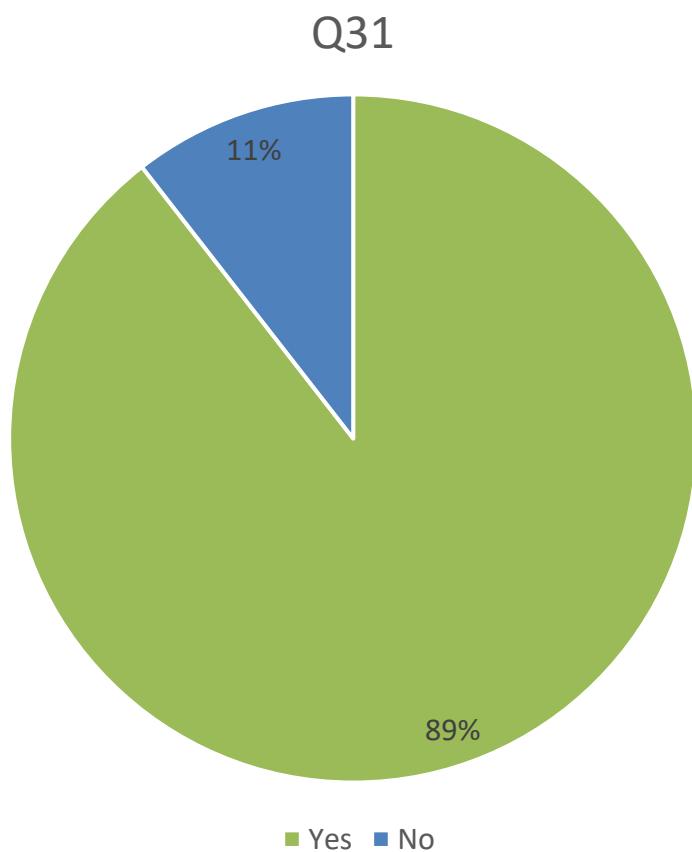
- Different levels of aggregation can lead to difficulties in comparability.
- Some key indicators might have specific disaggregation level including entity supported by a machine readable format. This should be explored notably to enhance data quality and avoid some approximations.
- According to how material are sustainability issues across the value chain, the level of granularity might be crucial to understand the location of impacts, risks and opportunities.

MISSING DATA

- Disaggregation at country and / or site level is extremely important. It is particularly relevant that disaggregation level would depend on sector, as suggested in paragraph

73

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



Approval rate: 89%

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

SUPPORT FOR THE PROPOSAL

- It greatly improves comparability.

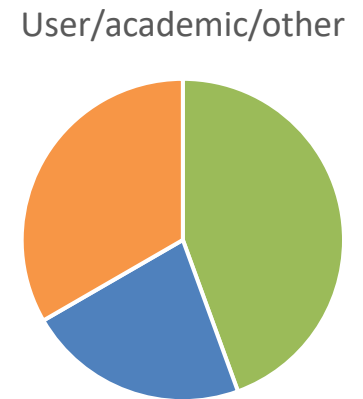
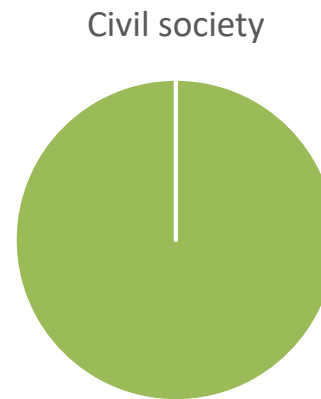
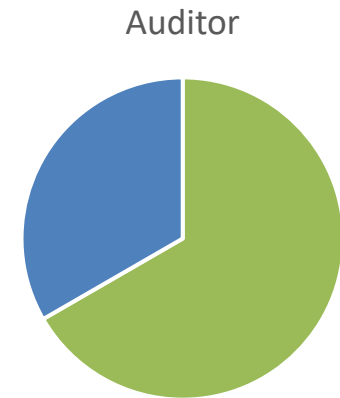
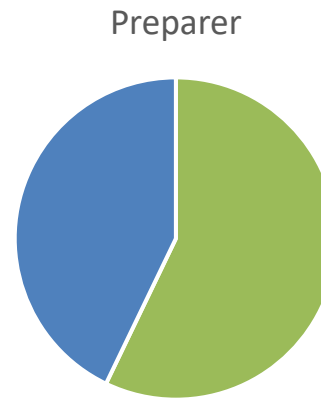
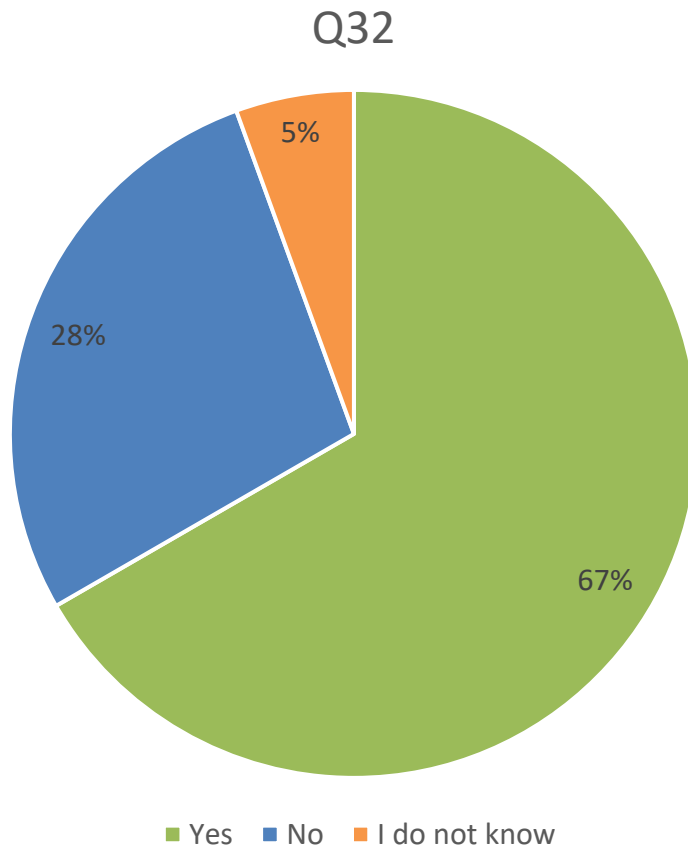
SECTOR GUIDANCE

- Need for further refining of those definitions, especially mid- and long-term, should be performed at sector level.
- Further definitions at sector level like it takes place for climate. To replicate for transition plans or forward looking plans.

COMPATIBILITY WITH IFRS/TCFD

- A clear definition is only giving a frame that will enable comparability. This is not proposed by ISSB and will bring difficulties for users to read and compare and collect data with different time horizon definition.

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



Approval rate **67%**, excluding “do not know”: 70%

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

SUPPORT FOR THE PROPOSAL

- General agreement with the definition.

SECTOR SPECIFIC

- Time horizons should be sector specific but appropriate for set 1 sector agnostic.

TOO MANY DR/GRANULARITY/COMPLEXITY-COST-BENEFIT

- To maintain flexibility in defining the time horizon so companies can link them to strategic-industrial planning
- Principles-based approach should be followed.
- It depends on the impact and the area, social has nothing to do with environment or biodiversity in terms of time horizons
- To be topic specific

MISSING GUIDANCE

- The financial time horizon is less relevant since the climate change goes beyond only 10 years. A longer term should thus be added to stay consistent with financial terms while also covering longer terms like for climate.
- Enhancement: wording for long-term time horizon to be clarified that does not stop at a little over five years but is in principle indefinite; if an impact has the potential to be material at some point in time.

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

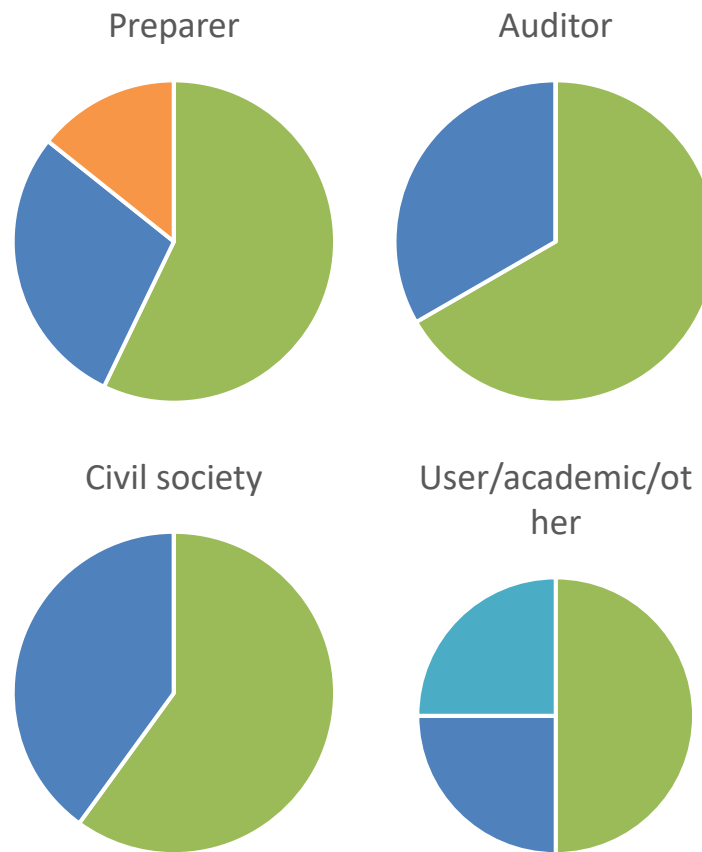
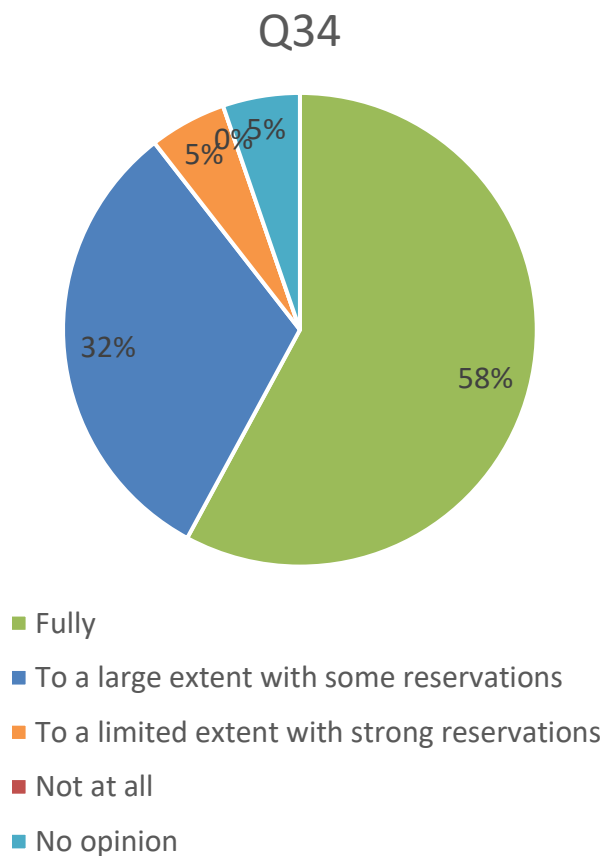
TOO MANY DR/GRANULARITY/COMPLEXITY/COST-BENEFIT

- We suggest maintaining flexibility in defining the time horizon so as to allow companies to link them to strategic-industrial planning.

ALTERNATIVE PROPOSALS

- Perhaps another category for beyond 10 or 15 years could be introduced.
- A more principles-based approach with illustrative examples, e.g. guidance on which aspects need to be taken into account (e.g. company's own planning horizon, sector specificities, product lifecycles,...), would be more appropriate.
- A company should then be required to disclose how it defines short, medium and long term and how these definitions are linked to the entity's strategic planning horizons and capital allocation plans (as proposed under ISSB's S1).

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



Sum of large extent + fully = 90%

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

TOO MUCH/ TOO GRANULAR/ COMPLEXITY-COST BENEFITS

- Overall high complexity; uniform application seems unlikely.
- Underlying requirements (under DPs or AG) often numerous and very / too far-reaching / granular, since to be applied per policy, per target and per action plan (partly per action).
- Approach is very rules-based and provides a concrete structure, which does not necessarily reflect the company-specific context and thus cannot be implemented (in all instances and in this form).
- Target setting and action plans are set in the company's discretion; concrete specifications/requirements on selected aspects (e.g. target year, metric) are only justifiable in the case of actual obligations (such as net-zero in accordance with the EU Green Deal)
- Further clarity is needed in terms of what is meant by “key policies”.
The level of details that need to be disclosed for each policy is too high.

ALTERNATIVE PROPOSAL

- DRs on policies and targets should be combined, i.e. each policy should have target(s). Reporting them separately will bring confusion and reduce understandability of reports.

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

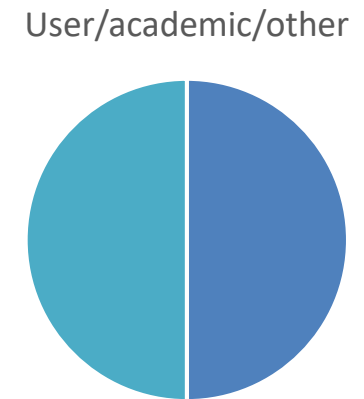
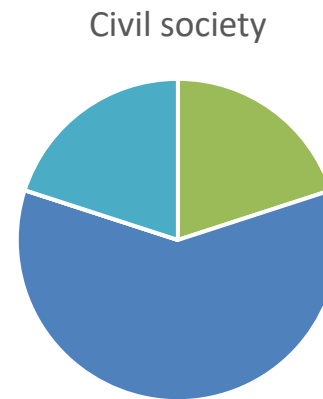
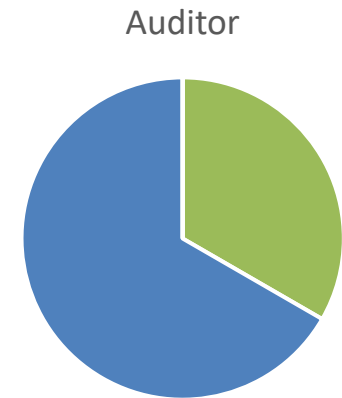
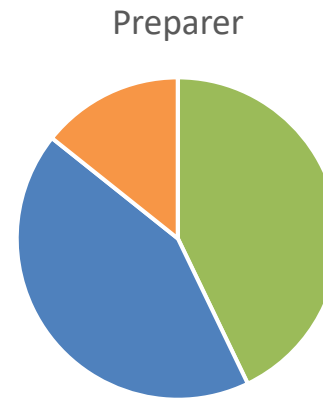
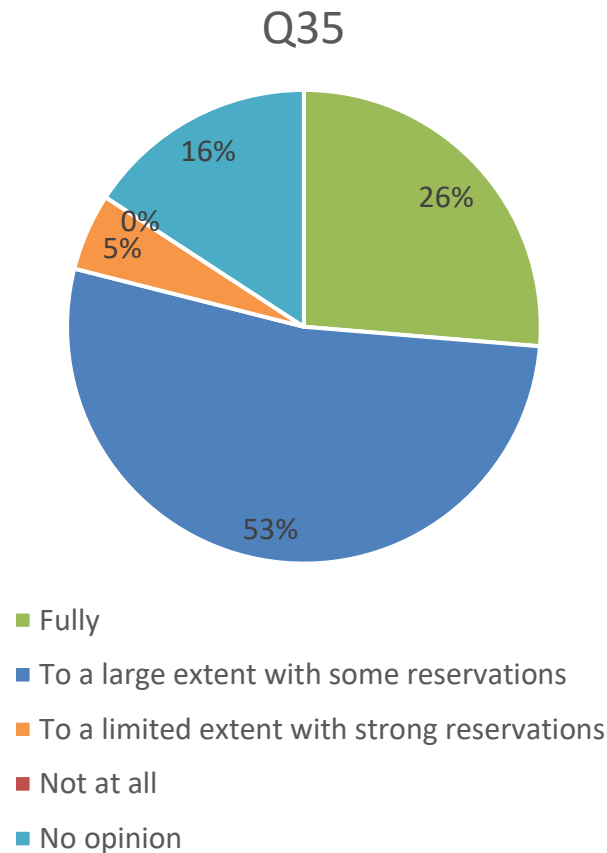
MISSING GUIDANCE

- A mapping with Pillar 3 expectations would be welcome to avoid to duplicate reporting

SUPPORT FOR THE PROPOSAL

- As reporting targets will not be mandatory, it is positive that at least, according to 101, the undertakings will be required to explain why, and which alternative mechanism they will use instead.

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



Sum of large extent + fully = 79%

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

TOO MUCH/ TOO GRANULAR/ COMPLEXITY/ COST-BENEFIT

- Reporting for each target will be burdensome, although it will contribute to the understanding of the context for each target.

