

**Appendix: *ESRS 1 Results and assessment of the consultation comments***

**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?**

n.	Comment	Type (Missing, Structure, DD, GEN, SBM, IRO ...)	Already in TEG survey/ISSB alignment/GRI alignment	EFRAG Secretariat comments	EFRAG Secretariat conclusion no action, no action for set 1, to be completed, Draft to be amended, ... (TBD not an option anymore)	Issue paper needed ? (yes, no, to be completed)
1	Out of scope of Set 1				no action	
2	More AG to be developed in the future				no action	
3	Due diligence: to be defined in line with international norms			a proposal will be discussed in the issue paper	to be aligned	Due diligence
4	Due diligence: move requirements from topical to CCS; clearer guidance on interconnectivity between CCS and topical standards			a proposal will be discussed in the issue paper	to be aligned	Due diligence
5	Executive compensation	missing DR	no	there are other EU legislation for this reporting area, remuneration is already addressed in ESRS 2	no action	no
6	Missing: DR for building consumer attitudes and awareness	missing DR	no	not an ESRS 1 issue; not explicitly required by CSRD	no action	no
7	Missing: supervision as a key factor in responsibility for sustainability implementation	missing DR	no	sufficiently addressed in ESRS 2 GOV	no action	no
8	Structure: Topical AG to CCS: IROs to be moved to CCS	structure	yes	they are specific to the topic, moving them to CCS would contradict the nature of CCS versus topical and further complexify ESRS 2	already identified	no
9	Structure: DR on IRO overlap with topical disclosure / centralised disclosure for topics	structure	yes	overlap to be removed	already identified	no
10	Structure: stakeholder engagement and grievance mechanism should be at CCS level	structure	no	to be considered as part of the discussion on the Due Diligence paper	to be aligned	Due diligence
11	Governance: move elements from G1/2 to ESRS 2	structure	yes	New CSRD reduces the scope of G1. Depending on how many DRs will remain in G1 opportunity to merge the rest of G1 with ESRS 2 (SR TEG initial opinions divided). G2 to stay as separate standard.	already identified	Architecture of the G standards
12	Missing: KPIs in social standards	missing DR	no	They will be addressed as part of the Sector Specific standards.	not an ESRS 1 issue	no
13	Structure: Move requirements from AG to text; no additional requirements in AG	structure	yes	the 'shall' datapoints in AG will be moved to the main body of the standard, subject to feasibility. Simplifications explored in the Detailed analysis.	already identified	no
14	Missing: appendix that maps DR with CSRD	missing appendix	no	Appendix to the Cover Note to the EDs to be updated (jointly with the BFC i.e. shortly after the deadline to deliver the Standards)	To be aligned	no
15	Architecture: more alignment with TCFD and ISSB needed	structure	yes	to be addressed after SRB/TEG decision	To be aligned	ISSB Alignment: Architecture
16	Too granular and extensive	granularity	yes	to be addressed after SRB/TEG decision	already identified	Detailed analysis at DR level per each standard
17	Too granular and extensive: some elements of the sector agnostic should be moved to sector specific	granularity	yes - ESRS 1, DG 31	to be addressed after SRB/TEG decision	already identified	Detailed analysis at DR level per each standard

**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?**

n.	Comment	Type (Missing, Structure, DD, GEN, SBM, IRO ...)	Already in TEG survey/ISSB alignment/GRI alignment	EFRAG Secretariat comments	EFRAG Secretariat conclusion no action, no action for set 1, to be completed, Draft to be amended, ... (TBD not an option anymore)	Issue paper needed ? (yes, no, to be completed)
18	Too granular and extensive: overlap of DR; same topics covered in different areas	granularity	yes	to be addressed after SRB/TEG decision	already identified	Detailed analysis at DR level per each standard
19	Clarification: how CCS interact with topical	structure	yes	fine tune for Disclosure Principles in ERS 1	already identified	no
20	Structure: split ERS 1 in Conceptual framework and Presentation standard,	structure	no	addressed moving DPs to ERS 2 as decided to facilitate ISSB alignment	to be aligned	ISSB Alignment: Architecture
21	Missing: An index of key terms & topics with indications of the standard/sections where DR can be found	missing appendix	no	only one comment; appendix for definition is sufficient; same as IFRS	no action	no
22	Architecture: only one layer (no CCS + topical)	structure	no	we received overall positive feedback on two layer approach	no action	no
23	Phase-in and prioritisation	phase-in	yes - ERS 1 - T14	already adressed	already identified	Detailed analysis at DR level per each standard
24	Align the text with the final CSRD	CSRD	yes - ERS 1 - T3; G8; G12	already adressed	no further action	CSRD Alignment
25	corporate governance: allow reference to the corporate governance statement to avoid duplication; not to separate other EU corporate governance disclosures from sustainability reporting	incorp. By reference	yes	already adressed	already identified	Incorporation by Reference
26	Social: ERS S3 and 4 not aligned with CSRD	CSRD	no	not an ERS 1 issue - it will be considered in discussing the S standards	no action	no
27	some DR drive behavior, this should be avoided	CSRD	no	too unspecific comment; not an ERS 1 issue; to be addressed in Q on individual DR	no action for ERS 1	no
28	Materiality assessment: reject rebuttable assumption approach	materiality	yes - see Qs on rebuttable presumption	see more specific question	topic in discussion at SR TEG and SRB	Materiality approach
29	triple-down effect to SME in value chain	value chain	yes - See Qs on value chain	already adressed	already identified	Value Chain and CBA
30	Structure: move some cross-cutting requirements from CCS to Topical	architecture	no	it will be discussed for due diligence (see above)	no action	Due diligence
31	Structure: Clarify the notion of cross-cutting 'disclosure principles' by renaming it 'disclosure requirements' or by reallocating to the relevant disclosure requirements in IFRS 2	architecture	yes	DP 1-3 will be moved to ERS 2	no further action	ISSB Alignment: Architecture

