

Assessment of GRI comments

Background

- 1 GRI has participated to the preparation of EFRAG EDs as co-construction partner and has issued a document providing detailed feedback on the EDs.
- 2 The entire document is available at the following link:
<https://www.globalreporting.org/media/gsipjvy5/gri-s-submission-to-efrag-s-public-consultation-on-the-first-set-of-draft-esrs.pdf>

Objectives of this session

- 3 EFRAG SR TEG will discuss a proposal by the EFRS Secretariat on how to onboard in the final drafts the GRI comments, where appropriate.

Papers for this session

- 4 **Agenda Paper 03.02** – ESRS 1 and 2 - *tentative allocation of time: 30 mins*
- 5 **Agenda Paper 03.03** – ESRS S1 - *tentative allocation of time: 14 mins*
- 6 **Agenda Paper 03.04** – ESRS S2/3/4 - *tentative allocation of time: 8 mins*
- 7 **Agenda Paper 03.05** – Governance EDs - *tentative allocation of time: 8 mins*
- 8 **Agenda Paper 03.06** – Environment EDs – *tentative allocation of time: 30 mins*

Questions to SR TEG members – Agenda Paper 03.02 – ESRS 1 and 2

- 9 For item 4 (ESRS 1), do you agree to adjust the wording of impact materiality to the proposal of GRI? Please explain.
- 10 For item 1 (ESRS 2), do you agree with the GRI suggestion to move DR 7 (Characteristics of the Undertaking's Employees) and DR 8 Characteristics of non-employee workers in the undertaking's own workforce) from ESRS S1 to ESRS 2 due to their nature of basic information? Please also consider that the DRs located in ESRS 2 are not rebuttable (material in all circumstances).
- 11 Do you agree with the proposed course of actions identified for each of the items listed in the table in Agenda Paper 03.02? In particular, do you agree with the actions to foster alignment identified in green? And with the 'No Actions'? Please explain.
- 12 Do you have any other comment or suggestion to further enhance the alignment of the cross-cutting ESRS with GRI, not already identified in Agenda Paper 04.02?

Questions to SR TEG members – Agenda Paper 03.03 – ESRS S1 Own Workforce

- 13 For item 7, Disclosure Requirement S1-9 – Training and Skills Development Indicators. GRI suggests to disaggregate data by gender. Would you agree to this additional granularity and consider it justified from a cost/benefit perspective?
- 14 For item 8, Disclosure Requirement S1-10 – Coverage of the health and safety management system, GRI recommends further alignment with GRI 403-1 and GRI 403-8 (e.g., reporting absolute numbers along with percentages, reporting on the use of internal and external audit). Would you agree to include this additional datapoints and consider it justified from a cost/benefit perspective?
- 15 For item 9, Disclosure Requirement S1-11– Performance of the health and safety management system, GRI recommends further alignment with GRI 403-1 and GRI 403-8 (e.g., reporting absolute numbers along with percentages, reporting on the use of internal and external audit). Would you agree to include this additional datapoints and consider it justified from a cost/benefit perspective?
- 16 For item 10, do you agree that the DR working hours should remain optional? Please also consider that working hours is now an explicit requirement in the final CSRD text. Please explain.
- 17 For item 13, DR Social security eligibility coverage, GRI recommends to require a breakdown by type of coverage and access by type of worker, as one total percentage does not provide meaningful information. Would you agree include to this additional datapoints and consider it justified from a cost/benefit perspective?
- 18 Do you agree with the proposed course of actions identified for each of the items listed in the table in Agenda Paper 04.03? In particular, do you agree with the actions to foster alignment identified in green? And with the 'No Actions'? Please explain.
- 19 Do you have any other comment or suggestion to further enhance the alignment of the cross-cutting ESRS with GRI, not already identified in Agenda Paper 03.03?

Questions to SR TEG members – Agenda Paper 03.04 – ESRS S2/3/4

- 20 For item 2, Processes for engaging with value chain workers about impacts, GRI proposes that generic requirements for reporting on engagement be consolidated in ESRS 2, in order to avoid unnecessary duplication of these contents across the social standards and because this information is crucial and cannot be subjected to an organization's materiality assessment. To date ESRS 2
- 21 Do you agree with the proposed course of actions identified for each of the items listed in the table in Agenda Paper 03.04? In particular, do you agree with the actions to foster alignment identified in green? And with the 'No Actions'? Please explain.
- 22 Do you have any other comment or suggestion to further enhance the alignment of the cross-cutting ESRS with GRI, not already identified in Agenda Paper 03.03?