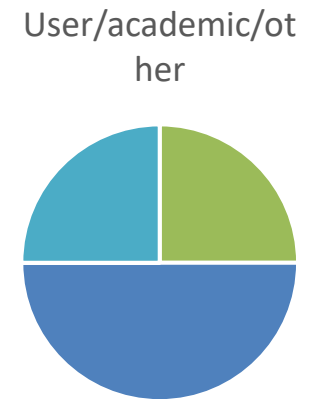
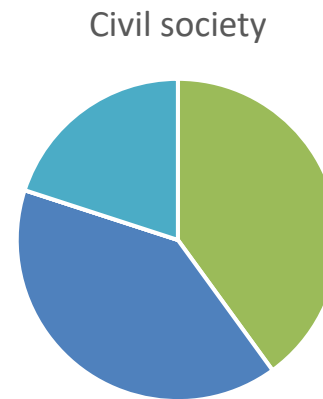
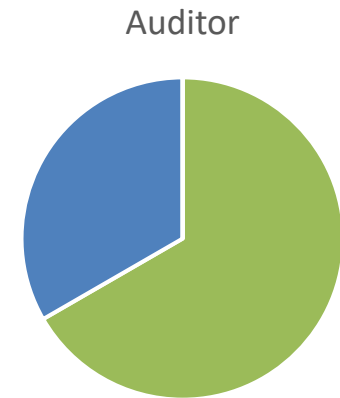
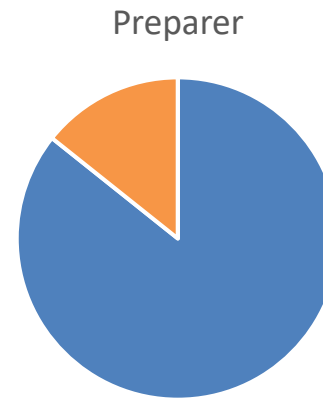
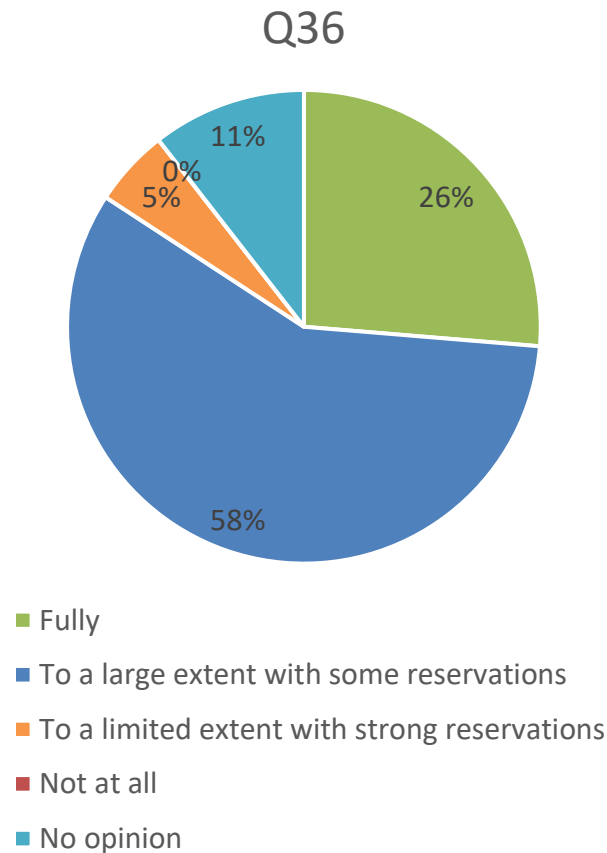
MISSING GUIDANCE

- The wording “defined level of ambition” is not clear, “target value” should be used to show that a figured target is expected from the report.
- Adequate application guidance to be provided.
- Further guidance (in the AG) should be provided as to how targets should be defined, what constitutes a measurable quantitative and/or qualitative target.

MISSING INFORMATION

- Companies are required to report on “if applicable, the baseline value and base year from which progress is measured”. When this is not applicable, companies should provide an explanation.
- Companies should report on the engagement and involvement of stakeholders in setting the targets where applicable. This specification could be included in the individual thematic ESRS covering matters where stakeholder engagement is relevant.

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



Sum of large extent + fully = 84%

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

TAXONOMY: Needs to be aligned with taxonomy requirements, to avoid large scale double reporting.

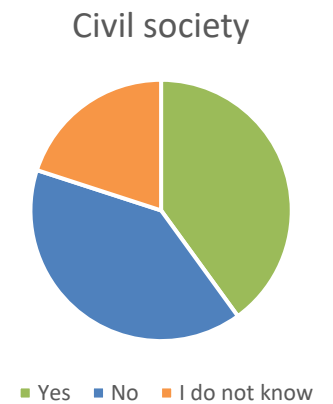
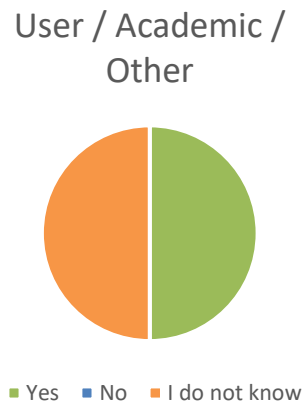
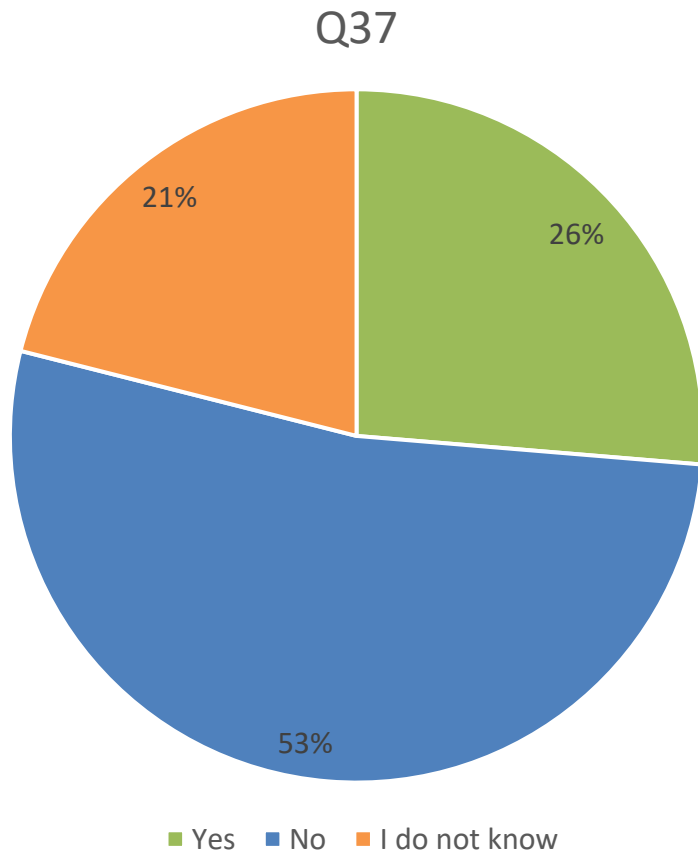
MISSING INFORMATION

- How resources should be reported, especially how they should be measured (in terms of financing, workload and other resources).

TOO MUCH/ TOO GRANULAR / COMPLEXITY-COST-BENEFIT

- The disclosure on key resources could have a negative impact in competitive position and it is likely to expect that certain undertakings will not be prone to report about them. Not to be mandatory
- Overall high complexity; uniform application seems unlikely.
- Approach is very rules-based and provides a concrete structure, which does not necessarily reflect the company-specific context and thus cannot be implemented.
- Huge amount of information that need to be disclosed for each action point including “sensitive” information like describing the type and amount of current and future financial and other resources allocated to the action plan.
- Some information of strategic importance
- Assigning resources (such as capital and operational expenditures) to specific action plans can lead to double counting or erroneous/simplified allocation (e.g. synergies)

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



Approval rate excluding I do not know: 67%

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

Disagree

MISSING GUIDANCE

- Overall, important aspects seem to be covered; however, alignment with ISSB approach is not fully clear.
- The definition of value needs clarification
- The requirement on a wide list of stakeholders must be clarified. It might be necessary to wait the CSSD to rationalize the definition, and the definition of proper level of assurance to use an extended definition of the value chain. Waiting the target definition, a less extensive definition shall be used limited to direct stakeholders.
- We would need a shared standard for estimating future impacts on cash flow and enterprise value ;

TOO MANY DRS

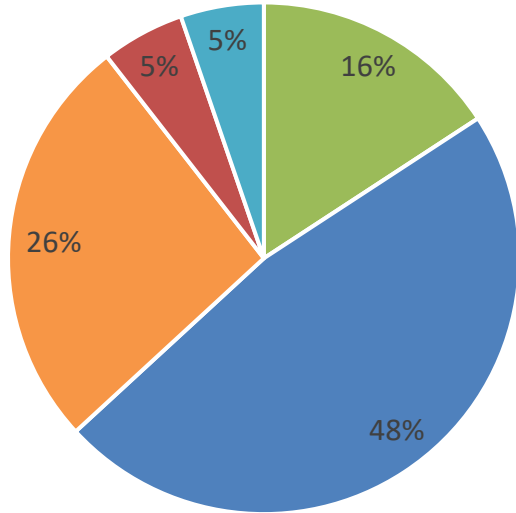
- Chapter 4 covers 10 presentation aspects or specific situations. These general reporting rules are far from sustainability substance. Couldn't we reduce the 10 sub sections ? At the end, the impression is that ESRS are more relevant on reporting than on sustainability.



Value chain and approximation

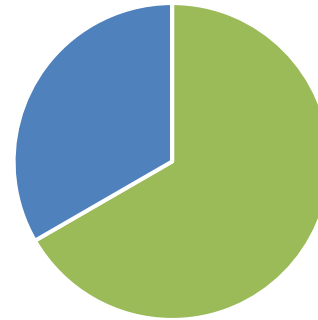
Q28: in your opinion, to what extent would approximation of information on the value chain that cannot (practically) be collected contribute to the reporting of understandable, relevant, verifiable, comparable, and faithfully represented sustainability information?

Q28

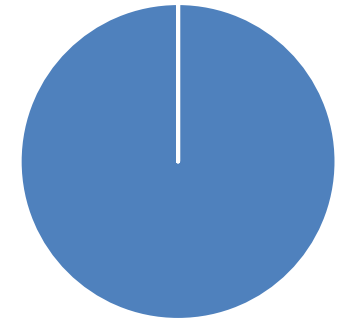


- Fully
- To a large extent with some reservations
- To a limited extent with strong reservations
- Not at all
- No opinion

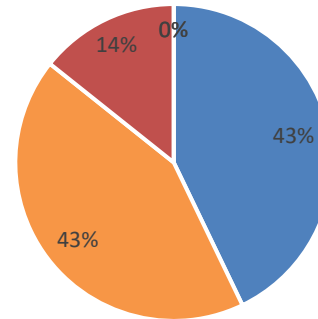
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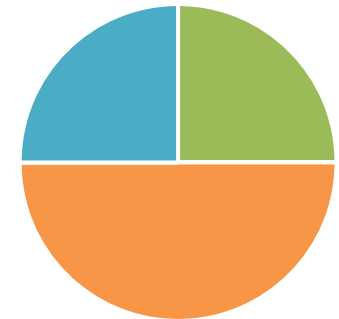
Civil society



Preparer



User/academic/other



Sum of large extent + fully = **64%**

Excluding no opinion: **67%**

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

Limited extent / Not at all

COMPLEXITY

- The reporting perimeter also extends upstream and downstream of the value chain, regardless of the level of control or the power of influence of the company. Difficulty in finding the data required by the standard for all entities involved in the value chain.
- Also included within the scope of the supply chain are joint ventures and "associates", but normally are not always considered .
- Criticality also in reporting data over which there is no control of the data collection and management process
- Approximations may work e.g. for Scope 3 emissions but become very questionable in "Scope 3"-like pollution or biodiversity matters, especially for companies active beyond European borders.
- When upstream or downstream data are not available, it is not clear how it could be replaced by sector data.`

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

Limited extent / Not at all

MISSING GUIDANCE

- I fully support the ambition to cover the entire value chain. However, I have some reservations on the practicability/feasibility to make reliable approximations of this information unless strong, detailed guidance is available which would allow for a consistent approach by all companies.
- Unclear how an approach towards approximations could look like – guidance would be needed to avoid legal liability risks and ensure consistency across companies.

TRANSITION PROVISIONS

- Particular safeguards need to apply and/or full value chain-reporting may not be possible during the first years; also, any knock-on/side effects, e.g. trickle-down effects on SMEs need to be duly considered.

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

Large extent / Fully agree

MISSING GUIDANCE

- The issue does not relate to the approximation but to the definition and the application of the operational influence concept that should be further developed and detailed (see Q29). The paragraphs 63 to 70 (in particular Par 69) could be clarified and simplified. Clearer standards and/or criteria should be precised about the level of information the undertakings need to include in the disclosure.
- It is a must for understandability and relevance. Better to have a robust approximate relying on sound assumptions than an unreliable precise figure, even for verifiability.
- There is a critical difference to note: the approximation of value chain-related data difficult to collect (e.g. the calculation of envi impact indicators such as Scope 3) differs from the identification and assessment of actual and potential impacts along the value chain. The latter is as a form of risk assessment, and it would therefore be inappropriate to consider it from a data approximation perspective. It should rather be based on and driven by relevant due diligence guidance (the UNGPs, and OECD Guidelines).
- ESRS 1 should be clearer on the application of approximation in relation to these different aspects. ESRS 1 (paragraph 69) should state more explicitly that the lack of data does not waive companies from their disclosure obligations linked to the value chain.

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

Large extent / Fully agree

OTHER

- Depends on the sources of data used for the estimates as well as the methodology. They need to be as reliable and authoritative as possible. Early-stage concepts may only be used in exceptional circumstances, if nothing else is available.
- This only works if the approximation is done honestly.
- Usefulness of this data might be questioned - if data is not used, you could question the value it adds to report (and the time it takes to calculate and process data to be reported)

SUPPORT TO THE PROPOSAL

- ESRS 1 paragraphs 63 to 65 establish an important and correct principle that the lack of hard data concerning the value chain does not relieve the undertaking from the disclosure obligations specified in the ESRSs.
- Approximation of information are necessary especially for Financial institutions.

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

Auditor:

ALTERNATIVE 1

- To provide more precision, I suggest that the text include 3 levels of requirements:
 - 1) The organizational boundary shall be limited to the financially controlled entities, i.e. entities of which the undertaking has the majority of voting rights, for reconciliation with financial statements;
 - 2) complemented by sustainability-related IRO information in downstream and upstream value chain of these controlled entities
 - 3) and PTAPR/KPIS of downstream and upstream value chain under operational influence of the undertaking and its controlled entities.

Precise definition of operational influence needs to be given, with illustrations (for instance, a business partner concerned by a business contract in the scope 3 or non-employee workers).

ALTERNATIVE 2

- Other alternative is qualitative information

Civil society: Phased approach and fostering collective action to collect data (e.g. through multi-stakeholder agreements or initiatives). Where it is foreseeable to get the information, the undertaking should explain "the plan" for getting this information in the medium term.

Preparer: The EU could provide sectorial approximation for some KPIs to ensure more comparability.



Phase-in, application provisions

OVERVIEW OF THE SUPPORT RATE PER

Approval score

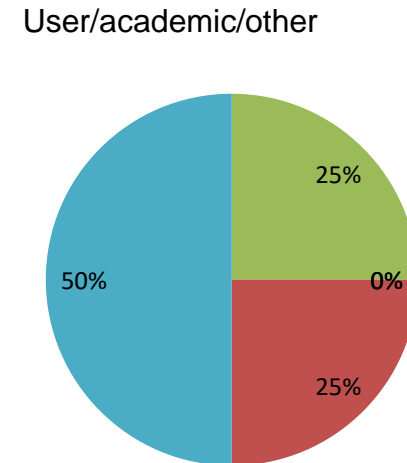
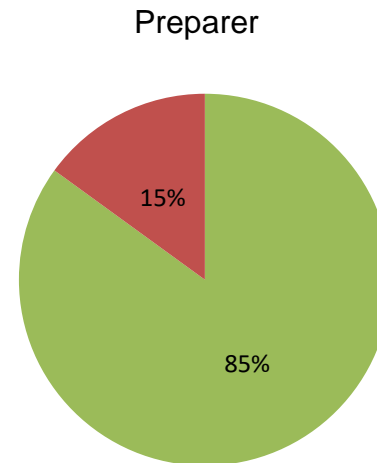
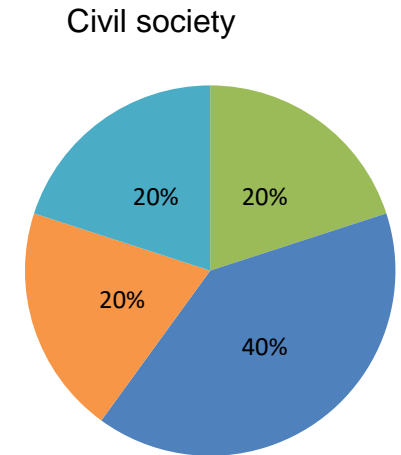
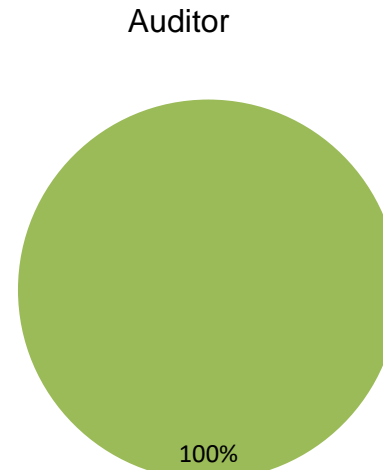
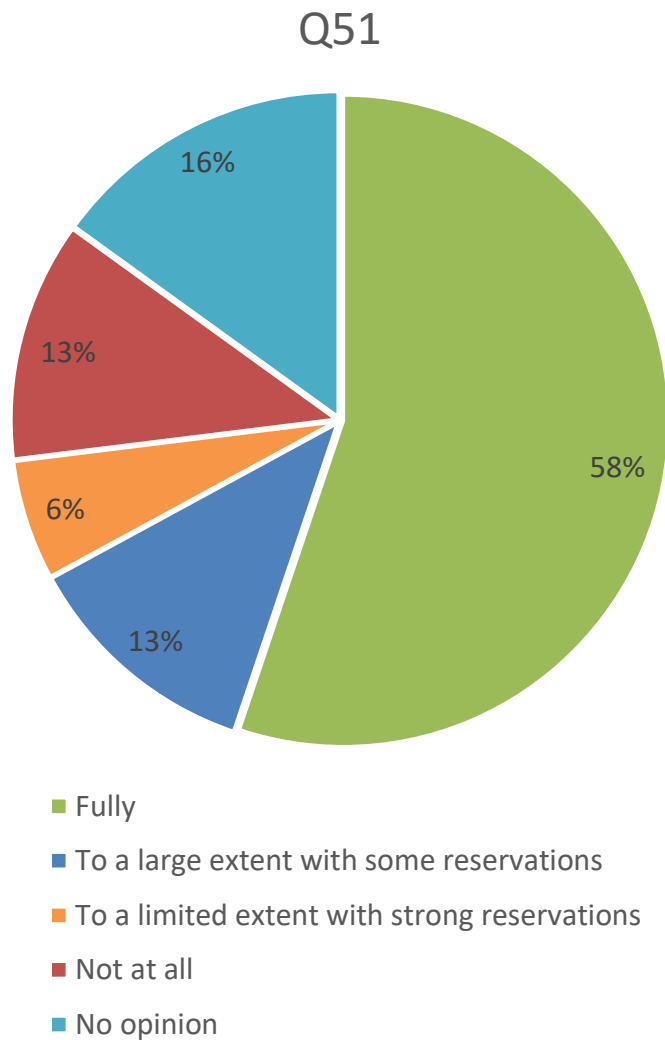
Question 51: to what extent do you support the implementation of Application Provision AP1?

84%

Question 52: to what extent do you support the implementation of Application Provision AP2?