**Addition from external consultant coding**

*II. Reservations*

0.4 Too complex. Section is too difficult to understand even for professionals

0.5 Due diligence. Due dilligence missing or not properly done

0.6 Increased burden. Increased burden. Financial, time, etc.

1.3 Repetitive structure. Some elements from part 1 and 2 are repeated

*Aspect missing*

1.1 An index of explanations. Missing explanation in the section. Usually connection to other directives

1.3 Scalability for SMEs. Too difficult or extensive for SMEs, usually about the amount of data required and/or time

**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?**

n. Comment	Type (Missing, Structure, definition, DD, GEN, SBM, IRO ...)	Already in TEG survey/ISSB alignment/GRI alignment	EFRAG Secretariat comments	EFRAG Secretariat conclusion no action, no action for set 1, to be completed, Draft to be amended, ... (TBD not an option anymore)	Issue paper needed ? (yes, no, to be completed)
1. Out of scope of Set 1					
2. Comment not picked up here; relates to other question / area / other standard					
3. architecture: further align the structures of ESRS and IFRS / TCFD	architecture	yes	already adressed	To be aligned	ISSB alignment: Architecture
4. Governance: move elements from G1/2 to ESRS 2					
5. Too granular: TCFD use principle based vs ESRS is more rules based / focus of the TCFD on the disclosure processes rather than on the prescription of disclosure requirements should be positively retained.	granular	yes	Role of ESRS is to provide specific reporting standards to overcome the current limits of using Frameworks in the NFRD. So in principle more 'rules' are needed than in TNFD. However, detailed comparison of ESRS and IFRS S2 will be performed to explore simplifications. Other simplifications also in the Detailed analysis.	already identified	Detailed analysis of DRs in each standard. Comparison of ESRS 2 and IFRS S2.
6. Architecture: integrate ESRS 1 Disclosure Principles (Section 3.2) in ESRS 2 IRO.					
7. Architecture: integrate IRO 2 + 3 in SBM	architecture	yes - ESRS 1 - IFRS 23 Risk management yes - ESRS 1 - IFRS 24. Metrics and targets disclosures	already adressed	already identified	ISSB alignment: Architecture ISSB alignment: Architecture
8. Architecture: lack of pillar for Risk management; and metrics and targets (as in topical standards)					
9. Provide a mapping table how the diferent reporting stractures (IFRS/TCFD) translate into similar requirements	architecture	yes	Appendix to the Cover Note will be updated and delivered with the BfC, after the deadline of delivering the standards.	already identified	yes
10. Alignment with other reporting/CSR frameworks which are commonly used by companies is equally as important, such as the OECD MNE Guidelines, UN Guiding Principles on Business and Human Rights, GRI, Sustainability Accounting Standards Board, UN global compact, ILO tripartite declaration for transnational enterprises.					
<b>Addition from external consultant coding</b>					
<i>I. Reservations</i>					
0.3 Increased burden. Increased burden. Financial, time etc.					
0.4 Too complex. Too difficult to understand for the average company trying to report on this topic					
0.5 Materiality analysis. Issues with the double materiality definition					
<i>Aspect missing</i>					
1.1 An index of explanations. Explanation to an aspect either missing completely or not good enough					