Questions to SR TEG members – Agenda Paper 03.05 – ESRS G1 and G2

- 23 For item 5 (G1), DR G2-5 – Anti-corruption and anti-bribery training, would you consider appropriate to align with GRI 205-2, which would mean publication of info about internal investigations, considering the concern expressed by some and shared by the EFRAG ESRS PTF that this could result in legal risk for undertakings? Please explain.
- 24 For item 1 (G2), GRI strongly recommends that disclosures on general policies and processes (e.g., whistleblowing) for responsible business conduct be moved into the cross-cutting standard ESRS 2, in line with GR's approach, as materiality judgements should not apply to these disclosures. Would you consider appropriate to align with this recommendation? Please explain.
- 25 For item 1 (G2), GRI further recommends that these disclosures be further aligned with the disclosures in the GRI Standards, which have been recently revised to be consistent with expectations in authoritative intergovernmental instruments. GRI proposes this ESRS be then limited to anti-corruption and anti-bribery and other practices and be renamed accordingly. Would you consider appropriate to align with this recommendation? Please explain.
- 26 Do you agree with the proposed course of actions identified for each of the items listed in the table in Agenda Paper 03.05? In particular, do you agree with the actions to foster alignment identified in green? And with the 'No Actions'? Please explain.
- 27 Do you have any other comment or suggestion to further enhance the alignment of the cross-cutting ESRS with GRI, not already identified in Agenda Paper 03.05?

Questions to SR TEG members – Agenda Paper 03.06 – ESRS Environment

- 28 For item 3 (E1 Climate change), GRI considers that there is a big overlap between Disclosure Requirements E1-1 and E1-4. And they think the two DRs can be merged. This architecture arises from the CSRD itself (having a separate DR for the transition plans serves to give prominence to it, as per the CSRD), but merging could also be considered. What are your views? Please explain.
- 29 For item 7 (E1 Climate change), GRI proposes to require reporting energy consumption outside of the reporting organization. This information is important to understand an organization's range of impacts related to energy consumption and is necessary in order to compile data on GHG emissions Scope 3. Though relevant, this type of information on value chain seems very granular for a first set of standards. Should energy consumption outside the reporting organization (value chain) be also required? Please explain.
- 30 For item 2 and 3 (E2 Pollution) GRI proposes adding the following requirements in the sector agnostic standard. Do you agree? Please explain:
- (a) the minimum standards set for the quality of effluent discharge, in line with GRI 303-2. This information is important to understand an organization's approach to water quality, in order to protect ecosystems, wildlife, and human health and welfare. Do you agree to add this requirement to the sector agnostic standard? Please explain.
 - (b) the proportion of water discharge that constitutes freshwater ($\leq 1,000$ mg/L Total Dissolved Solids), in line with GRI 303-4.
- 31 For item 4 (ESRS 4 Biodiversity) GRI suggests that by using the direct drivers approach proposed for Disclosure Requirement E4-5, Disclosure Requirements E4-5, E4-6, E4-7 and E 4-9 could be combined into one disclosure requirement focusing on drivers of biodiversity loss. Do you agree to combine DR 5, 6, 7 and 9? Please explain.
- 32 For item 6 (ESRS 5 Circular Economy) GRI recommends aligning Disclosure Requirement E5-6 more closely with the disclosures in GRI 306 which represent best practice for reporting on waste. The ED proposal was to have less granularity because this is a sector-agnostic measure. Detailed breakdown by composition can prove to be complex. Do you support the GRI proposal to align with GRI 306? Please explain
- 33 Do you agree with the proposed course of actions identified for each of the items listed in the table in Agenda Paper 03.06? In particular, do you agree with the actions to foster alignment identified in green? And with the 'No Actions'? Please explain.
- 34 Do you have any other comment or suggestion to further enhance the alignment of the cross-cutting ESRS with GRI, not already identified in Agenda Paper 03.06?