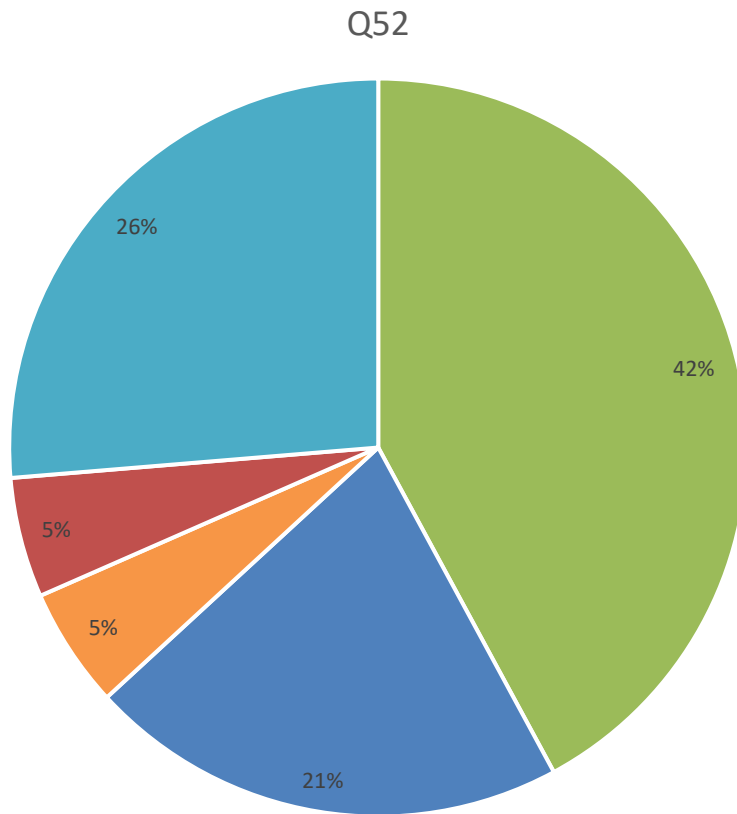
83%

Q51(*): do you support the implementation of Application Provision AP1?

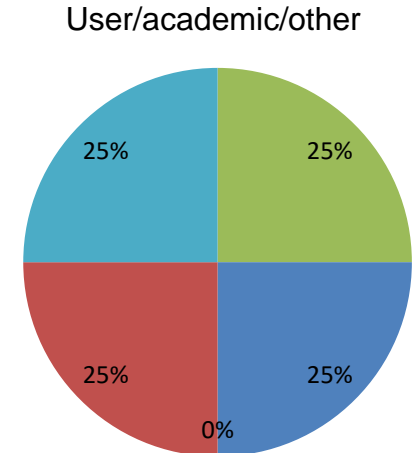
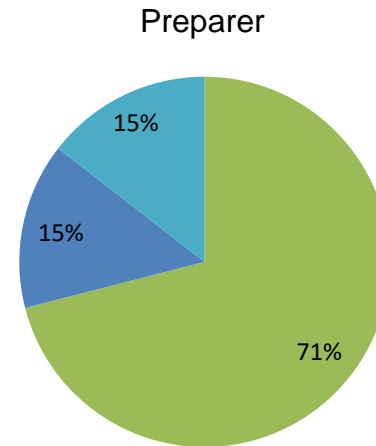
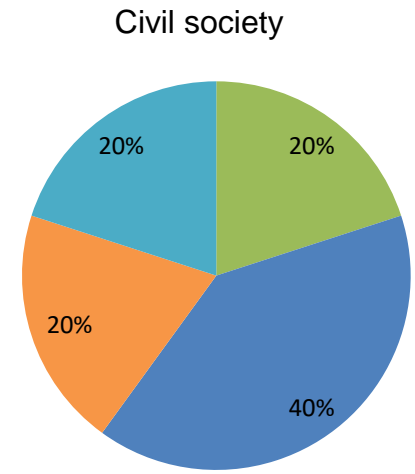
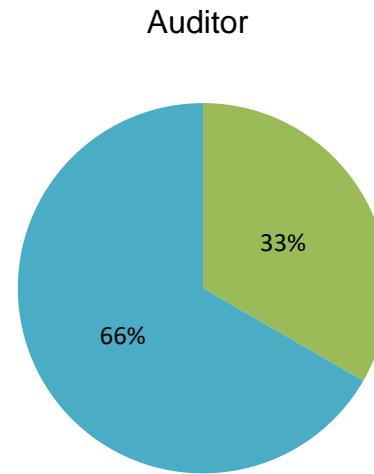


Sum of large extent + fully = 84%

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



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



Sum of large extent + fully = 83%

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

SUPPORT FOR PROPOSAL

- A combination of both proposals AP1 and AP2 would be feasible and justifiable as an agile process that makes it possible for the second year of application to have two exercises compared according to the new regulations. At the same time, the entities could continue using their current reporting models, avoiding causing an information break to their stakeholders and markets.
- It is reasonable to provide this exemption in relation to AP1.

MISSING GUIDANCE : The standards could further specify that if companies have relevant data/information for the previous reporting period, they should report it.

NO DELAYS

- It is important to be careful not to leave too much room for delay, because we need the data to transition to an economy within the planetary boundaries now and across large swaths of the economy, in particular in industrialized nations.
- I am not in favour of phasing in. It is a significant effort, true, but compared to financial reporting the resources spent on sustainability reporting are said to be 5 to 10 times less. So there is ample room to dedicate more resources and become more transparent in the process.

FINANCIAL INSTITUTIONS

- Financial institutions should start reporting with a one-year time lag compared to other reporting entities. They are dependent on data of clients/investees to be able to report.

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

ALTERNATIVE PROPOSALS

- **Start with narrower set of mandatory VS full report:** For each ESRS define a set of "mandatory" DRs for first time reporting and grant additional 1-2 reporting years for full disclosure, to allow for implementation of KPI.
- **Reduce transition period** to one year (from two years)
- **AP2 not applicable to SFDR-relevant data**, which should be disclosed from the beginning. Particular safeguards need to apply and/or full value chain-reporting may not be possible during the first years.
- **Safeguards for forward-looking information:** however, this should not exempt companies from providing such information. Forward-looking information, especially as regards transition pathways and how investees intend to deal with outside-in and inside-out impacts is absolutely essential from the user perspective.
- **Differentiation between NFRD companies and newcomers** in the CSRD, deferring some value chain elements or some more complex DR which form part of topical standards.

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

CHALLENGES

- The **environmental requirements** will be the most difficult to implement due to their number and conceptual and calculation complexity, also taking into account the heterogeneity of the measurement systems used today.
 - **E1 for many SMEs** due to its physical basis to be captured.
 - **E2 / E3** due to lack of centrally captured data in many companies.
 - **E5** due to lack of maturity in companies.
- **ESRS E2, ESRS E3 and ESRS E5** will prove challenging because of lack of definition and reliable data at least for FIs. Maybe only require for more advanced and sensitive sectors in the meantime.
- DR **E2-6**: the undertaking shall disclose the impact of and its financial exposure to pollution related incidents and deposits. => this KPI is not realistic yet for all sector. Not only there is no common methodology, but the risk drivers are not commonly described
- DR **E3-5**: water intensity performance: how to decouple net turnover from withdrawal consumption and discharge of water=> this information does not exist currently in many Sectors
- DR **E5-4 or E5-5**=> resource inflows and outflows require to validate first a definition of inflows and outflows to be accounted for then to settle an accounting of it , control processes... training and change management or even hire new resources....
- **G2 DR 9 and 10**, all DRs for entire value chain. Data collection and quality assurance processes need to be set up first.

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

CHALLENGES CONTINUED:

- **S1 for multinational companies** due to varying local definitions of used terms.
- ESRS **S2** might be challenging especially for FIs unless they consider only their operations. The definition of the value chain is so wide that the application of the ESRS will turn out very challenging.
- ESRS **S2, S3 and S4** guide companies to focus on entity-specific disclosures and do not provide specific KPIs.
- DR **S2-2**: processes for engaging with value chain workers about impacts => this not properly defined and is not realistic with the current definition of value chain (not limited to contractual relation). The **DR S2-3**: channels for value chain workers is not challenging but won't be material in many cases => reporting burden these disclosures must be postponed to be reframed and limited to material information for the majority of undertakings, and relying on a proper European regulation (CSDD notably)
- The issue is not so much one ESRS rather than another, provided that the materiality assessment / rebuttable presumption can be implemented easily. The challenge is rather is the **level of granularity of many disclosures**
- Disclosures related with **financial impacts and boundaries**
- **All topic-specific ESRS are far reaching** and require a significant quantity of data to be retrieved. This will be particularly challenging to implement and fulfil. Especially for data that need to be collected from clients, investees, suppliers etc.

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

SUPPORT FOR THE PROPOSAL

- Rebuttable presumption and application provision offer sufficient flexibility. Challenging, but the adverse impacts are also urgent.
- Performance metrics in other areas mainly concern data that companies already possess, or alternatively that can be gathered or estimated based on well-established methodologies (e.g. Scope 3 GHG emissions)
- DRs on Strategy and Implementation require transparency on business model, strategy, governance, assessment of impacts, risks and opportunities, and policies, targets and actions. As such, there is no objective obstacle to their implementation.

NO PHASE-IN

- It is not possible to phase-in at the level of entire sub-topics/standards. All drafted ESRS are necessary to meet the needs of information users.
- I don't believe the exposure draft proposals are so challenging as to postpone.

IMPROVEMENT OF EXISTING ESRS

- The issue is not the prioritisation but the improvement of the content of existing ESRS. To prioritise, we need to have carefully reviewed all ESRS including the 11 topical ones which is not yet the case.

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

SUPPORT FOR A DELAY

- We could consider 1 to 2 deferred years max depending on the DR.
- If there needs to be a phase-in, an extra year should be allowed, at most 2 years.
- A minimum of 2 years. Impact assessment projects are complex and time consuming. Lack of common methodology adds more complexity.
- DR on circular economy the calendar will probably have to follow the "maturity" cycle: validate definitions and risks drivers, propose 1 or 2 years of raw data collection(starting points), then add targets and financial effects measurements.
- It depends on the standard. A global overview is needed. Probably the standards for which common definitions exist but not the data can be postponed for 2 years and the other might be more complicated depending on the rhythm the common definition are validated. Pollutants have clear definition, the question is more to generalize the collection and to better categorize how they turn to have a financial effects on all undertakings=> Some specific DR can be postponed , the idea would be to request at first the data collection and then 2Y after the FTA the final measurement would benefit from this starting point.
- Worker in the value chain => it depends on the standard setter capacity and planning. Might be 1 year or 2.

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

ALTERNATIVE PROPOSALS

- 3 waves of KPI over 3 reporting years. 1st wave as a set of "minimum requirements", 2nd and 3rd at company's discretion.
- Once the principles and indicators have been clearly formulated by EFRAG, two exercises would be enough to be able to report the information, with some temporary flexibility to adapt certain information processes, using the principle of complying or explaining why the requirement cannot be fulfilled.

NO DELAYS

- I think there will be a natural 'phasing in' as the verification industry needs to develop and the supervisory authorities need to set up supervisory frameworks and educate personnel on many of these new concept. That means enforcement will be lagging in any case.
- I am not in favor of phasing in. Again, we need the data to transition to an economy within the planetary boundaries. Waiting for too long will negatively impact the likelihood that we can transition successfully and live, work and operate within the planetary boundaries without large-scale disruptions. Data is critical.

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

ALTERNATIVE PROPOSALS

- Upon initial implementation, the focus should be on
 - Alignment with the SFDR (as foreseen by the CSRD);
 - Actual needs of (key) users;
 - Covering climate adequately; and
 - Own operations and the consolidation scope (to ensure feasibility by all companies in scope of the CSRD).
- This means prioritizing as follows:
 - Cross-cutting standards ESRS 1 and 2 (aligned with ISSB approach);
 - Climate standard E1 (aligned with ISSB approach); and
 - SFDR-relevant DRs included in the remaining standards (E2-5, S1-4, G1-2).
- Small number of key KPI per Standard (e.g. Sc1+2 GHG-Emissions, Top-3-Workforce KPI) should be defined as a minimum requirement to be reported on right from the start."
- Impact assessment projects are complex and time consuming. Lack of common methodology adds more complexity. Progressive implementation of boundaries (firstly information about the group) and metrics (financial impacts when there is methodology).

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

SUPPORT FOR PHASING-IN

- There is concern regarding the number of standards being developed simultaneously, and a phased approach might be needed for the development and implementation of all standards - as in ISSB, first covering general disclosure requirements and climate.
- In a first phase of implementation, the principle of fulfilling or explaining why a requirement is not fulfilled is very reasonable. On the other hand, the review/audit of the information by an independent agent will offer veracity and credibility. A progressive and clear sanctioning regime applied by independent supervisors will be necessary. All these measures will bring sustainability information closer to the quality standards of financial information.

OPPOSING PHASING-IN

- I am not in favor of phasing in.
- The CSRD does not foresee postponement of social and environmental standards other than climate change - this should not be allowed at the standard level.

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

OTHER

- Other important consideration: well, differentiate between illustrative guidance and actual elements to disclose. Qualitative information and/or breakdown are sometimes very extensive.
- International alignment on topics to be addressed to have a better understanding on the impact of these disclosure for Europeans preparers EU laws finalization => CSDD notably. If Europeans prepares must publish all the pollutants they use and not the international ones there is not a common playing field, might have some competitiveness impacts at least to raise funds.=> clarity on ISSB program and adoption by countries is a valuable information.

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

PROPOSALS

- Optional DRs and recommendations should be deprioritized.
- The complexity and heterogeneity of the subjects and information to be standardized make it very difficult to have perfectly formulated indicators available within the timeframes proposed by EFRAG to prepare a complete sustainability report.
 - It would be advisable to apply a more realistic and progressive calendar undertaking regular regulatory updates, ensuring the quality and reliability of the standards issued
 - Prioritize quantitative indicators that facilitate the use and comparison of data
 - Develop an XBRL taxonomy that allows reliable treatment and dissemination of information
 - Promote the development of information verification standards
 - Progressively develop a system for monitoring and sanctioning the report in the image of what has been done so that for financial information

GOVERNANCE

- As regards the drafts themselves, the reintegration of G issues into ESRS 2, merging redundant disclosure requirements and deleting the ones that are burdensome without enabling to disclose valuable information will help implementation of ESRS.

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

OPPOSITION TO PRIORITISATION/ SUPPORT FOR THE PROPOSAL

- It is not possible to phase-in at the level of entire sub-topics/standards. All drafted ESRS are necessary to meet the needs of information users.
 - DRs on Strategy and Implementation require transparency on business model, strategy, governance, assessment of impacts, risks and opportunities, and policies, targets and actions. As such, there is no objective obstacle to their implementation.
 - Concerning performance measurement, where it is hard to set sector-agnostic indicators, the standards in fact do not prescribe performance measurement metrics. E.g.: ESRS S2, S3 and S4 guide companies to focus on entity-specific disclosures and do not provide specific KPIs.
 - Performance measurement metrics in other areas mainly concern data that companies already possess, or alternatively that can be gathered or estimated based on well-established methodologies (e.g. Scope 3 GHG emissions).

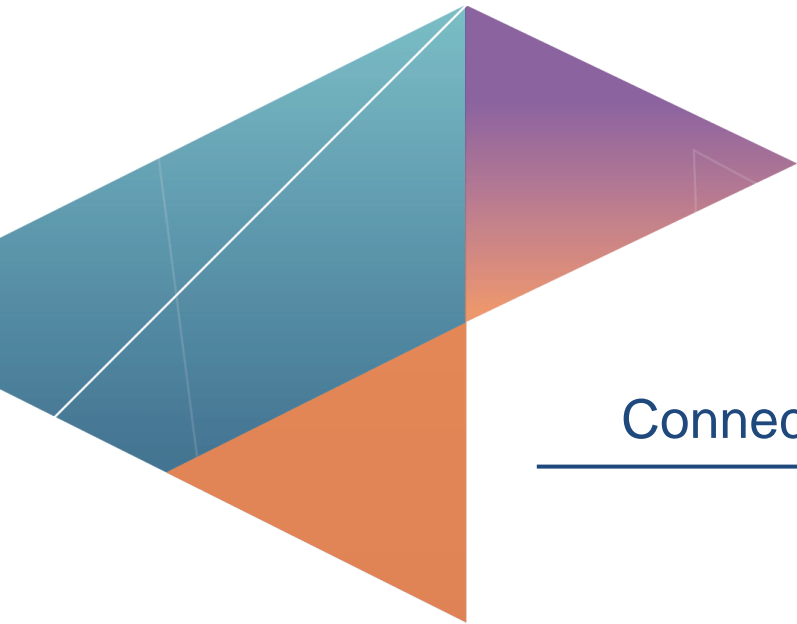
Q57: please share any other comments you might have regarding ESRS implementation prioritisation / phasing-in

SUPPORT THE PHASE-IN/ROLE OF THE REBUTTABLE PRESUMPTION

- DR's must not be deleted. Prioritization is to be preferred, but ideally undertakings can justify not disclosing via the rebuttal presumption. All else is material and should be reported.
- The guidance on how to apply the rebuttable presumption, including regarding the different levels of consolidation of the reporting, will facilitate the prioritization of reporting obligations for undertakings.

PRIORITIZATION (I.E. ELIMINATION OF DR FROM SET 1)

- IFRS were not implemented all at once, so ESRS should also be developed over time. [Secretariat note: there were significant efforts in 2004 for the 2005 first time adoption in Europe but also elsewhere in the world]



Connectivity and incorporation by reference

OVERVIEW OF THE SUPPORT RATE PER QUESTION

Approval score

Question 10: to what extent do you believe that connectivity between the sustainability reporting and other parts of the management report has been appropriately addressed?