**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?**

n. Comment	Type (Missing, Structure, definition, DD, GEN, SBM, IRO ...)	Already in TEG survey/ISSB alignment/GRI alignment	EFRAG Secretariat comments	EFRAG Secretariat conclusion no action, no action for set 1, to be completed, Draft to be amended, ... (TBD not an option anymore)	Issue paper needed ? (yes, no, to be completed)
1. Out of scope of Set 1					
2. Comment not picked up here; relates to other question / area / other standard					
3. try to use same terms, concepts, individual metrics	ISSB alignment	yes	Alignment whenever it is possible, unless additions are justified by EU ambitions and Green Deal and multi stakeholders/impact perspective	To be aligned	1) ISSB Alignment (ESRS 1&2) 2) ISSB Alignment (Architecture) 3) ESRS E1 additions to IFRS S2 4) ESRS 2 detailed wording assessment - in progress
4. differences from stakeholders vs users	stakeholders	yes - ESRS 1 - IFRS 2. Stakeholders	IFRS definition encompassed in the ESRS Stakeholder definition, with full alignment.	no actions	no
5. align definition of value chain	value chain	yes - ESRS 1 - IFRS 6. Reporting boundary/entity	Definition will be aligned (already decided at SRB level).	To be aligned	value chain
6. align definition of time horizon	time horizon	yes - ESRS 1 - IFRS 7. Time horizons	SR TEG recommended redrafting to incorporate conventional time	To be aligned	Time horizon
7. align definition of enterprise value	fin. Materiality	yes	Definition will be aligned (already decided at SRB level).	To be aligned	no
8. align IRO assessment	IRO	yes	part of granularity exercise	no action for ESRS 1	no
9. align oversight of target-setting & gov. Bodies	GOV	no	Alignment whenever it is possible, unless additions are justified by EU ambitions and Green Deal and multi stakeholders/impact perspective	To be aligned	ESRS 2 detailed wording assessment
10. align financial materiality definition	fin. Materiality	yes - ESRS 1 - IFRS 3. Enterprise value; ESRS 1 - IFRS 12. Governance disclosures	IFRS materiality encompassed in ESRS materiality assessment (wording to be clarified). Enterprise value term aligned.	To be aligned	ISSB Alignment (ESRS 1 and 2) Additional guidance on 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?**

n. Comment	Type (Missing, Structure, definition, DD, GEN, SBM, IRO ...)	Already in TEG survey/ISSB alignment/GRI alignment	EFRAG Secretariat comments	EFRAG Secretariat conclusion no action, no action for set 1, to be completed, Draft to be amended, ... (TBD not an option anymore)	Issue paper needed ? (yes, no, to be completed)
11. double materiality principle creating differences	double materiality	yes	Double materiality concept is mandatory due to the CSRD and encompasses IFRS investor materiality. Information in ESRS reports that serve the IFRS will be identified (mapping). Full alignment on financial materiality grants compliance (no double reporting). Ideally joint mapping should be developed with the ISSB once they will complete their re-deliberations. A revised version of Appendix V to the Cover note will be issued together with the BFC.	already identified	ISSB Alignment (ESRS 1 and 2) Additional guidance on materiality
12. IFRS is more principles based	granularity	yes	More details than IFRS is requested as ESRS want to overcome the limits of the NFRD (Frameworks). Simplifications is being however proposed.	already identified	Detailed assessment at DR level
13. detailed reconciliation / alignment table (in both directions) for all requirements needed / Appendix V not sufficient	alignment table	no	Appendix V to be updated when BFC are released. More granular mapping to be considered after the IFRS releases final standards.	Appendix V	no
14. align with IFRS global baseline (building block approach)	building block / global baseline	no	see line 9 above	see line 9 above	See line 9 above
15. scope and timeline: wide coverage of ESRS (sector agnostic) vs ISSB general and climate leads to less operability	timeline	yes	Timeline and scope outside EFRAG remit as defined in Level 1 CSRD	no actions	no
16. Structure of reporting: ESRS 2 would require centralized reporting (e.g., prior period errors, estimation uncertainty, changes in presentation) although those aspects relate to individual metrics that are reported elsewhere	presentation	no	ESRS 1 has already this approach, i.e. centralised reporting. IFRS is aligned on this point.	no action	no
17. rebuttable presumption is different approach	RP	yes - see Qs on rebuttable presumption	yes - see Qs on rebuttable presumption	yes - see Qs on rebuttable presumption	yes - see Qs on rebuttable presumption
18. ESRS E1 and IFRS S1 need further alignment / Scope disclosures, gross vs net etc	ESRS E1	yes	SR TEG recommended to keep additions in E1 as technically necessary. Ongoing bilateral discussions for further alignment.	To be aligned	ESRS E1 additions to IFRS S2
19. Transition plans are more demanding in ESRS	ESRS	yes	See ESRS E1	See ESRS E1	See ESRS E1
20. dynamic materiality should be better described /IM -> FM) to improve interoperability	double materiality	no	This point can be addressed as part of the additional guidance on materiality	to be aligned	Additional guidance on 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?**

n. Comment	Type (Missing, Structure, definition, DD, GEN, SBM, IRO ...)	Already in TEG survey/ISSB alignment/GRI alignment	EFRAG Secretariat comments	EFRAG Secretariat conclusion no action, no action for set 1, to be completed, Draft to be amended, ... (TBD not an option anymore)	Issue paper needed ? (yes, no, to be completed)
21. value chain (approximation vs. Omission)	value chain	yes - see Qs on value chain	CSRD requires to cover undertakings in the value chain. Omitting the data when it is impracticable to collect them would be contrary to this principle. Approximation (use of proxies when real data are not available) is an understood concept in financial reporting and can be audited.	Clarification in the standard	value chain
22. revision of sector agnostic standards to eliminate requirements not based on CSRD	granularity	yes	At level of DR an analysis is being performed.	already identified	Detailed assessment at DR level
23. alignment with TCFD structure facilitating alignment with the IFRS Sustainability Standard			Changes to the architecture agreed	To be aligned	ISSB Alignment
24. Align identification of qualitative characteristics of sustainability information in ESRS 1 with IFRS Sustainability Standards and			To be aligned (except	To be aligned	no