63%

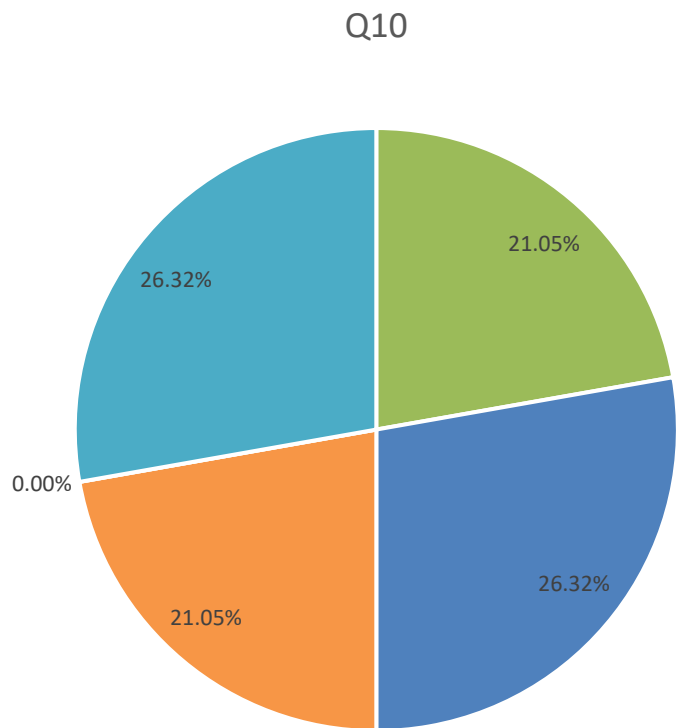
Question 11: to what extent does the incorporation of information in the Sustainability section by reference to other parts of the management report support cohesiveness throughout corporate reporting?

69%

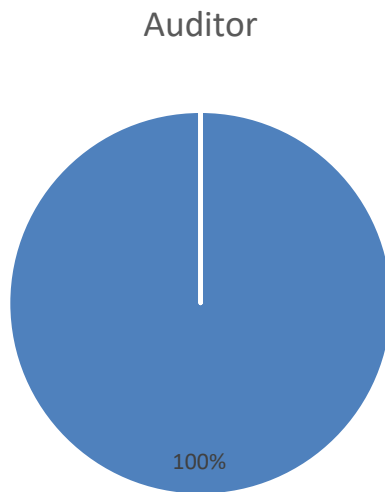
Question 12: to what extent do the requirements and provisions on how to include monetary amounts and other financial statement-related quantitative data into sustainability reporting support connectivity with the financial statements?

50%

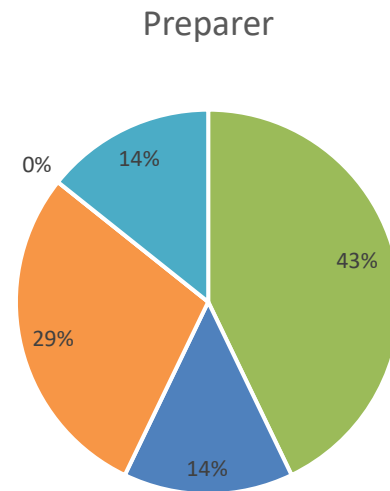
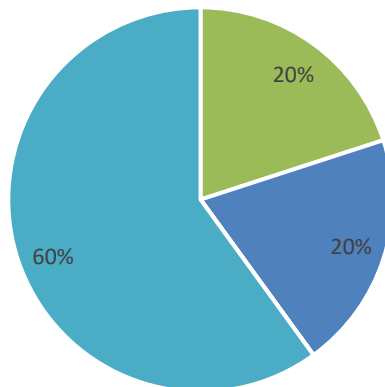
Q10: in your opinion, to what extent do you believe that connectivity between the sustainability reporting and other parts of the management report has been appropriately addressed?



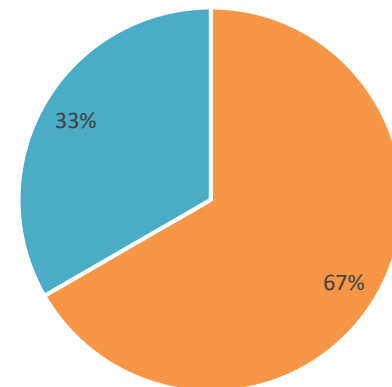
- Fully
- To a large extent with some reservations
- To a limited extent with strong reservations
- Not at all
- No opinion



Civil society



User/academic/other



Sum of large extent + fully = **47%**
 Excluding no opinion: **63%**

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

OTHER

- Given interlinkages across topics and the overlaps between cross-cutting and topical (e.g. ESRS 2 and G1), cross-referencing should be elaborated.
- Standardized structure on the location table would help increase comparability, even if they choose different options.
- ESRS1 seems to address connectivity with financial reporting, not with the management report.
- Financial and non-financial results can not be put into direct context w/o double reporting or complex referencing, due to separation of sections/chapters.
- Link between sustainability-related monetary amounts and financial amounts is indeed relevant, yet a clear threshold needs to be emplaced to avoid massive workload of the preparer and inclusion of irrelevant data.

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

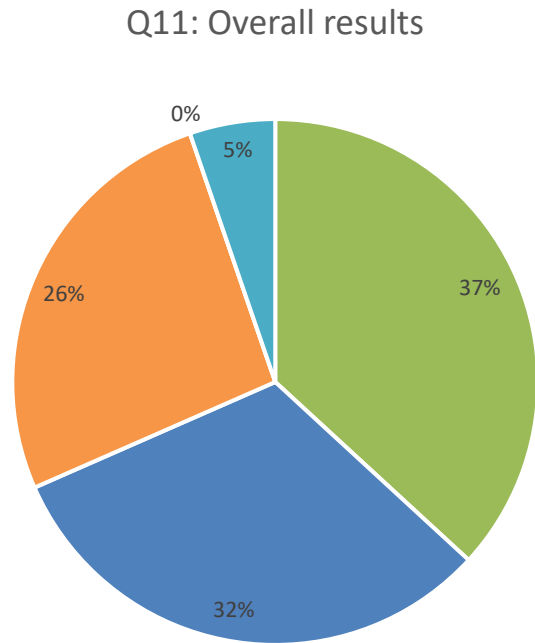
OTHER

- Further simplification needed, e.g. track redundancies and align "alike " disclosures for example the split of activities according IFRS8 and the DR GR1
- The issue of stranded assets could be also simplified. Ensure the frontier between financial and beyond should be clear
- Provide more detailed reconciliation tables with machine readable format

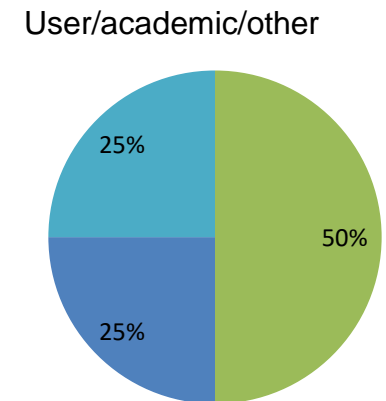
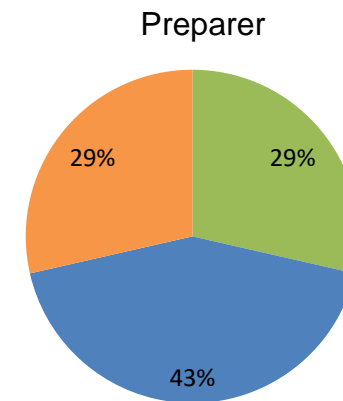
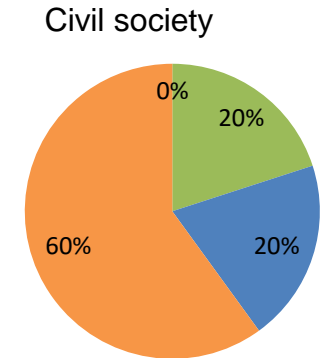
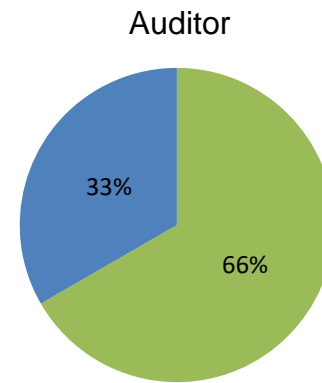
MISSING DATA

- Connectivity mainly refers to issues related to climate change and water (for example, AG42, AG57 and AG86 of ESRS E1, and AG33 of ESRS E2). We miss more connectivity indicators in all areas, including social and corporate governance.

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



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



Sum of large extent + fully = 69%
 Excluding no opinion: 73%

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

OTHER

- Cohesiveness should not come at the expense of comparability. An alternative needs to be found to ensure standardization for machine readability. Alternatives could be only one option, i.e. all data in one block or requiring XBRL format across all reports.
- Simplification will be key with machine readable format and reconciliation tables
- It depends on ultimate DRs that will overlap with existing requirements and disclosures already provided (outside the management report).
- This should only be possible for information that is explicitly required to be included in the management by other laws in the same or greater detail than it is required by the ESRS.
- Some relevant information might be included in the notes, but undertakings will not be allowed to refer to that part of the report.

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

MORE FLEXIBILITY

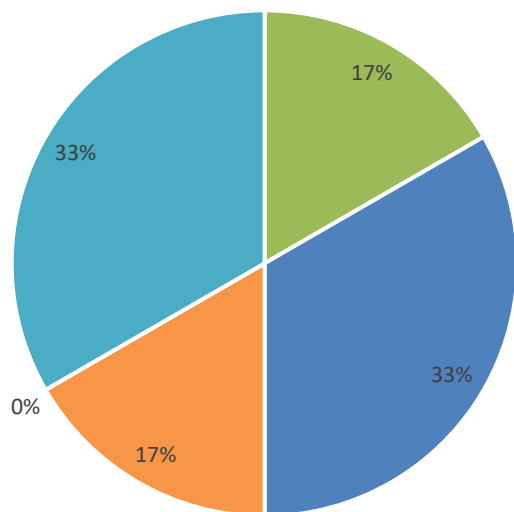
- Allow cross-references also for all Corporate Reporting documents (available with the same timing of general purpose financial reporting). E.g. G1 largely already provided in the report on corporate governance and ownership structures that issuers are required to publish according with the European legislation.

LESS FLEXIBILITY

- I would prefer direct integration over referencing.

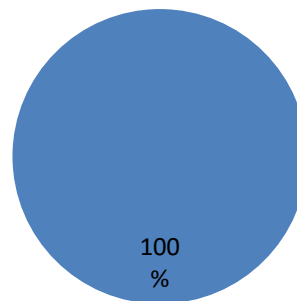
Q12: in your opinion, to what extent do the requirements and provisions on how to include monetary amounts and other financial statement-related quantitative data into sustainability reporting support connectivity with the financial statements?

Q12: Overall results

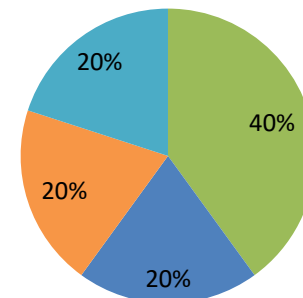


- Fully
- To a large extent with some reservations
- To a limited extent with strong reservations
- Not at all
- No opinion

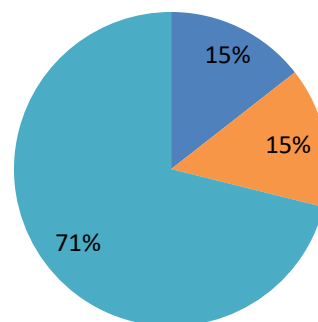
Auditor



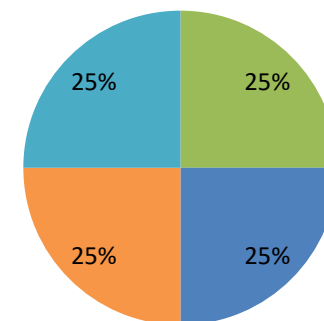
Civil society



Preparer



User/academic/other



Sum of large extent + fully = **50%**
 Excluding no opinion: 75%

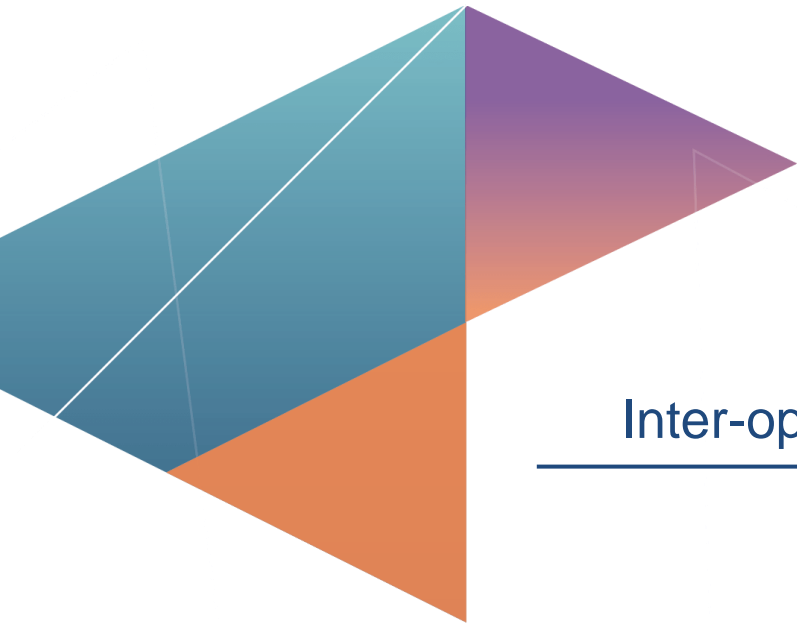
Q12: in your opinion, to what extent do the requirements and provisions on how to include monetary amounts and other financial statement-related quantitative data into sustainability reporting support connectivity with the financial statements?

OTHER

- Translating sustainability stakes into monetary amounts is often considered as an objective as such but if the EU approach is based on impact materiality, and taking into account the fact that more and more investors want to invest in sustainability per se and not for the added financial value it may provide, the provisions to include monetary amounts and financial statement-related quantitative data into sustainability reporting will rather prove as an additional burden for undertakings with limited added value. This is all the more the case that, with many sustainability issues having a limited level of maturity in terms of reporting, this often ends up in quite artificial estimates of very little use for investors / reporting users.
- Idea of integrated reporting in terms of an integrative description of traditional business matters and sustainability business matter is not supported due to separation of sections.
- Regarding connectivity of monetary amounts, the link between sustainability-related monetary amounts and financial amounts is indeed relevant, yet a **clear threshold needs to be emplaced** to avoid massive workload of the preparer and inclusion of irrelevant data

SUPPORT FOR THE PROPOSALS

- Connectivity between financial and sustainability data is absolutely revealing about the management of the entity from a sustainable and responsible point of view with its environment.



Inter-operability with ISSB

OVERVIEW OF THE SUPPORT RATE PER QUESTION

Approval score

Question 2: to what extent is the TCFD framework of reporting areas (governance, strategy, risk management and metrics/targets) compatible with the structure of the ESRS?

84%

Question 3: to what extent does the approach taken to structure the reporting areas promote interoperability between the ESRS and the IFRS Sustainability Exposure Drafts?

76%

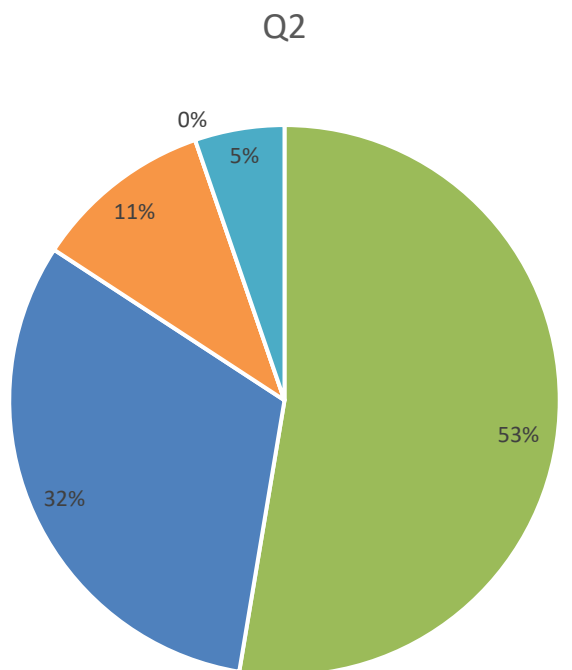
Question 22: to what extent is the definition of financial materiality (as per ESRS 1 paragraph 53) aligned with that of international standards?

79%

Question 38: General principles foster alignment with international sustainability reporting standards (in particular IFRS Sustainability Reporting S1 Exposure draft)?

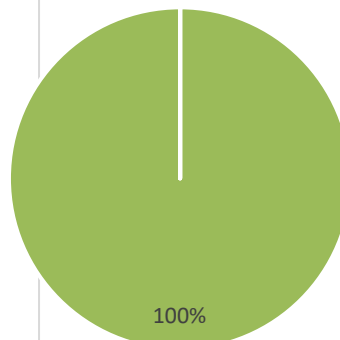
76%

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?

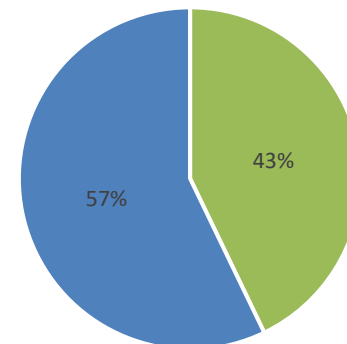


- Fully
- To a large extent with some reservations
- To a limited extent with strong reservations
- Not at all
- No opinion

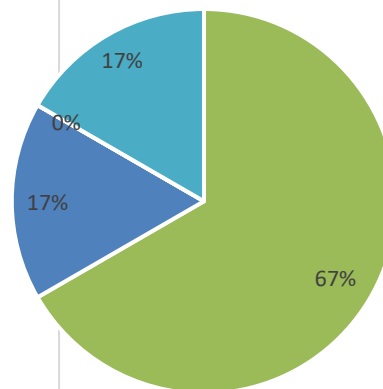
Auditors



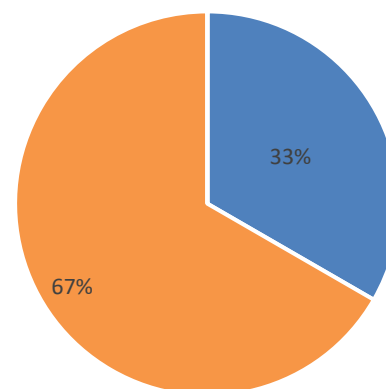
Preparers



Civil society



User/academic/other



Sum of large extent + fully = 84%

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

Not at all, to a limited extent

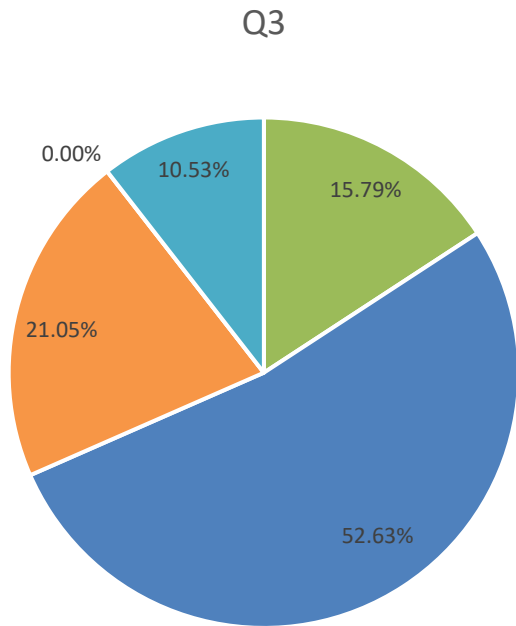
COMPATIBILITY WITH IFRS/TCFD

- The IFRS/TCFD framework of reporting areas requires to be completed a lot in order to become compatible in the content with the structure of the ESRS
- I do not see a need to deviate in terms of reporting areas as the TCFD. Deviations should only be retained where EFRAG's proposals are superior. We are not aware of any evidence that the TCFD structure is not (or less) appropriate

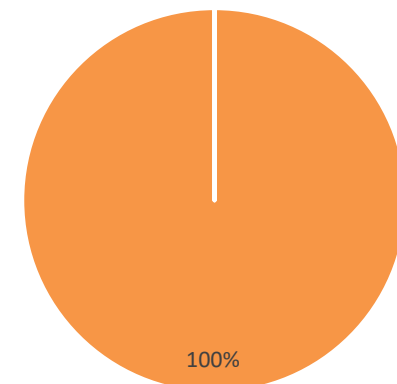
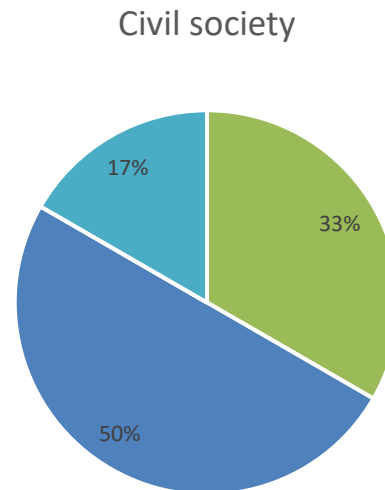
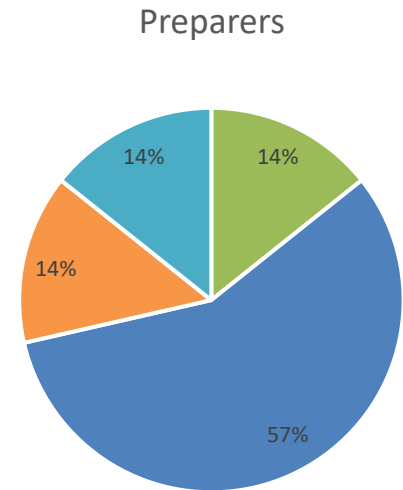
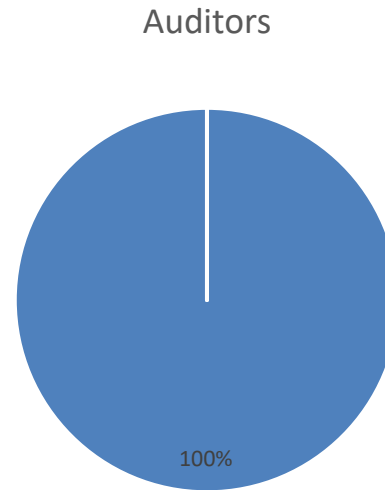
SUPPORT FOR THE PROPOSAL

- The recommendation is to stick to the ESRS structure and clarify the compatibility of the two approaches, in collaboration with the TCFD.

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



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



Sum of large extent + fully = 68%
 Excluding no opinion: 76%

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

Not at all/ to a limited

EXISTING DIFFERENCES (1/2)

- IFRS is **only partial** compared to ESRS. We do not know whether the ISSB will also have four further E standards (i.e. what topics will be covered, when, and whether they would be covered separately or jointly, etc.).
- ISSB focuses includes **sector-specific** requirements, these will be in SET 2 (2023).
- Gap in **granularity** and **objectives** is so important that they will remain two separate/different exercises for preparers.
- Differences in **structure and terminology** are not small. Interoperability may be more complicated.
- Divergence on the **double materiality** approach, which raises questions on how interoperability could be improved.

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

Not at all/ to a limited

EXISTING DIFFERENCES (2/2)

- **ISSB approach is more principles-based**, e.g. for time horizon, also, many requirements in **ESRS 2** (e.g. prior period errors, estimation uncertainty, changes in presentation) are principles in S1, but not requirements (note: ESRS 2 would require centralized reporting under ESRS 2) while S1 is principles-based and does not prescribe a specific structure or order).
- **Integrated reporting:** ESRS foresee less integration (max. flexibility would be to report 12 sections under option 3, while S1 allows for (and even encourages) full integration within the sustainability area, but also with financial reporting in the general purpose financial statements). Unclear how companies could apply/integrated ISSB disclosures under ESRS 1 presentation principles.
- ESRS and ISSB have a different understanding of **financial materiality**.

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

Not at all/ to a limited

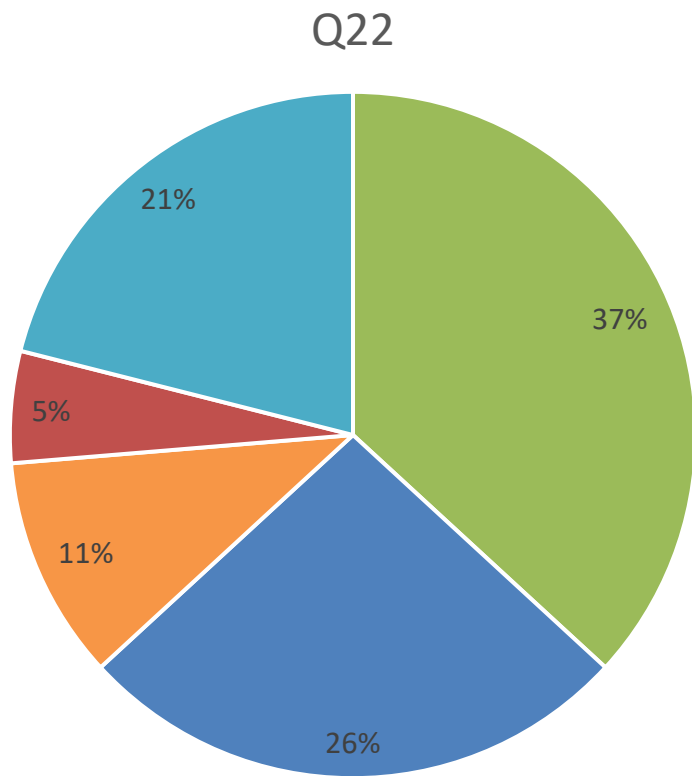
COMPATIBILITY

- Interoperability will only be **possible one way**.
- The challenge is moving forward; the 2 initiatives should ensure further alignment/synchronisation in how their approaches develop.
- For preparers it's important the assurance that covering ESRS you are compliant also with IFRS.

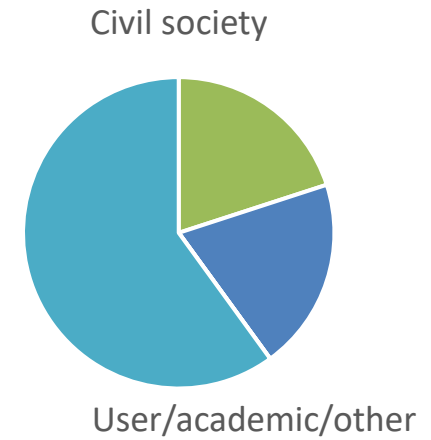
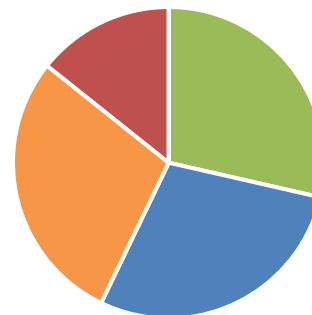
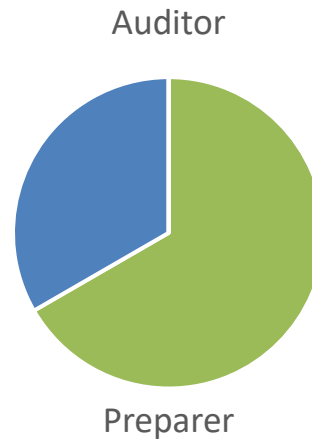
SUPPORT FOR THE PROPOSAL

- The structure is not very different, interoperability possible via the mapping. Agreeing on the exact same structure (with the limitation that risk management becomes IRO management) would obviously have been easier. However, I find that ESRS structure flows very well.
- The EDs developed till now are compatible (ISSB providing a baseline on financially material, ESRS covering also such aspect, ESRS based on double-materiality and covering broader ESG topics, as mandated by the CSRD, and also including more detailed disclosure requirements).

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



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



Sum of large extent + fully = **63%**
 Excluding no opinion: **79%**

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

MISSING GUIDANCE

- The frontier info captured by financial reporting is not explicit which could lead to major discrepancies when applying the standards

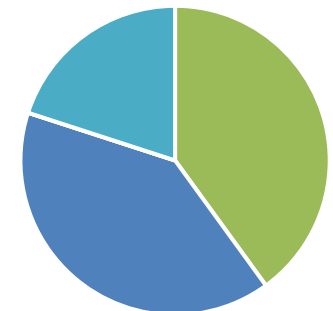
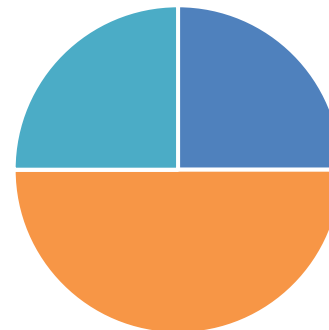
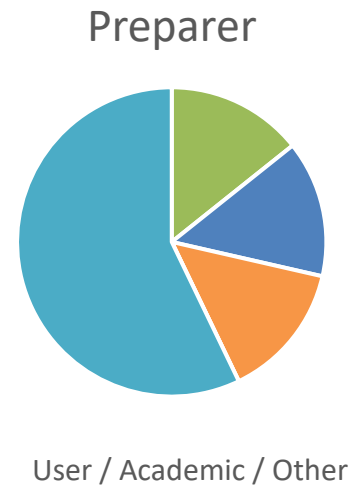
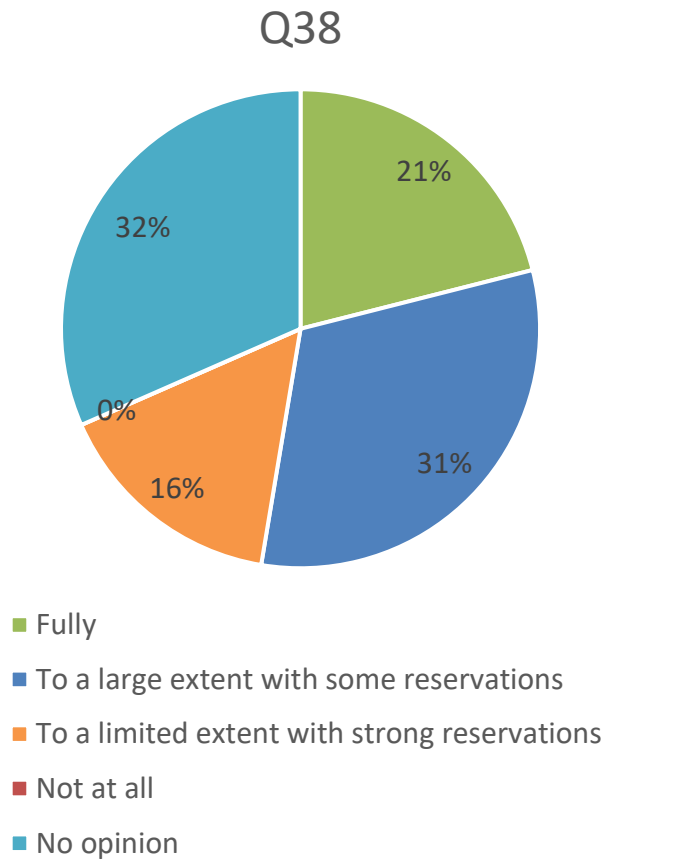
OTHER

- The financial materiality concept does not seem to be aligned with the one applied in financial reporting.

INTEROPERABILITY WITH IFRS

- Important to use a global baseline approach as currently developed by the ISSB; otherwise, significant issues would arise as regards interoperability.
- The CSRD more detailed and comprehensive than ISSB. The frontier info captured by financial reporting is not explicit which could lead to major discrepancies when applying the standards (inc not comparable measurements of risks and impacts). Alignment of international standard should be promoted.

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



Sum of large extent + fully = **52%**
 Excluding no opinion: **76%**

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

COMPATIBILITY WITH IFRS/TCFD

- The perspective on materiality differs between the standards.
- It needs to be considered that each framework has a different scope and target audience, this fact makes difficult the alignment in practical way. At least our recommendation is that the common denominator (environmental side) should be aligned as well as digital reporting technologies as XBRL was a good choice.
- **The financial materiality definition in sustainability reporting should be aligned** with a clear frontier of what is already captured in the financial statements , and an appropriate aligned definition of term horizon. This is key notably for FIs to use the information of all stakeholders;

MISSING GUIDANCE

- IFRS does not include an individual category for “Implementation disclosures”, which would correspond to ESRS 1, in particular section 3. It would be helpful if ESRS 1 would clarify which IFRS elements (or TCFD) correspond with these disclosures.

Question 39 on ESRS 2 is now in the section on ESRS 2



1A and 1: OVERVIEW OF THE SUPPORT RATE and exchange of views

OVERVIEW OF THE SUPPORT RATE PER QUESTION

Support	Number of Questions	%
Over 70%	25	78%
66 to 70%	3	9%
Less than 65%	4	13%

The support above reflects the results after eliminating blanks, no opinion, not applicable from denominator where the original score of 'fully and largely agree' was less than 70%

OVERVIEW OF THE RECALCULATED SUPPORT RATE PER QUESTION

Question	Approval
Q1: do the structure and articulation of cross-cutting and topical standards adequately support the coverage of CSRD topics and reporting areas	100%
Q2: is the TCFD framework of reporting areas (governance, strategy, risk management and metrics/targets) compatible with the structure of the ESRS?	84%
Q3: the approach to structure the reporting areas promote interoperability between the ESRS and the <u>IFRS</u> Sustainability Exposure Drafts?	68% -> 76%
Q4: have these <u>European legislation</u> and initiatives been considered properly?	64% -> 81%
Q6: proposed coverage adequately address CSRD sustainability topics?	89%
Q7: proposed coverage of set 1 (see Appendix I) adequately address SFDR?	74%
Q8: proposed <u>three options</u> (structure of the statements)?	47%
Q10: do you believe that <u>connectivity</u> between the sustainability reporting and other parts of the management report has been appropriately addressed?	47% -> 63%
Q11: does <u>incorporation by reference</u> to other parts of the management report support cohesiveness throughout corporate reporting?	69% -> 73%
Q12: the requirements and provisions on how to include <u>monetary amounts</u> and other financial statement-related quantitative data into sustainability reporting support connectivity with the financial statements?	50% -> 75%

'->' eliminating from denominator blanks, no opinion, not applicable

OVERVIEW OF THE RECALCULATED SUPPORT RATE PER QUESTION (1/3)

Question	Approval
Q13: to what extent do you think that the principle of relevance of sustainability information is adequately defined and prescribed?	90%
Q14: to what extent do you think that the principle of faithful representation of sustainability information is adequately defined and prescribed?	100%
Q15: to what extent do you think that the principle of comparability of sustainability information is adequately defined and prescribed?	89%
Q16: to what extent do you think that the principle of verifiability of sustainability information is adequately defined and prescribed?	89%
Q17: to what extent do you think that the principle of understandability of sustainability information is adequately defined and prescribed?	89%
Q18: in your opinion, to what extent does the definition of double materiality (as per ESRS 1 paragraph 46) foster the identification of sustainability information that would meet the needs of all stakeholders?	95%
Q19: to what extent do you think that the proposed implementation of double materiality (as per <u>ESRS 2-IRO 1</u>, paragraph 74b(iii) and AG 61) is practically feasible?	61% -> 65%

'->' eliminating from denominator blanks, no opinion, not applicable

OVERVIEW OF THE RECALCULATED SUPPORT RATE PER QUESTION (2/3)

Question	Approval
Q20: in your opinion, to what extent is the definition of impact materiality (as per ESRS 1 paragraph 49) aligned with that of international standards?	74%
Q21: to what extent do you think that the determination and implementation of impact materiality (as proposed by ESRS 1 paragraph 51) is practically feasible?	74%
Q22: in your opinion, to what extent is the definition of financial materiality (as per ESRS 1 paragraph 53) aligned with that of international standards?	63% -> 79%
Q23: to what extent do you think that the determination and implementation of <u>financial materiality</u> (as proposed by ESRS 1 paragraphs 54 to 56) is practically feasible?	53% -> 67%
Q24: to what extent do you think that the <u>(materiality) rebuttable presumption</u> and its proposed implementation will support relevant, accurate and efficient documentation of the results of the materiality assessment?	42 -> 47%
Q28: in your opinion, to what extent would approximation of information on the <u>value chain</u> that cannot (practically) be collected contribute to the reporting of understandable, relevant, verifiable, comparable, and faithfully represented sustainability information?	64% -> 67%
Q30: in your opinion, to what extent will the choice of disaggregation level by the undertaking as per ESRS 1 paragraphs 72 to 77 contribute to the reporting of understandable, relevant, verifiable, comparable and faithfully represented sustainability information?	74%

'->' eliminating from denominator blanks, no opinion, not applicable

OVERVIEW OF THE RECALCULATED SUPPORT RATE PER QUESTION (3/3)

Question	Approval
Q30: in your opinion, to what extent will the choice of disaggregation level by the undertaking as per ESRS 1 paragraphs 72 to 77 contribute to the reporting of understandable, relevant, verifiable, comparable and faithfully represented sustainability information?	74%
Q31: do you think it is relevant to define short-, medium- and long-term horizon for sustainability reporting purposes?	89%
Q32: if yes, do you agree with the proposed time horizons?	67% -> 70%
Q34: in your opinion, to what extent will DP 1-1 contribute to the reporting of understandable, relevant, verifiable, comparable and faithfully represented information on sustainability related policies?	90%
Q35: in your opinion, to what extent will DP 1-2 contribute to the reporting of understandable, relevant, verifiable, comparable, and faithfully represented information on sustainability-related targets and their monitoring?	79%
Q36: in your opinion, to what extent will DP 1-3 contribute to the reporting of understandable, relevant, verifiable, comparable, and faithfully represented information on sustainability-related action plans and allocated resources?	84%
Q37: is anything important missing in the aspects covered by the <u>bases for preparation</u>?	67%
Q38: in your opinion, to what extent can ESRS 1 – General principles foster alignment with international sustainability reporting standards (in particular <u>IFRS Sustainability Reporting S1 Exposure draft</u>)?	52% -> 76%

'->' eliminating from denominator blanks, no opinion, not applicable



1C Exposure drafts content

EXPOSURE DRAFT

ESRS 2

**General, strategy, governance and
materiality assessment disclosure
requirements**

April 2022



Open for comments until 8 August 2022

PROFILE OF THE RESPONDENTS

Preparer	5	36%
Auditor	2	14%
Country liason	2	14%
NGO	1	7%
Trade union	1	7%
Academic	1	7%
At large	1	7%
User	1	7%

The % of the following slides reflect the responses fully agree/large extent/limited extent/not at all. Blanks, not applicable and no opinion have been deleted from the denominator.