**Addition from external consultant coding**

*II. Reservations*

0.4 Too granular or extensive. Too detailed or long section

0.5 Too complex. Section is too difficult for non-experts

*Aspect missing*

0.8 An index of explanations. Either missing explanation entirely of an aspect or not written well enough

1.1 Need to move elements. Some elements must be moved for better harmony

1.2 Repetitive structure. Must cut down on repetitive text for better harmony

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

n. Comment	Type (Missing, Structure, definition, DD, GEN, SBM, IRO ...)	Already in TEG survey/ISSB alignment/GRI alignment	EFRAG Secretariat comments	EFRAG Secretariat conclusion no action, no action for set 1, to be completed, Draft to be amended, ... (TBD not an option anymore)	Issue paper needed ? (yes, no, to be completed)
1. Out of scope of Set 1					
2. Comment not picked up here; relates to other question / area / other standard					
3. consider Whistleblower Protection Directive as required by "new" CSRD	CSRD	yes	Already covered in G2, however a further validation exercise will be performed against the EU protection of whistleblowers legislation with an expectation that no significant changes will take place.	to be aligned	CSRD alignment
4. SFDR's 'Principal Adverse Impact' indicators (PAI) mandatory and the optional ones containing climate-related information (i.e. decarbonation plans, forward-looking information) should be made all mandatory	materiality approach	yes - see Qs on rebuttable presumption	See rebuttable presumption	See rebuttable presumption	Approach to materiality
5. adjust ESRS to new text of CSRD	CSRD	yes	alignment to CSRD on-going	no action here	CSRD Alignment
6. ESRS require behaviour: ESRS also contain references to acts and plans which are not legislation. Those should not be part of the ESRS since they then unintentionally become legislation. See e.g. the disclosure requirement on incentive schemes regarding sustainability	granularity	no	incentive scheme is required by CSRD	no action	no
7. too granular: ESRS DR go far beyond SFDR requirements; should be reduced and aligned	granularity	no	Proposals for possible simplification are being considered as part of the assessment at DR level.	no	Detailed assessment at DR level.
8. create appendix of reference table between ESRS and individual directives, acts and plans / delete reference in main text	alignment table	no	EFRAG has to deliver jointly with the standards a document that illustrates how initiatives in article 29(b) 3 have been considered.	Appendix will be prepared	no
9. double reporting to be resolved: ESRS 2 disclosures and related EU requirements	incorporation by reference	yes - ESRS 1 - DG83	already addressed	to be aligned	incorporation by reference
10. double reporting to be resolved: remuneration Accounting Directive	incorporation by reference	yes - ESRS 1 - DG83	already addressed	to be aligned	incorporation by reference
11. lack of consistency ESRS and taxonomy reporting	consistency	no	ASCG: AG 35 of ESRS 1 requires explanations of differences between Opex and Capex in ESRS (entity level plans) and in Taxonomy (activity level plans). ECB: ESRS disclosures are not necessary, in principle, to meet the information needs of the EU Taxonomy.	to be discussed	Taxonomy
12. Pillar 3 disclosures more clarity and guidance / incorporation by reference	incorporation by reference	yes	already addressed	to be aligned	incorporation by reference
13. materiality principle / (rebuttable presumption) can lead to non-disclosure of not appropriate for Principle adverse impacts	materiality approach	yes - refer to Qs on materiality/rebuttable presumption	already addressed	already identified	Approach to materiality
14. Drafting suggestions for better alignment with SFDR's principal adverse impact (PAI) indicators.	SFDR		to be aligned	Clarification	no
15. Indicate that all ESRS disclosure requirements which meet the needs of financial market participants under the SFDR are likely to be material	SFDR	yes	already incorporated as they are considered mandatory (would not use the term material from an entity perspective)	List of mandatory items (subject to SRB decisions)	Approach to materiality
16. Missing requirement : - corporate information that will enable benchmark administrators to understand the exposure of the benchmark portfolio to renewable energy as measured by capital expenditures (CapEx) in those activities (as a share of total CapEx by energy companies included in the portfolio).	SFDR	no	all SFDR indicators have been included see appendix to AP3	no action	no



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

n. Comment	Type (Missing, Structure, definition, DD, GEN, SBM, IRO ...)	Already in TEG survey/ISSB alignment/GRI alignment	EFRAG Secretariat comments	EFRAG Secretariat conclusion no action, no action for set 1, to be completed, Draft to be amended, ... (TBD not an option anymore)	Issue paper needed ? (yes, no, to be completed)
17. Further consistency other EU Regulaitions: Consider referring to the notion of “established relationships” under CSDDD (Corporate Sustainability Due Diligence Directive, under consideration at legislative level) in the definition of value chain and including the notion of “directors” under SRD 2 in the definition of “governance bodies	CSDDD	no	CSDDD is still a proposal. Requirements will be addressed once that is finalized (after set 1)	no action	no
18. Overlaps / Consistency with CSDDD to address when finalising the ERS	CSDDD	no	CSDDD is still a proposal. Requirements will be addressed once that is finalized (after set 1)	no action	no
19. Ensure compliance with the reporting requirements of Article 8 of the Classification Law Regulations.	Art 8 Classification	no	CSDDD is still a proposal. Requirements will be addressed once that is finalized (after set 1)	no action	no