Key comments are presented for all questions

OVERVIEW OF THE SUPPORT RATE PER DISCLOSURE REQUIREMENT

Question Disclosure Requirement Support

1	DR 2 GR 1	83%
2	DR 2 GR 2	76%
3	DR 2 GR 3	82%
4	DR 2 GR 4	73%
5	DR 2 GR 5	69%
6	DR 2 GR 6	68%
7	DR 2 GR 7	74%
8	DR 2 GR 8	83%
9	DR 2 GR 9	85%
10	DR 2 GR 10	80%
11	DR 2 SBM 1	82%
12	DR 2 SBM 2	74%
13	DR 2 SBM 3	80%
14	DR 2 SBM 4	80%
15	DR 2 GOV 1	81%
16	DR 2 GOV 2	81%
17	DR 2 GOV 3	82%
18	DR 2 GOV 4	94%
19	DR 2 GOV 5	75%
20	DR 2 IRO 1	80%
21	DR 2 IRO 2	95%
22	DR 2 IRO 3	86%

Support	Number of DRs	%
Over 70%	20	91%
66 to 70%	2	9%

Q39 from first questionnaire – approval score: **82%**

Question 39: Rate to what extent ESRS 2:

	Not at all	Limited	Large extent	Fully	Σ of Large and Fully
A. Covers sustainability information required by articles 19a and 19b of the CSRD proposal	0%	0%	33%	67%	100%
B. Supports the production of relevant information about the sustainability matter Covered	6%	18%	47%	29%	76%
C. Fosters comparability across sectors	6%	25%	31%	38%	69%
D. Covers information necessary for a faithful representation from an impact perspective	0%	6%	47%	47%	94%
E. Covers information necessary for a faithful representation from a financial perspective	7%	7%	47%	40%	87%
F. Prescribes information that can be verified / assured	13%	13%	47%	27%	73%
G. Meets the other objectives of the CSRD in term of quality of information	0%	7%	27%	67%	93%
H. Reaches a reasonable cost / benefit balance	19%	25%	19%	38%	56%
I. Is sufficiently consistent with relevant EU policies and other EU legislation	0%	8%	38%	54%	92%
J. Is as aligned as possible to international sustainability standards given the CSRD Requirements	0%	21%	43%	36%	79%

Average of sum of large extent + fully = 82%

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

TOO MANY DR/COMPLEXITY

- DR ESRS 2-GOV3 and ESRS-GR4 should be removed for confidentiality reasons.
- DR ESRS 2-GR 5 GR6 and GR8 should only represent principles to apply to each disclosure requirement of the topical standards, not disclosure requirements to be fulfilled in a central place themselves.
- Rebuttable presumption will lead to large technical reporting overhead and foster overreporting - Sustainability competition will remain a "who reports more" rather than shifting towards "who performs best".
- The number of disclosure requirements including verification of the sustainability statement will be a huge cost for undertakings. This is especially critical for smaller undertakings with limited resources.
- The ED shows 17 DR on generic and transversal issues that are detailed in topics specific standards. The DR must be simplified and rationalized to facilitate the reading and the use of the sustainable information.
- Many elements (for example on the description of the business model, on the description of IRO) overlap and / or are repetitive, sometimes of little use or interest as final information.

SUPPORT FOR THE PROPOSALS

- This simply requires a description of the business model and the assessment of the extent to which the identified impacts, risk and opportunities are related to it. Compliance with this does not require any significant resources.

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

OTHER

- Questionable whether the information will be consistent/comparable enough between different companies.
- DR ESRS 2-GOV5 should only represent a placeholder until the CSDDD is adopted.
- Major issues relate to :
 - GR1 on presentation
 - GR5 to 10: to be merged and located after presentation
 - SBM2 AG: stakeholders are not part of governance
 - GOV2 : to be merged with GOV 1 or 3
- CSDD is insufficiently considered and have some strong dependencies not defined yet.
- Further alignment is necessary on sector of activity notably. It would be valuable to align IFRS 8 and ISSB and CSRD on this very fundamental part of the report to ensure comparability.
- Information can be verified and assured only if an independent verifier can corroborate that they are correct and compliant with the regulations.
- Access to this information will be made available to the independent verifier, as is currently the case. The leap in quality and transparency would be to agree with the entity to make its documents and spreadsheets public, which currently no entity does, as the regulations do not provide for such a possibility.

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

MISSING GUIDANCE

- Some elements of the disclosures will be difficult to quantify and verify (e.g. which/how material sustainability-related risks and opportunities have affected the undertaking's financial performance, position and cash flows, information on short-, medium and long-term, information on entire value chain). Further guidance is needed in this respect.
- GR2 to 4 and SBM 1: mix of concepts not well defined
- Impact materiality determination in ESRS 2-ROI requires additional info to ensure good implementation by companies.
- ESRS 2-ROI, especially the AG, should better use the content of the UNGPs, OECD Guidelines, and the GRI Universal standards. These norms provide the basis for the draft CSDDD.
- More clarification on materiality aspects is needed

GOVERNANCE

- Governance topical standards could / should also be reintegrated in this ESRS.

SECTOR AGNOSTIC/SPECIFIC– REBUTTABLE PRESUMPTION

- Need to restructure balance between sector-agnostic and sector specific in order to not use the rebuttable presumption mechanism.

Q1 DR2-GR1: General characteristics of the sustainability reporting of the undertaking

	Not at all	Limited	Large extent	Fully	Σ of Large and Fully
A. Requires relevant information about the sustainability matter covered	0%	8%	42%	50%	92%
B. Requires information that is relevant for all sectors (sector agnostic only information)	8%	8%	42%	42%	84%
C. Can be verified / assured	0%	15%	38%	46%	85%
D. Meets the other objectives of the CSRD in term of quality of information	9%	9%	18%	64%	82%
E. Reaches a reasonable cost / benefit balance	8%	25%	8%	58%	67%
F. Is sufficiently consistent with relevant EU policies and other EU legislation	0%	0%	38%	63%	100%
G. Is as aligned as possible to international sustainability standards given the CSRD requirements	0%	14%	43%	43%	86%
H. Represent information that must be prioritised in first year of implementation	0%	18%	36%	46%	82%
I. Is well suited to be transformed in a digital reporting taxonomy that will avoid creating misunderstandings or practical complexities	20%	10%	30%	40%	70%

Average of sum of large extent + fully = 83%

Q1 DR2-GR1: General characteristics of the sustainability reporting of the undertaking

OTHER

- Not necessary in a purely digital setup.

PRIORITISATION

- Scope is extremely important, always to be reported and prioritised for the first year of reporting.

TOO MANY DR/GRANULARITY

- No need to provide the structure in a statement : wouldn't it be obvious in the report?
- The stress could be put on the information provided on the scope of the audit: how was the sustainability statement audited? on the basis of what number of sites? affiliates? what countries?

OTHER

- Regarding the scope, as required in 5 (b), the undertakings need flexibility to a certain level. A reporting scope identical to the financial statement is not practical due to the maturity of the sustainability reporting and to the operational influence concept. I propose to offer an option to disclose differences in terms of the scope.

DIGITALIZATION/TIMELINE

- For digital reporting is better to be metric oriented or categories in case of qualitative like CDP. Otherwise, even ESRS goes to digital, comparison and analysis will be difficult. But it would be good to clarify deadlines for digital reporting, I do not think CSRD will require in 2023/2024 due to lack of time and budget for a proper XBRL programme for CSRD- ESRS. Just see the case of ESMA and ESEF it took almost 5 years with IFRS already as the standard.

Q2 DR 2-GR 2 – Sector(s) of activity

	Not at all	Limited	Large extent	Fully	Σ of Large and Fully
A. Requires relevant information about the sustainability matter covered	8%	31%	15%	46%	62%
B. Requires information that is relevant for all sectors (sector agnostic only information)	0%	7%	36%	57%	93%
C. Can be verified / assured	0%	21%	14%	64%	79%
D. Meets the other objectives of the CSRD in term of quality of information	8%	8%	17%	67%	83%
E. Reaches a reasonable cost / benefit balance	14%	14%	29%	43%	71%
F. Is sufficiently consistent with relevant EU policies and other EU legislation	0%	13%	13%	75%	88%
G. Is as aligned as possible to international sustainability standards given the CSRD requirements	9%	18%	36%	36%	73%
H. Represent information that must be prioritised in first year of implementation	0%	15%	31%	54%	85%
I. Is well suited to be transformed in a digital reporting taxonomy that will avoid creating misunderstandings or practical complexities	9%	36%	27%	27%	55%

Average of sum of large extent + fully = 76%

Q2 DR 2-GR 2 – Sector(s) of activity

OTHER

- Selection of sectors to be systematized, to automate the sector allocation, for comparability.

TOO MANY DR/GRANULARITY/COMPLEXITY/COST-BENEFIT

- Sectors should not differ from sectors reported in financial reporting, eg. under IFRS 8.
- Merge DR 2 GR 2, 3 and 4 and the DR SBM 1, 2, 3 and 4, and IRO 1, 2 and 3. DR 2 GR 2 and SBM 1 can integrate many overlaps.
- Level of granularity of revenue: headcount by country splits not necessarily material, revenue breakdown per sector and country often not material and no clear link to ESG; likely redundant to information already provided, integrated reporting must be possible.

MISSING INFORMATION

- More information could be requested on the main clients and/ or main providers, especially for B to B companies. This would enable to better analyse risks related for instance to the over-importance of a client and / or a provider in the undertaking business model.

DIGITALIZATION

- In terms of digital reporting taxonomy: the description of sectors and sub-activities across the value chain of a given sector is not always consensual even among peers so this might prove difficult to standardise it through a digital reporting taxonomy.

Q2 DR 2-GR 2 – Sector(s) of activity

PROPOSAL

Paragraph 10 gives an excellent overview of the expected content (description of its significant activities, headcount and revenue), yet the following text does not reflect the same philosophy. I suggest modifications as follows:

- 1) The description of the undertaking should start with a presentation of its turnover broken down by activities. Activities are generally classified by operating segment under IFRS 8 instead of sectors (when undertakings are listed). We cannot change the way undertakings present themselves because of another new sector classification after the Taxonomy one. Then the link between activities or operating segments and ESRS SEC sectors should be required to identify the relevant sector-specific disclosure requirements.
- 2) Then a split of the turnover and headcounts both by geography should be disclosed. This allows users to analyze the geographical footprint and the associated social risks.
- 3) The breakdown should be based on geography rather than on country to allow flexibility for preparers with numerous countries of operations.
- 4) Customer group should not be discussed here but in the value chain (GR 3 16 (c)).
- 5) The “market” in 12 (b) iii) raises confusion here since it is not clear if the word refers to a country or a sector. Precise words are to be chosen.

Q3 DR 2-GR 3 – Key features of the value chain

	Not at all	Limited	Large extent	Fully	Σ of Large and Fully
A. Requires relevant information about the sustainability matter covered	8%	8%	54%	31%	85%
B. Requires information that is relevant for all sectors (sector agnostic only information)	0%	0%	36%	64%	100%
C. Can be verified / assured	7%	21%	50%	21%	71%
D. Meets the other objectives of the CSRD in term of quality of information	8%	0%	50%	42%	92%
E. Reaches a reasonable cost / benefit balance	17%	0%	33%	50%	83%
F. Is sufficiently consistent with relevant EU policies and other EU legislation	13%	0%	75%	13%	88%
G. Is as aligned as possible to international sustainability standards given the CSRD requirements	13%	13%	63%	13%	75%
H. Represent information that must be prioritised in first year of implementation	0%	8%	31%	62%	92%
I. Is well suited to be transformed in a digital reporting taxonomy that will avoid creating misunderstandings or practical complexities	33%	11%	22%	33%	56%

Average of sum of large extent + fully = 82%

Q3 DR 2-GR 3 – Key features of the value chain

TOO MANY DR/GRANULARITY/COMPLEXITY/COST-BENEFIT

- Potential for infinite detail - companies have only limited transparency.
- GR 3 Value chain (to be merged into new SBM 1 on Business Model)
- AG 14 is too granular (underlying contractual terms). I suggest to simplified it.
- AG13 is more relevant than 16 (a).
- Key resources should remain qualitative.
- Paragraph 17 should be rephrased as the granular description of the value chain shall NOT be required in the sustainability statement but only for the internal risk analysis process; the public disclosure of the value chain should remain general. The granular risks and where they manifest themselves in the value chain should remain confidential information (for example, certain suppliers in a certain country).
- Should not be too granular, e.g. clearly not at value chain partner level, to ensure that no confidential information is required.

Q3 DR 2-GR 3 – Key features of the value chain

MISSING GUIDANCE

- Guidance and examples needed to understand different tiers in the supply chain
- Important to define value chain for financial institutions

MISSING DR

- Need to have more information e.g. number and names of first tier suppliers
- Request to disaggregate information where relevant by country or in relation to a significant site / asset: DR 2 GR3 is less specific while this information is extremely important. It might be worth reiterating this directly in the DR. For sensitive suppliers, the stake is not to obtain the location of the administrative headquarters but rather the location of sensitive production sites- for instance to consider human rights related issues. Good practice in the tech sector: US tech companies now provide a list of their main suppliers with the exact address of the production site so as to demonstrate that their production line is not concerned by sensitive locations subject to human rights controversies.

OTHER

It is highly possible that auditors will not have expertise sufficient enough to assess whether the undertaking has mapped its value chain in enough detail.

Q4 DR2-GR 4 Key drivers of the value creation (1/2)

	Not at all	Limited	Large extent	Fully	Σ of Large and Fully
A. Requires relevant information about the sustainability matter covered	18%	0%	18%	64%	82%
B. Requires information that is relevant for all sectors (sector agnostic only information)	0%	17%	17%	67%	83%
C. Can be verified / assured	18%	27%	27%	27%	55%
D. Meets the other objectives of the CSRD in term of quality of information	20%	0%	30%	50%	80%
E. Reaches a reasonable cost / benefit balance	25%	0%	25%	50%	75%
F. Is sufficiently consistent with relevant EU policies and other EU legislation	22%	0%	22%	56%	78%
G. Is as aligned as possible to international sustainability standards given the CSRD requirements	29%	14%	14%	43%	57%
H. Represent information that must be prioritised in first year of implementation	9%	9%	9%	73%	82%
I. Is well suited to be transformed in a digital reporting taxonomy that will avoid creating misunderstandings or practical complexities	25%	13%	25%	38%	63%

Average of sum of large extent + fully = 73%

Q4 DR2-GR 4 Key drivers of the value creation (2/2)

TOO MANY DR/TOO GRANULAR/COMPLEXITY/COST-BENEFITS

- Use sectors reported in financial reporting, eg. under IFRS 8
- Merge GR 2, 3 and 4 and DR SBM 1, 2, 3 and IRO 1, 2 and 3 (redundancies)
- Granularity of revenue and headcount by sector and country.

INFORMATION IS MISSING

- More information on the main clients and/ or main providers, especially for B-to- B companies. This would enable to better analyse risks related for instance to the over-importance of a client and / or a provider in the undertaking business model.

OTHER

- The description of sectors and sub-activities across the value chain of a given sector is not always consensual even among peers so this might prove difficult to standardise it through a digital reporting taxonomy.
- It should be possible to select automatically the sector allocation, in order to ensure comparability

Q5 DR2-GR 5 Using approximations on the disclosure in relation to boundary and value chain (1/2)

	Not at all	Limited	Large extent	Fully	Σ of Large and Fully
A. Requires relevant information about the sustainability matter covered	7%	21%	29%	43%	71%
B. Requires information that is relevant for all sectors (sector agnostic only information)	0%	23%	38%	38%	77%
C. Can be verified / assured	0%	23%	46%	31%	77%
D. Meets the other objectives of the CSRD in term of quality of information	0%	36%	27%	36%	64%
E. Reaches a reasonable cost / benefit balance	0%	25%	17%	58%	75%
F. Is sufficiently consistent with relevant EU policies and other EU legislation	0%	25%	25%	50%	75%
G. Is as aligned as possible to international sustainability standards given the CSRD requirements	14%	29%	43%	14%	57%
H. Represent information that must be prioritised in first year of implementation	18%	18%	27%	36%	64%
I. Is well suited to be transformed in a digital reporting taxonomy that will avoid creating misunderstandings or practical complexities	18%	18%	27%	36%	64%

Average of sum of large extent + fully = 69%

Q5 DR2-GR 5 Using approximations on the disclosure in relation to boundary and value chain (2/2)

TOO MANY/TOO GRANULAR/COMPLEXITY/COST-BENEFITS

- If data is not sufficient, companies should not at all disclose
- GR 5 to 10 : combine in only one DR / There's room for simplification on GR10
- 30 (b) not necessary/very formal/already covered in ESRS 1 and GR8.
- Auditors lacking knowledge - difficulties assessing reasonable approximations
- Information on data limitations shall be required at level of specific issue (scope 3 limitations to be disclosed together with scope 3 information) not centrally
- It is important to specify the margin of error of an indicator but no need to require a statement. Burdensome and superficial to ask for a dedicated DR.

OTHER

- Credibility of proxies is key and should be verified by affected stakeholders
- All these DR should be located just after GR 1 which is also a general reporting requirement. Then the substance ones will come on activities presentation and new SBM1 and 2.

SUPPORT FOR THE PROPOSALS: Companies need to report on the IROs across their entire value chain; the CSDDD, in fact, expects the CSRD and ESRS to provide a framework for due-diligence related disclosures.

Q6 DR2-GR 6 Disclosing on significant estimation uncertainty (1/2)

	Not at all	Limited	Large extent	Fully	Σ of Large and Fully
A. Requires relevant information about the sustainability matter covered	8%	23%	15%	54%	69%
B. Requires information that is relevant for all sectors (sector agnostic only information)	0%	23%	23%	54%	77%
C. Can be verified / assured	0%	23%	23%	54%	77%
D. Meets the other objectives of the CSRD in term of quality of information	0%	27%	9%	64%	73%
E. Reaches a reasonable cost / benefit balance	8%	25%	8%	58%	67%
F. Is sufficiently consistent with relevant EU policies and other EU legislation	0%	29%	29%	43%	71%
G. Is as aligned as possible to international sustainability standards given the CSRD requirements	14%	29%	29%	29%	57%
H. Represent information that must be prioritised in first year of implementation	17%	25%	8%	50%	58%
I. Is well suited to be transformed in a digital reporting taxonomy that will avoid creating misunderstandings or practical complexities	10%	30%	10%	50%	60%

Average of sum of large extent + fully = 68%

Q6 DR2-GR 6 Disclosing on significant estimation uncertainty (2/2)

TOO MANY DR/TOO GRANULAR/COMPLEXITY/COST-BENEFITS

- Requires deep scientific and statistical knowledge and will therefore impose significant challenge to companies, w/o adding value to most readers. Should be simplified.

Q7 DR2-GR 7 Changes in preparation and presentation (1/2)

	Not at all	Limited	Large extent	Fully	Σ of Large and Fully
A. Requires relevant information about the sustainability matter covered	8%	15%	15%	62%	77%
B. Requires information that is relevant for all sectors (sector agnostic only information)	0%	15%	15%	69%	85%
C. Can be verified / assured	0%	15%	23%	62%	85%
D. Meets the other objectives of the CSRD in term of quality of information	0%	20%	10%	70%	80%
E. Reaches a reasonable cost / benefit balance	0%	17%	17%	67%	83%
F. Is sufficiently consistent with relevant EU policies and other EU legislation	0%	22%	33%	44%	78%
G. Is as aligned as possible to international sustainability standards given the CSRD requirements	14%	29%	14%	43%	57%
H. Represent information that must be prioritised in first year of implementation	17%	25%	8%	50%	58%
I. Is well suited to be transformed in a digital reporting taxonomy that will avoid creating misunderstandings or practical complexities	11%	22%	11%	56%	67%

Average of sum of large extent + fully = 74%

Q7 DR2-GR 7 Changes in preparation and presentation (2/2)

TOO MUCH/TOO GRANULAR/COMPLEXITY/COST-BENEFITS

- Requires deep scientific and statistical knowledge and will therefore impose significant challenge to companies, w/o adding value to most readers. Should be simplified.

SUPPORT FOR THE PROPOSAL

- Changes of reporting scopes (especially when including or excluding some countries or entities of operation) and of methodology is one of the main challenges for reporting users / analysis of data.

PRIORITISATION

- Having a consistent scope of reporting and consistent over time is particularly important : if not prioritised in the first year of implementation, it could be prioritised in the second year of implementation.

Q8 DR2-GR 8 Prior period errors (1/2)

	Not at all	Limited	Large extent	Fully	Σ of Large and Fully
A. Requires relevant information about the sustainability matter covered	8%	8%	25%	58%	83%
B. Requires information that is relevant for all sectors (sector agnostic only information)	0%	8%	17%	75%	92%
C. Can be verified / assured	0%	9%	36%	55%	91%
D. Meets the other objectives of the CSRD in term of quality of information	0%	11%	22%	67%	89%
E. Reaches a reasonable cost / benefit balance	0%	9%	18%	73%	91%
F. Is sufficiently consistent with relevant EU policies and other EU legislation	0%	14%	14%	71%	86%
G. Is as aligned as possible to international sustainability standards given the CSRD requirements	17%	17%	17%	50%	67%
H. Represent information that must be prioritised in first year of implementation	11%	22%	11%	56%	67%
I. Is well suited to be transformed in a digital reporting taxonomy that will avoid creating misunderstandings or practical complexities	11%	11%	22%	56%	78%

Average of sum of large extent + fully = 83%

Q8 DR2-GR 8 Prior period errors (2/2)

OTHER

- Corrections should be limited to prior 2 years and - if applicable - base year of targets.
- Information should not be required centrally; there should be a disclosure principle that requires information on prior period errors etc. under the specific disclosure requirement to which the issue applies (e.g. scope 3 error to be disclosed together with scope 3 information, not centrally with other information). I.e. DR should be removed and be a principle in ESRS 1 only – this would be more aligned with ISSB approach.

Q9 DR2-GR 9 On other sustainability reporting pronouncements (1/2)

	Not at all	Limited	Large extent	Fully	Σ of Large and Fully
A. Requires relevant information about the sustainability matter covered	0%	11%	22%	67%	89%
B. Requires information that is relevant for all sectors (sector agnostic only information)	0%	10%	30%	60%	90%
C. Can be verified / assured	9%	9%	18%	64%	82%
D. Meets the other objectives of the CSRD in term of quality of information	0%	14%	29%	57%	86%
E. Reaches a reasonable cost / benefit balance	0%	8%	25%	67%	92%
F. Is sufficiently consistent with relevant EU policies and other EU legislation	0%	14%	29%	57%	86%
G. Is as aligned as possible to international sustainability standards given the CSRD requirements	0%	17%	50%	33%	83%
H. Represent information that must be prioritised in first year of implementation	10%	20%	30%	40%	70%
I. Is well suited to be transformed in a digital reporting taxonomy that will avoid creating misunderstandings or practical complexities	0%	13%	25%	63%	88%

Average of sum of large extent + fully = 85%

Q9 DR2-GR 9 On other sustainability reporting pronouncements (2/2)

COMPARISON TO OTHER FRAMEWORKS

- E ESRS will only be a benefit to companies, if legacy frameworks are replaced. Persistent referencing keeps them alive.
- Disclosing / making explicit what are the different reporting frameworks used is an information that is useful for analysts and quick to disclose for the company
- It fully depends on what other sustainability reporting pronouncements a given undertaking is subject to; some may be audited, some not.

Q10 DR2-GR 10 General statement of compliance

	Not at all	Limited	Large extent	Fully	Σ of Large and Fully
A. Requires relevant information about the sustainability matter covered	10%	20%	10%	60%	70%
B. Requires information that is relevant for all sectors (sector agnostic only information)	0%	27%	18%	55%	73%
C. Can be verified / assured	0%	20%	10%	70%	80%
D. Meets the other objectives of the CSRD in term of quality of information	0%	22%	22%	56%	78%
E. Reaches a reasonable cost / benefit balance	0%	20%	10%	70%	80%
F. Is sufficiently consistent with relevant EU policies and other EU legislation	0%	13%	25%	63%	88%
G. Is as aligned as possible to international sustainability standards given the CSRD requirements	0%	14%	14%	71%	86%
H. Represent information that must be prioritised in first year of implementation	11%	11%	22%	56%	78%
I. Is well suited to be transformed in a digital reporting taxonomy that will avoid creating misunderstandings or practical complexities	0%	11%	11%	78%	89%

Average of sum of large extent + fully = 80%

Q10 DR2-GR 10 General statement of compliance (2/2)

OTHER PROPOSALS

- Not sure to understand the utility of this type of compliance statement. As long as it is clear that the undertaking reports to comply with ESRS we see no need to add compliance statements.
- There's room for simplification on GR10. The generic DR on compliance are too long compared to the DR on sustainability substance. It seems that this part has been drafted by reporting experts rather than by sustainability experts.
- The requirements in 30 (b) on an entity-specific level might not be necessary. It is already covered in ESRS 1 and GR8. Paragraph 30 (b) i) is very formal.
- Par. 30(b) should be removed as (b)(i) is implied by (a)(i), (b)(ii) is covered by DR ESRS 2-IRO1 and par. 30(iii) would be covered by DRs ESRS 2-GR 5-8.

Q11 DR2-SBM 1 Overview of strategy and business model

	Not at all	Limited	Large extent	Fully	Σ of Large and Fully
A. Requires relevant information about the sustainability matter covered	8%	0%	31%	62%	92%
B. Requires information that is relevant for all sectors (sector agnostic only information)	0%	7%	21%	71%	93%
C. Can be verified / assured	7%	14%	36%	43%	79%
D. Meets the other objectives of the CSRD in term of quality of information	8%	8%	31%	54%	85%
E. Reaches a reasonable cost / benefit balance	7%	21%	14%	57%	71%
F. Is sufficiently consistent with relevant EU policies and other EU legislation	11%	0%	44%	44%	89%
G. Is as aligned as possible to international sustainability standards given the CSRD requirements	10%	10%	40%	40%	80%
H. Represent information that must be prioritised in first year of implementation	0%	7%	29%	64%	93%
I. Is well suited to be transformed in a digital reporting taxonomy that will avoid creating misunderstandings or practical complexities	18%	27%	18%	36%	55%

Average of sum of large extent + fully = 82%

Q11 DR2-SBM 1 Overview of strategy and business model

CONNECTIVITY

- Should be integrated with information given in financial reporting, rather than creating redundancy.
- Does not pursue idea of integrated reporting.

DIGITALIZATION

- Narrative approach, hard to use digitally

OTHER

- May result in some boilerplate information.

TOO MANY DR/GRANULARITY/COMPLEXITY/COST-BENEFIT

- Requirements of 2-GR 4 should be reported within 2-SBM 1.
- Should not be too granular;
- Overlap with indicators describing the general characteristics and business context (DR 2 GR1, DR 2 GR2 and DR 2 GR 3). The integration of sustainability matters in the business model could be considered directly when describing the business model on a factual basis.

Q11 DR2-SBM 1 Overview of strategy and business model

PROPOSAL

Make a clear distinction between the two ideas in the text by creating SBM1 on business model and SBM 2 on Strategy.

- b. Merge GR 3 and GR 4 into SBM 1 as they are part of the business model:
 - i. Value chain description (GR 3) and value creation drivers (GR 4) should be grouped into one part, called description of Business Model. Par 20 should describe first the value proposition for clients (what benefit for which customer groups) as well as for the other stakeholders and where and how the margin is generated (IFRS 8: margin by operating segment).
 - ii. This part of the Business model should also include the split of revenue by stakeholders (suppliers, employees, shareholders, tax paid to States, etc.).
- c. Modify SBM 1 and declare clearly what is expected from the undertakings in the description of the general strategy (suggested alternative text see point 4).

Suggested alternative text for old SBM 1:

Disclosure Requirement 2-SBM 2 – Description of the undertaking’s general strategy

X1. An undertaking shall describe and explain its general strategy as context to its sustainability-related reporting.

Q11 DR2-SBM 1 Overview of strategy and business model

X2. The principle to be followed under this Disclosure Requirement is to provide an understanding of the general strategy the undertaking pursues to create value over time.

X3. The disclosure required by paragraph X1 shall include the following information:

(a) An analysis of the key evolutions the undertaking is facing in relation to regulations, technologies, market demand, society, etc.

(b) An overview of the undertaking's strategic priorities addressing these evolutions, including how to seize market opportunities and manage risks, in particular related to sustainability matters that are monitored by the highest governance bodies, if any.

(c) A presentation of the strategic objectives of the undertaking with their time horizon including those that are related to strategic sustainability targets if any.

X4. If the undertaking presents its general strategy elsewhere in the management report, it can thus give a reference table in the sustainability statement and address only the sustainability-related matters that are not mentioned in the other part.

Q12 DR 2-SBM 2 Views, interests and expectations of stakeholders

	Not at all	Limited	Large extent	Fully	Σ of Large and Fully
A. Requires relevant information about the sustainability matter covered	18%	9%	45%	27%	73%
B. Requires information that is relevant for all sectors (sector agnostic only information)	8%	8%	42%	42%	83%
C. Can be verified / assured	33%	0%	33%	33%	67%
D. Meets the other objectives of the CSRD in term of quality of information	18%	9%	36%	36%	73%
E. Reaches a reasonable cost / benefit balance	17%	8%	25%	50%	75%
F. Is sufficiently consistent with relevant EU policies and other EU legislation	17%	0%	50%	33%	83%
G. Is as aligned as possible to international sustainability standards given the CSRD requirements	13%	13%	50%	25%	75%
H. Represent information that must be prioritised in first year of implementation	8%	8%	33%	50%	83%
I. Is well suited to be transformed in a digital reporting taxonomy that will avoid creating misunderstandings or practical complexities	36%	9%	36%	18%	55%

Average of sum of large extent + fully = 74%

DR 2-SBM 2 Views, interests and expectations of stakeholders (2/3)

MISSING INFORMATION

- More examples and explanation of stakeholders is needed, for example for stakeholders in the supply chain.
- Either the body of the DR or the AG should specify that workers' representatives are one of the stakeholders who should be consulted and reported on

DIGITISATION

- Pure narrative, hard to use in digital contexts.

EU LEGISLATION

- AG30 and particularly AG 30 (c) are too detailed and go far beyond the EU regulations. The strategy should not be defined by stakeholders but by the undertaking's governance. This text is not consistent with CSRD.

DR 2-SBM 2 Views, interests and expectations of stakeholders (3/3)

MISSING GUIDANCE

- can the undertaking consider a category of stakeholders as more "material" or "relevant" than others?

TOO MANY DRS/GRANULARITY/COMPLEXITY/COST-BENEFITS

- Information to be provided under DR 2-SBM 2 is artificial and it will bring no added value to the report. It is redundant, as more appropriate is information reported under 2-GOV 2 and 2-GOV 3.
- Should not be too granular; likely redundant to information provided elsewhere as many DRs require information on how stakeholders were involved (e.g. on different policies), integrated reporting must be possible for such overarching information. Duplications must be avoided.
- While it would be an interesting exercise for an undertaking to map what are the views, interests and expectations of its stakeholders, this disclosure requirement poses several challenges which may compromise the production of interesting information: expressing the views and expectations of stakeholders is challenging and we doubt that meaningful sustainability information will be obtained through this DR.

Q13: SBM 3 Interaction of impacts and the undertaking' strategy and business model

	Not at all	Limited	Large extent	Fully	Σ of Large and Fully
A. Requires relevant information about the sustainability matter covered	0%	8%	46%	46%	92%
B. Requires information that is relevant for all sectors (sector agnostic only information)	0%	8%	42%	50%	92%
C. Can be verified / assured	0%	23%	54%	23%	77%
D. Meets the other objectives of the CSRD in term of quality of information	0%	17%	33%	50%	83%
E. Reaches a reasonable cost / benefit balance	0%	31%	23%	46%	69%
F. Is sufficiently consistent with relevant EU policies and other EU legislation	0%	13%	38%	50%	88%
G. Is as aligned as possible to international sustainability standards given the CSRD requirements	0%	29%	43%	29%	71%
H. Represent information that must be prioritised in first year of implementation	8%	15%	31%	46%	77%
I. Is well suited to be transformed in a digital reporting taxonomy that will avoid creating misunderstandings or practical complexities	20%	10%	40%	30%	70%

Average of sum of large extent + fully = 80%

Q13: SBM 3 Interaction of impacts and the undertaking' strategy and business model (2/2)

MISSING GUIDANCE

- Examples would help to clarify this DR.
- Unclear how DR should be applied in practice.

PROPOSALS

- Should not be too granular, i.e. by no means at risk or opportunity-level and should not be reported in a central place, but under the topical standards to which the RO relates.
- While the interaction of business model with sustainability matters is very important, DR 2 SBM 3 and SBM 4 are extremely repetitive with and not sufficiently distinct from DR 2 - IRO 2 and DR 2 IRO 3. The nuance between the two does not seem sufficient to justify this duplication of disclosure requirements. We suggest to reorganise general requirements (GR), sustainability business model (SBM) and description of impacts risks and opportunities (IRO) into 1 or 2 sections to simplify the DRs and make them more readable / usable for users.
- Regarding the number of interactions between SBM and material impacts, should interactions be disclosed for all material IROs or only for those with strategic significance? I would suggest only for the ones monitored by the governance.

Q14: DR2-SBM 4 Interaction of risks and opportunities and the undertakings' strategy and business model

	Not at all	Limited	Large extent	Fully	Σ of Large and Fully
A. Requires relevant information about the sustainability matter covered	0%	8%	46%	46%	92%
B. Requires information that is relevant for all sectors (sector agnostic only information)	0%	8%	38%	54%	92%
C. Can be verified / assured	0%	23%	31%	46%	77%
D. Meets the other objectives of the CSRD in term of quality of information	0%	17%	33%	50%	83%
E. Reaches a reasonable cost / benefit balance	0%	38%	23%	38%	62%
F. Is sufficiently consistent with relevant EU policies and other EU legislation	0%	11%	44%	44%	89%
G. Is as aligned as possible to international sustainability standards given the CSRD requirements	0%	22%	44%	33%	78%
H. Represent information that must be prioritised in first year of implementation	8%	15%	31%	46%	77%
I. Is well suited to be transformed in a digital reporting taxonomy that will avoid creating misunderstandings or practical complexities	18%	9%	27%	45%	73%

Average of sum of large extent + fully = 80%

Q14: DR2-SBM 4 Interaction of risks and opportunities and the undertakings' strategy and business model (2/2)

MISSING GUIDANCE

- Examples would help to clarify this DR.
- Unclear how DR should be applied in practice.

OTHER

- Disclosure of opportunities may disadvantage companies in international competition

PROPOSALS

- Should not be too granular, i.e. by no means at risk or opportunity-level and should not be reported in a central place, but under the topical standards to which the RO relates.
- While the interaction of business model with sustainability matters is very important, DR 2 SBM 3 and SBM 4 are extremely repetitive with and not sufficiently distinct from DR 2 - IRO 2 and DR 2 IRO 3. The nuance between the two does not seem sufficient to justify this duplication of disclosure requirements. We suggest to reorganise general requirements (GR), sustainability business model (SBM) and description of impacts risks and opportunities (IRO) into 1 or 2 sections to simplify the DRs and make them more readable / usable for users.
- Regarding the number of interactions between SBM and material impacts, should interactions be disclosed for all material IROs or only for those with strategic significance? I would suggest only for the ones monitored by the governance.