**Addition from external consultant coding**

*Reservations*

0.4 Due diligence. Due diligence missing from the directive. Usually mentioning the CSDDD.

0.5 Increased burden. Increased burden for the company. Financial, time etc.

*Aspect missing*

1.1 An index of explanations. Better explanation is required

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

n.	Comment	Type (Missing, Structure, definition, DD, GEN, SBM, IRO ...)	Already in TEG survey/ISSB alignment/GRI alignment	EFRAG Secretariat comments	EFRAG Secretariat conclusion no action, no action for set 1, to be completed, Draft to be amended, ... (TBD not an option anymore)	Issue paper needed ? (yes, no, to be completed)
1.	Out of scope of Set 1					
2.	More AG to be developed in the future					
3.	CSDDD disclosure requirements /general alignment / consideration that CSDDD is not enacted yet	CSDDD	yes	as CSDDD is not enacted it will not be considered in Set 1	no action	no
4.	CSDDD on value chain	CSDDD	yes	as CSDDD is not enacted it will not be considered in Set 1; but phase-in of CSRD will be considered	no separate action	no
5.	CSDDD on business relationship	CSDDD	yes	as CSDDD is not enacted it will not be considered in Set 1	no separate action	no
6.	alignment with Better regulation agenda necessary	EU policies and legislation	no	Better regulation is a tool for Level 1 regulation. At level of ESRS EFRAG will continue the dialogue with FISMA and monitor in the future the alignment with EU regulation.	no action	no
7.	European Single Access Point requirements	EU policies and legislation	no	Format of reporting that will be included in the ESRS for ESAP purposes and usability across the financing chain (Lending, Equity, Primary / Secondary Markets...).	part of the work on digitalization	no
8.	align Basel and Solvency regulation between risk and environmental strategy / information should not be duplicated	EU policies and legislation	no	SR TEG recommends Pillar 3 to be one of the sources allowed for incorporation by reference. So no duplications.	to be aligned	Incorporation by reference
9.	align the multiple EU requirements for governance and avoid overlaps (internal control + risk mgmt and remuneration)	EU policies and legislation	no	SR TEG recommends governance and remuneration reports to be sources allowed for incorporation by reference. So no duplications.	to be aligned	Incorporation by reference
10.	'no opinion' for all our replies on consistency with relevant EU policies and other EU legislation. We believe that such assessment should have been done by the EFRAG PTF-ESRS as part of the due process in developing ESRS	EU policies and legislation	no	The work of the PTF has addressed the need for alignment. The comments from the public consultation (and consequential actions) are now corroborating the outcome.	no action	no
11.	Ensure to cover in standard a company's approach to due diligence, including related steps, as per the UN Guiding Principles on Business and Human Rights and relevant OECD Guidelines on Responsible Business Conduct;	Due diligence	no	numerous DR in ESRS to address this point (ie disclosure on DD)	no action	no
12.	Remove appendix C that provides conduct requirements which go beyond the scope of the CSRD,	Due diligence	no	consider as part of DD issue paper	to be discussed	Due diligence
13.	Add (in ESRS 2) a reference to the forthcoming Commission Guidelines on the remuneration report, as publication of the Guidelines is foreseen for H2 2022.	EU policies and legislation	no	reference to be included	to be aligned	no
14.	Use, or make reference to, the definition of 'director' in SRD II, / clarify the concept of 'administrative, management and supervisory bodies', it would be helpful to use, or make reference to, the definition of 'director' in SRD II,	EU policies and legislation	no	reference to be included in order to clarify the definition of admin. man and sup bodies	to be aligned	no
15.	Whistleblower directive not taken into account	EU policies and legislation	no	Explicitly introduced in the final CSRD text.	to be aligned	CSRD

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

n. Comment	Type (Missing, Structure, definition, DD, GEN, SBM, IRO ...)	Already in TEG survey/ISSB alignment/GRI alignment	EFRAG Secretariat comments	EFRAG Secretariat conclusion no action, no action for set 1, to be completed, Draft to be amended, ... (TBD not an option anymore)	Issue paper needed ? (yes, no, to be completed)
16. Include a reference in ESRS to the European pillar of social rights (published in March 2021) - not just in Basis for conclusion 12 of ESRS S1	EU policies and legislation	no	Content of DR in ESRS covers the rights referenced in the CSRD. The BfC offers a reconciliation. No additional incorporation is deemed necessary at this stage.	no action	no
17. RAG to further consider the Pillar 3 disclosure on ESG risks pursuant to article 434a of CRR for the elaboration of the sector-specific sustainability standards	EU policies and legislation	no	to be considered in Set 2	no action	no
18. Allow incorporation by reference of the Pillar 3 disclosures (if equivalent to ESRS)	incorp. By ref	no	SR TEG recommended Pillar 3 as a source of allowed incorporation by reference	to be aligned	Incorporation by reference

**Addition from external consultant coding**

*Reservations*

0.4 Clarification needed. Better clarification to an aspect must be provided

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

n. Comment	Type (Missing, Structure, definition, DD, GEN, SBM, IRO ...)	Already in TEG survey/ISSB alignment/GR I alignment	EFRAG Secretariat comments	EFRAG Secretariat conclusion no action, no action for set 1, to be completed, Draft to be amended, ... (TBD not an option anymore)	Issue paper needed ? (yes, no, to be completed)
1. Out of scope of Set 1					
2. Comment not picked up here; relates to other question / area / other standard					
3. consider added requirements of CSRD (new text)	CSRD	yes - ESRS 1 - T3; G8; G12	already addressed	to be aligned	CSRD
4. too granular: remove requirements that are not in CSRD	granularity	yes	already addressed	already identified	Detailed analysis at DR level
5. Make sure requirements do not stipulate behavior: incentive schemes, pollution and biodiversity	granularity	yes	already addressed	already identified	Detailed analysis at DR level
6. align DR with SFDR	granularity	yes	The comments asks to stick to the SRDR and eliminate further details. Also, it asks to remove references to individual directives, acts and plans from the main text and create an appendix to refer to. An appendix is being created for references in Art. 29. as required by the CSRD.	already identified	Detailed analysis at DR level

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

n. Comment	Type (Missing, Structure, definition, DD, GEN, SBM, IRO ...)	Already in TEG survey/ISSB alignment/GR I alignment	EFRAG Secretariat comments	EFRAG Secretariat conclusion no action, no action for set 1, to be completed, Draft to be amended, ... (TBD not an option anymore)	Issue paper needed ? (yes, no, to be completed)
7. consider limiting value chain disclosures	value chain	yes - see Qs on value chain	CSRD requires incorporation of value chain information where applicable; ESRS 1 clarifies that it is applicable when it is necessary to provide faithful representation of material IROs. Role of approximation is essential to support practical implementation when data cannot be collected. This principle should be confirmed, but guidance may be added to explain that real data are not always necessary and it will depend from case to case.	to be discussed	value chain
8. Accountability principle is to be considered to define where companies are legitimate to act and to report versus the areas where they cannot take any commitment. Suggestion could be that companies present this scope of accountability in the introduction of the sustainability reporting to clarify where they are legitimate to act and report versus the areas where they cannot take any commitment.	missing DR	no	The suggested approach is contrary to the CSRD, that requires transparency on a number of topics. Also, avoid stipulating behavior.	no action	no
9. Too granular and extensive: some elements of the sector agnostic should be moved to sector specific	granularity	yes	already addressed	to be aligned (when appropriate following the analysis)	Detailed analysis at DR level
10. phase-in approach / prioritisation	phase-in	yes	already addressed	to be aligned (when appropriate following the analysis)	Detailed analysis at DR level

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

n. Comment	Type (Missing, Structure, definition, DD, GEN, SBM, IRO ...)	Already in TEG survey/ISSB alignment/GR I alignment	EFRAG Secretariat comments	EFRAG Secretariat conclusion no action, no action for set 1, to be completed, Draft to be amended, ... (TBD not an option anymore)	Issue paper needed ? (yes, no, to be completed)
11. consider harmonizing level of detail between standards	granularity	yes	already addressed	to be aligned (when appropriate following the analysis)	Detailed analysis at DR level
12. The boundaries seem not clear enough between the reporting/disclosures requirements set by the ESRS	boundaries	yes - ESRS 1 - T14	This comment refers to the fact that Appendix C dictates behaviors. Agree that CSRD should not dictate behaviors.	to be discussed	Due diligence