Q15: DR2-GOV 1: Roles and responsibilities of the administrative, management and supervisory bodies

	Not at all	Limited	Large extent	Fully	Σ of Large and Fully
A. Requires relevant information about the sustainability matter covered	0%	8%	42%	50%	92%
B. Requires information that is relevant for all sectors (sector agnostic only information)	0%	8%	23%	69%	92%
C. Can be verified / assured	0%	23%	31%	46%	77%
D. Meets the other objectives of the CSRD in term of quality of information	0%	18%	18%	64%	82%
E. Reaches a reasonable cost / benefit balance	0%	23%	31%	46%	77%
F. Is sufficiently consistent with relevant EU policies and other EU legislation	0%	25%	38%	38%	75%
G. Is as aligned as possible to international sustainability standards given the CSRD requirements	0%	25%	25%	50%	75%
H. Represent information that must be prioritised in first year of implementation	0%	8%	31%	62%	92%
I. Is well suited to be transformed in a digital reporting taxonomy that will avoid creating misunderstandings or practical complexities	9%	27%	45%	18%	64%

Average of sum of large extent + fully = 81%

Q15: DR2-GOV 1: Roles and responsibilities of the administrative, management and supervisory bodies (2/2)

DIGITISATION

- Narratives are less suitable for digital

PROPOSALS

- 52 (a) and (b) could be merged into one single point since they both relate to the overall description of the administrative, management, and supervisory bodies. Mandates should include precision on information, consultation, or decision levels (AG 44).
- 52 (c) needs to be simplified and let open. I suggest deleting the trainings and educational initiatives. Suggested text: “description of expertise in relation to its sustainability IROs that the administrative, management, and supervisory bodies, and its individual members, possess, or have access to”.
- 52 (d) is very demanding for the undertakings. This should rather be a suggestion of how to improve the expertise of the board with training and other initiatives other than a mandatory requirement. While this type of disclosure requirement will drive undertakings to document the type of sustainability issues they might discuss, this very descriptive DR always bear the risk to provide superficial and ‘reconstituted information’ that does not reflect the real level of attention given by supervisory bodies to sustainability matters.
- I prefer the "highest governing body" wording, or governance body as in IFRS

Q16: DR2-GOV 2 Information of administrative, management and supervisory bodies about sustainability matters

	Not at all	Limited	Large extent	Fully	Σ of Large and Fully
A. Requires relevant information about the sustainability matter covered	8%	0%	42%	50%	92%
B. Requires information that is relevant for all sectors (sector agnostic only information)	0%	8%	38%	54%	92%
C. Can be verified / assured	8%	15%	38%	38%	77%
D. Meets the other objectives of the CSRD in term of quality of information	8%	8%	33%	50%	83%
E. Reaches a reasonable cost / benefit balance	8%	8%	42%	42%	83%
F. Is sufficiently consistent with relevant EU policies and other EU legislation	14%	0%	43%	43%	86%
G. Is as aligned as possible to international sustainability standards given the CSRD requirements	14%	0%	57%	29%	86%
H. Represent information that must be prioritised in first year of implementation	0%	23%	31%	46%	77%
I. Is well suited to be transformed in a digital reporting taxonomy that will avoid creating misunderstandings or practical complexities	44%	0%	33%	22%	56%

Average of sum of large extent + fully = 81%

Q16: DR2-GOV 2 Information of administrative, management and supervisory bodies about sustainability matters (2/2)

DIGITISATION

- Narratives are less suitable for digital

TOO MANY DRS/GRANULARITY/COMPLEXITY/COST-BENEFITS

- While this type of disclosure requirement will drive undertakings to document the type of sustainability issues they might discuss, this type of very descriptive disclosure requirement always bear the risk to provide superficial and 'reconstituted information' that does not reflect the real level of attention given by supervisory bodies to sustainability matters.
- GOV 2 should be merged with GOV 1 and/or GOV 3.

Q17: DR2-GOV 3 Sustainability matters addressed by the undertaking's administrative, management and supervisory bodies

	Not at all	Limited	Large extent	Fully	Σ of Large and Fully
A. Requires relevant information about the sustainability matter covered	0%	0%	50%	50%	100%
B. Requires information that is relevant for all sectors (sector agnostic only information)	0%	8%	38%	54%	92%
C. Can be verified / assured	0%	23%	23%	54%	77%
D. Meets the other objectives of the CSRD in term of quality of information	17%	8%	17%	58%	75%
E. Reaches a reasonable cost / benefit balance	15%	8%	23%	54%	77%
F. Is sufficiently consistent with relevant EU policies and other EU legislation	11%	0%	33%	56%	89%
G. Is as aligned as possible to international sustainability standards given the CSRD requirements	11%	0%	33%	56%	89%
H. Represent information that must be prioritised in first year of implementation	17%	8%	17%	58%	75%
I. Is well suited to be transformed in a digital reporting taxonomy that will avoid creating misunderstandings or practical complexities	20%	20%	10%	50%	60%

Average of sum of large extent + fully = 82%

Q17: DR2-GOV 3 Sustainability matters addressed by the undertaking's administrative, management and supervisory bodies (2/2)

TOO MANY DRS/GRANULARITY/COMPLEXITY/COST-BENEFITS

- Will lead to unspecific general statements.
- While this type of disclosure requirement will drive undertakings to document the type of sustainability issues they might discuss, this type of very descriptive disclosure requirement always bear the risk to provide superficial and 'reconstituted information' that does not reflect the real level of attention given by supervisory bodies to sustainability matters.
- Information is confidential (e.g. would require BoM meeting minutes, etc.).

Q18: DR2-GOV 4 Integration of sustainability strategies and performance in incentive schemes

	Not at all	Limited	Large extent	Fully	Σ of Large and Fully
A. Requires relevant information about the sustainability matter covered	0%	0%	45%	55%	100%
B. Requires information that is relevant for all sectors (sector agnostic only information)	0%	0%	50%	50%	100%
C. Can be verified / assured	0%	0%	42%	58%	100%
D. Meets the other objectives of the CSRD in term of quality of information	0%	0%	55%	45%	100%
E. Reaches a reasonable cost / benefit balance	0%	0%	42%	58%	100%
F. Is sufficiently consistent with relevant EU policies and other EU legislation	0%	0%	57%	43%	100%
G. Is as aligned as possible to international sustainability standards given the CSRD requirements	0%	0%	43%	57%	100%
H. Represent information that must be prioritised in first year of implementation	8%	8%	42%	42%	83%
I. Is well suited to be transformed in a digital reporting taxonomy that will avoid creating misunderstandings or practical complexities	33%	0%	22%	44%	67%

Average of sum of large extent + fully = 94%

Q18: DR2-GOV 4 Integration of sustainability strategies and performance in incentive schemes (2/2)

PROPOSALS

- This is an important issue for which factual data can prove interesting. In order to provide information of quality / meaningful information, it would be worth requiring more details on the ponderation of sustainability criteria in the remuneration policy and to disclose for the incentives the related performance criteria. Justification of level of achievement of performance criteria should be provided to justify sustainability-related bonuses -here or somewhere else in the management / sustainability report.

DIGITISATION

- Expected to be largely narrative, not ideal for digital reporting

TOO MANY DRS/GRANULARITY/COMPLEXITY/COST-BENEFITS

- It is quite granular
- There may be an overlap with DR6 of ESRS G1 – governance-related requirements need to be streamlined

Q19: DR2-GOV 5 Integration of sustainability strategies and performance in incentive schemes (1/2)

	Not at all	Limited	Large extent	Fully	Σ of Large and Fully
A. Requires relevant information about the sustainability matter covered	0%	18%	27%	55%	82%
B. Requires information that is relevant for all sectors (sector agnostic only information)	0%	17%	25%	58%	83%
C. Can be verified / assured	0%	36%	18%	45%	64%
D. Meets the other objectives of the CSRD in term of quality of information	0%	10%	30%	60%	90%
E. Reaches a reasonable cost / benefit balance	0%	33%	17%	50%	67%
F. Is sufficiently consistent with relevant EU policies and other EU legislation	13%	13%	25%	50%	75%
G. Is as aligned as possible to international sustainability standards given the CSRD requirements	0%	20%	20%	60%	80%
H. Represent information that must be prioritised in first year of implementation	17%	17%	25%	42%	67%
I. Is well suited to be transformed in a digital reporting taxonomy that will avoid creating misunderstandings or practical complexities	33%	0%	22%	44%	67%

Average of sum of large extent + fully = 75%

Q19: DR2-GOV 5 Integration of sustainability strategies and performance in incentive schemes (2/2)

PROPOSALS

- Information on due diligence should be disclosed together with information on risks mapping and management.
- Overall, information on governance (ESRS G1 and potentially G2) could be simplified and reintegrated within ESRS 2 as a cross-cutting issue, rather than a topical sustainability issue. Especially in a context of double materiality : governance does not correspond to a positive or adverse impact (such as E and S topics) it is rather an "enabler" and should be considered as such with ESRS 2 disclosure requirements.
- DR of ESRS2-GOV 5 should be a placeholder until the CSDDD applies – then, for CSDDD companies, a statement of compliance is sufficient, for other companies, further details may be needed.

TOO MANY DRS/GRANULARITY/COMPLEXITY/COST-BENEFITS

- Purpose of requirement unclear and unspecific, going beyond previous requirements and regulations. Largely narrative, not suited for digital reporting
- DR2-GOV5 together with ESRS 1 does already seem to cross the fine line between only being a reporting requirement and requiring compliance with an underlying duty, which is not the role of the ESRS.

Q20: DR2-IRO 1 Description of the processes to identify material sustainability impacts, risks and opportunities (1/2)

	Not at all	Limited	Large extent	Fully	Σ of Large and Fully
A. Requires relevant information about the sustainability matter covered	9%	9%	36%	45%	82%
B. Requires information that is relevant for all sectors (sector agnostic only information)	8%	0%	33%	58%	92%
C. Can be verified / assured	0%	17%	42%	42%	83%
D. Meets the other objectives of the CSRD in term of quality of information	9%	9%	45%	36%	82%
E. Reaches a reasonable cost / benefit balance	8%	17%	42%	33%	75%
F. Is sufficiently consistent with relevant EU policies and other EU legislation	0%	13%	38%	50%	88%
G. Is as aligned as possible to international sustainability standards given the CSRD requirements	11%	11%	33%	44%	78%
H. Represent information that must be prioritised in first year of implementation	8%	0%	42%	50%	92%
I. Is well suited to be transformed in a digital reporting taxonomy that will avoid creating misunderstandings or practical complexities	40%	10%	30%	20%	50%

Average of sum of large extent + fully = 80%

Q20: DR2-IRO 1 Description of the processes to identify material sustainability impacts, risks and opportunities (2/2)

TOO MANY DRS/GRANULARITY/COMPLEXITY/COST-BENEFITS

- Having a quick result of the undertaking's (double) materiality assessment and rebuttable presumptions on ESRS is already extremely valuable. Information about the process is not useful. In addition, most of the time this requires the undertaking to artificially constitute a process for the reporting, which is extremely burdensome. Is there really a need to maintain this DR?
- The DR for IRO 1 is acceptable but the AGs are too numerous without added value in some cases. For instance, AG 63 (see quoted below) is less precise than paragraph 74b.
 - "AG 63. The undertaking shall describe the methodologies adopted and the processes implemented for the assessment of material sustainability impacts, risks and opportunities as required by paragraph 74 (b)."
 - There are 16 AGs in appendix B and 17 times the word "shall". A cleaning and simplification of the 16 AGs is needed.

Q21: DR2-IRO 2 Outcome of the undertaking's assessment of material sustainability impacts risks and opportunities as identified by reference to and in compliance with sector-agnostic and sector-specific level ESRS

	Not at all	Limited	Large extent	Fully	Σ of Large and Fully
A. Requires relevant information about the sustainability matter covered	0%	0%	45%	55%	100%
B. Requires information that is relevant for all sectors (sector agnostic only information)	0%	0%	33%	67%	100%
C. Can be verified / assured	0%	0%	58%	42%	100%
D. Meets the other objectives of the CSRD in term of quality of information	0%	0%	45%	55%	100%
E. Reaches a reasonable cost / benefit balance	8%	8%	50%	33%	83%
F. Is sufficiently consistent with relevant EU policies and other EU legislation	0%	0%	71%	29%	100%
G. Is as aligned as possible to international sustainability standards given the CSRD requirements	0%	13%	63%	25%	88%
H. Represent information that must be prioritised in first year of implementation	0%	0%	36%	64%	100%
I. Is well suited to be transformed in a digital reporting taxonomy that will avoid creating misunderstandings or practical complexities	10%	10%	50%	30%	80%

Average of sum of large extent + fully = 95%

Q21: DR2-IRO 2 Outcome of the undertaking's assessment of material sustainability impacts risks and opportunities as identified by reference to and in compliance with sector-agnostic and sector-specific level ESRS (2/3)

TOO MANY DRS/GRANULARITY/COMPLEXITY/COST-BENEFITS

- E - Rebuttable presumption approach will cause significant reporting overhead and overreporting, diluting relevance.
- There is a lot of overlapping among 76 ii), SBM 3 and 4, 77 (b), and IRO 1. I suggest that 77b be deleted.
- It should not be mandatory for undertakings to report on non-material issues i.e. justify why topics or group of disclosure requirements for a specific ESRS, are not material. This is not the case for financial reporting. The materiality assessment and the process behind it will be verified by third-party, and that should be enough to conclude that all material topics have been reported.

PROPOSALS

- The DRs IRO-2 and IRO-3 of ESRS 2 would require centralized disclosure of IROs across topics, which would lead to a significant need for cross-referencing when policies, targets, action plans and performance measures related to those IROs are separately disclosed under the topical standards, creating fragmentation and complexity.

Q21: DR2-IRO 2 Outcome of the undertaking's assessment of material sustainability impacts risks and opportunities as identified by reference to and in compliance with sector-agnostic and sector-specific level ESRS (3/3)

SUPPORT FOR THE PROPOSAL

- The result of the materiality assessment and application of the rebuttable presumption are extremely important. The last should be justified with a few factual elements and figures to explain why a topical issue may not be material.
- In addition this would be extremely useful to understand the location of these impacts, risks and opportunities across the undertaking's internal organisation: some affiliates might be much more concerned by some sustainability matters than others. Providing guidance on how to disclose the result of the materiality assessment would be in this regard really helpful. (This is much more important than the description of the assessment process, for which much more flexibility should be given to undertakings and which disclosure does not provide much valuable information).

Q22: DR2-IRO 3 Outcome of the undertaking's assessment of material sustainability impacts risks and opportunities as identified by reference to and in compliance with sector-agnostic and sector-specific level ESRS (1/2)

	Not at all	Limited	Large extent	Fully	Σ of Large and Fully
A. Requires relevant information about the sustainability matter covered	0%	9%	45%	45%	91%
B. Requires information that is relevant for all sectors (sector agnostic only information)	0%	0%	30%	70%	100%
C. Can be verified / assured	0%	9%	55%	36%	91%
D. Meets the other objectives of the CSRD in term of quality of information	0%	10%	50%	40%	90%
E. Reaches a reasonable cost / benefit balance	0%	18%	45%	36%	82%
F. Is sufficiently consistent with relevant EU policies and other EU legislation	0%	17%	50%	33%	83%
G. Is as aligned as possible to international sustainability standards given the CSRD requirements	0%	29%	29%	43%	71%
H. Represent information that must be prioritised in first year of implementation	0%	0%	18%	82%	100%
I. Is well suited to be transformed in a digital reporting taxonomy that will avoid creating misunderstandings or practical complexities	22%	11%	33%	33%	67%

Average of sum of large extent + fully = 86%

Q22: DR2-IRO 3 Outcome of the undertaking's assessment of material sustainability impacts risks and opportunities as identified by reference to and in compliance with sector-agnostic and sector-specific level ESRS (2/2)

TOO MANY DRS/GRANULARITY/COMPLEXITY/COST-BENEFITS

- Paragraph 80b is useless or redundant with SBM 3 and 4. It is also the purpose of the Implementation section to explain remediation actions. The 2 AGs are not very useful and do not bring more clarity.
- IRO-2 and IRO-3 of ESRS 2 would require centralized disclosure of IROs across topics, which would lead to significant cross-referencing when PTARP related to those IROs are separately disclosed, creating fragmentation and complexity.

PROPOSALS

- Should not have separate DRs for DR2 IRO 2 and DR2 IRO 3
- 2-IRO 3 should be combined with 2-IRO 2 (currently there is an option to report both DRs in conjunction, that should simply be the base rule; just one DR on the results of materiality assessment process).
- I suggest replacing IRO 3 with a simple paragraph stating that the same approach should be applied to entity specific level.



Wrap up and next steps

EXECUTIVE SUMMARY OF THE RESULTS (1/2)

KEY TOPICS

1. Inter-operability with ISSB
2. Materiality at sector agnostic/optimal number of total DRs/rebuttable presumptions
3. Value chain and approximation
4. Phase-in, application provisions

SIGNIFICANT TECHNICAL TOPICS/ RECURRING AREAS IN THE COMMENTS

1. European legislations (Q4)
2. 3 presentation options (Q8)
3. Connectivity (Q10 and Q12)
4. Incorporation by reference
5. Governance (presentation)
6. Definition of stakeholders/ need to define users ? 'material stakeholders'?
7. IRO: simplification of guidance?
8. Disaggregation: ESRS sector and/or IFRS 8? Country by country? Consistency across topics
9. Possible enhancements to DPs on PTAPR

EXECUTIVE SUMMARY OF THE RESULTS (2/2)

MISSING DATAPOINTS / ENHANCING CLARITY OF THE EDS/ MISSING GUIDELINES

1. SFDR: Linkage one to one with the DR: can this be done with a quick fix?
2. TEG members provided a list of suggestions
3. Qualitative characteristics (some points for improvements)

ESRS 2

1. - Is it possible to streamline GR5 to 10?
2. - SBM 1: overlaps with GR. Possible to streamline?
3. - SBM 3 and 4: overlaps with IRO: Possible to streamline?
4. - GR/SMB/IRO: possible to combine?

....ANYTHING ELSE OF SIGNIFICANT IMPORTANCE?

NEXT STEPS

- Inventory of the comments and possible approach to them
- Starting from the list of suggestions in this doc, elaborate a list of possible changes to be considered and will be shared with members in written and discussed at a future meeting
- List of guidelines that cannot be developed at this stage but will be considered in future amendments
- A proposal of markup will be developed



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