**Addition from external consultant coding**

*Aspect missing*

0.4 An index of explanations. Better explanation must be provided

Increased burden

*Structure*

0.5 Need alignment with intl initiatives

Need to move elements

Too complex

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

n. Comment	Type (Missing, Structure, definition, DD, GEN, SBM, IRO ...)	Already in TEG survey/ISSB alignment/GR alignment	EFRAG Secretariat comments	EFRAG Secretariat conclusion no action, no action for set 1, to be completed, Draft to be amended, ... (TBD not an option anymore)	Issue paper needed ? (yes, no, to be completed)
1. Out of scope of Set 1					
2. Comment not picked up here; relates to other question / area / other standard					
3. not covered: PAI 10 (Violations of UNGC principles and OECD guidelines) and PAI 11 (Lack of processes and compliance mechanisms to monitor compliance with UNGC principles and OECD guidelines)	Due diligence	no	see DR2-Gov 5 statement on DD and DR S1-1 and S2-1	no action	no
4. suggest to usesuggest choosing a homogeneous solution for all the definitions regarding the PAIs across the whole framework of the ESRS.	SFDR	no	approach to references to PAI indicators to be the same across all	to be aligned	no
5. rebuttable presumption should not be available to PAI indicators	SFDR/granularity	yes	Discussed as part of the materiality approach	to be discussed	Approach to Materiality
6. ESRS that relate to SFDR indicators are overly granular / better alignmen with SFDR	SFDR/granularity	no	consider SFDR improvement as overall package (part of granularity	to be completed	Detailed assessment at DR level
7. narrative DR are not appropriate for SFDR requirements	SFDR/granularity	no	to be aligned (when analysis confirms that this is appropriate)	to be aligned (when analysis confirms that this is appropriate)	Detailed assessment at DR level
8. SFDR PAI disclosure requirements will result in immaterial disclosures for some undertakings	SFDR/granularity	no	Discussed as part of the materiality approach	to be discussed	Approach to Materiality
9. Consider materiality criteria for PAI disclosures	SFDR/granularity	no	Discussed as part of the materiality approach	to be discussed	Approach to Materiality
10. Phase-in for optional SFDR indicators	SFDR/granularity	no	to be aligned (when analysis confirms that this is appropriate)	to be aligned (when analysis confirms that this is appropriate)	Detailed assessment at DR level
11. main issue is current signposting of information that meets the needs of financial market participants under the SFDR	SFDR/granularity	no	Correspondence of SFDR indicators to ESRS DRs on a one-to-one basis is not possible, as some DRs cover more than one SFDR indicator and some SRDR indicator covers different DRs. Appendix with reconciliation is provided.	no action	no
12. regret that the draft does not include a disclosure requirement for sustainable revenue linked to the definition of "sustainable investment" as per the SFDR	missing DR	no	This comment asks to provide criteria to define 'sustainable revenue' linked to the definition of "sustainable investment" as per the SFDR. It will be considered in future Sets of Standards.	no action	no
13. Cross-referencing to SFDR is not consistent throughout the ESRS	SFDR/granularity	no	Specific indicators will be reviewed as part of the Log of recommendations of the various standards	to be aligned (when analysis confirms that this is appropriate)	Detailed assessment at DR level

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

n. Comment	Type (Missing, Structure, definition, DD, GEN, SBM, IRO ...)	Already in TEG survey/ISSB alignment/GR I alignment	EFRAG Secretariat comments	EFRAG Secretariat conclusion no action, no action for set 1, to be completed, Draft to be amended, ... (TBD not an option anymore)	Issue paper needed ? (yes, no, to be completed)
14. numerous detailed comments on better SFDR alignment	SFDR/granularity	no	Specific indicators will be reviewed as part of the Log of recommendations of the various standards	to be aligned (when analysis confirms that this is appropriate)	Detailed assessment at DR level
15. move SFDR related DR from AG to text	SFDR/granularity	no	The 'shall' datapoints will be moved from AG to text and the 'shall' for 'how to report' will stay in AG. Subject to feasibility.	to be completed	DR too granular - how to improve SFDR - PAI DR
16. Optional indicators have been integrated in ESRS which will result in a higher workload	SFDR	no	The incorporation of SFDR optional indicator is necessary in order to effectively allow to report those indicators. They are optional, however without the data they cannot be implemented.	no action	no

**Addition from external consultant coding**

Actions for improvement

Financial improvements

Reservations

Increased burden



**Q9: would you recommend any other option(s)? If so, please describe the proposed alternative option(s)**

n. Comment	Type (Missing, Structure, definition, DD, GEN, SBM, IRO ...)	Already in TEG survey/ISSB alignment/GRI alignment	EFRAG Secretariat comments	EFRAG Secretariat conclusion no action, no action for set 1, to be completed, Draft to be amended, ... (TBD not an option anymore)	Issue paper needed ? (yes, no, to be completed)
1. Out of scope of Set 1					
2. More AG to be developed in the future					
3. CSRD does not allow these options (only allows option 1)	CSRD	yes	already addressed by deleting options	no action	no
4. Provide more guidance on how to well disclose information across all reporting areas in line with AG2	additional guidance	no	This comment suggests to develop guidance on how to report in a way that reflects <i>interdependencies between impacts on</i>	no action	no
5. Prefer option 1	CSRD	yes	already addressed by deleting options	no action	no
6. Agree with 3 proposed options	CSRD	yes - G13	already addressed by deleting options	no action	no
7. Helpful if companies summarise in a table all the data points that constitute PAIs, linking each one to the corresponding parts of the report where FMPs can find more exhaustive explanations	SFDR/granular ity	no	Appendix that links each DR to PAI is provided. No separate table foreseen at this stage.	no action	no
8. In the three options the part "General, Strategy, Governance and Materiality Assessment" might include information that data users might expect to find in the topical sections.	structure	no	overall feedback for CCS structure is seen as an advantage compared to other frameworks	no action	no
9. Eliminate all potential redundancy	granularity	yes - DG 82	Incorporation by reference serves the purpose of eliminating the redundancies.	no action	Incorporation by reference
10. Detailed information should be provided in "ESG statements" at the back of the Annual Report	CSRD	no	not a possibility anymore due to CSRD	no action	no
11. Each Standard should be reported on in turn.	CSRD	yes	not a possibility anymore due to CSRD	no action	no
12. Support option 2 (incorporation of references). In option 1 and 3, we see challenges of linking sustainability information with financial information.	CSRD	yes	not a possibility anymore due to CSRD	no action	no
13. Prefers that EFRAG proposes only one option	CSRD	yes	already addressed by deleting options	no action	no
14. Propose a fourth option: an integrated reporting of financial and non-financial information in the management report both subject to a full audit. This format does not have to be mandatory.	CSRD	no	not a possibility anymore due to CSRD	no action	no
15. EFRAG sustainability reporting standards should take into account the CSRD electronic reporting format	ESEF	yes	separate project to work on that after SET 1	no action	no
16. ECB encourages EFRAG to further collaborate with the European Securities and Markets Authority in order to ensure that sustainability information reported under the ESRS will be readily available in the future European Single Access Point	ESEF	yes	separate project to work on that after SET 1	no action	no

**Q9: would you recommend any other option(s)? If so, please describe the proposed alternative option(s)**

n. Comment	Type (Missing, Structure, definition, DD, GEN, SBM, IRO ...)	Already in TEG survey/ISSB alignment/GRI alignment	EFRAG Secretariat comments	EFRAG Secretariat conclusion no action, no action for set 1, to be completed, Draft to be amended, ... (TBD not an option anymore)	Issue paper needed ? (yes, no, to be completed)
17. If the three disclosure options are meant to prescribe the only permitted sequences of topics within the sustainability report, they are against prescribing a sequence at all.	CSRD	yes	not a possibility anymore due to CSRD	no action	no
18. Large overlap between the DRs in ESRS and the information contained in other reports prescribed in the Accounting Directive. It should be made clear which is the primary report for such information.	CSRD	yes	try to address this concern with incorporation by ref.	no action	no
19. Incorporation by reference is an appropriate tool to foster flexibility under the option retained by the do-legislators. It is key to identify clearly those other parts of the management report that are incorporated by reference.			See Incorporation by reference	no action	See Incorporation by reference
20. Three options should be deleted and provide full flexibility.	CSRD	yes	not a possibility anymore due to CSRD	no action	no
21. Allow certain descriptions to be provided in one section across all areas for the descriptive disclosures of a) strategy, b) value chain, c) policies and d) processes.	CSRD	no	seems to be an isolated comment; has not been raised by others	no action	no
22. Allow for certain information to be included in a notes-section within the sustainability report.	CSRD	no	seems to be an isolated comment; has not been raised by others	no action	no
23. Allow for more flexibility in terms of location of information in and referencing to other sections in the management report as much a possible.	incorp. By ref.	yes	See Incorporation by reference	no action	See Incorporation by reference
24. The existence of several options may make it difficult to review or identify the information. Perhaps also doing it separately may still leave sustainability information on the back burner.	CSRD	yes	not a possibility anymore due to CSRD	no action	no

**Addition from external consultant coding**

*Actions for improvement*

0.1 Integrated reporting. Calls for integrated reporting to be allowed as a means of presentation. Integrated reporting brings together material information about an organisation's strategy, governance, performance and prospects in a way that reflects the commercial, social and environmental context within which it operates.

0.4 Cross-reference other documents. Calls for the possibility to reference and cross-reference other documents (including other reports)

0.5 Permit standalone sustainability report. Calls for the possibility to publish a standalone sustainability report instead of reporting sustainability information in the annual financial report

**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?**

n. Comment	Type (Missing, Structure, definition, DD, GEN, SBM, IRO ...)	Already in TEG survey/ISSB alignment/GR I alignment	EFRAG Secretariat comments	EFRAG Secretariat conclusion no action, no action for set 1, to be completed, Draft to be amended, ... (TBD not an option anymore)	Issue paper needed ? (yes, no, to be completed)
1. Out of scope of Set 1					
2. More AG to be developed in the future					
3. An integrated approach would be better	integrated reporting	yes - IFRS 35, IFRS 36	integrated reporting not a possibility anymore due to CSRD	no action	no
4. Usefulness of spreading the information out or deciding to provide it in one dedicated section depends on the preferences of different users and reporting companies	CSRD	yes - IFRS 42	not a possibility anymore due to CSRD	no action	no
5. Need a succinct report allowing for more: Consistency between financial and sustainability information & Quantitative and monetary information	CSRD	yes - IFRS 35, IFRS 36	Incorporation by reference to financial reporting is allowed and will facilitate readability without duplications. Qualitative and quantitative information are needed and often only qualitative information are possible.	no action	no
6. guidance on the location table is needed; a standardized structure on the location table would help increase comparability across companies, even if they choose different options/storylines	Location table	yes	The EFRAG Secretariat recommends adding a template for Content Index/Location table as part of Appendix B (mandatory) in ESRS 1.	no action	Content index (Location table)
7. Accounting data should be required only on the scope of the financial statements	incorporation by reference	yes	Incorporation by reference to the financial statements is allowed. Clarification may be needed to the fact that in order to facilitate understanding of the item incorporated by reference, when scope of reporting in SR is broader, only the scope of financial reporting is considered in incorporating by reference.	to be aligned	Incorporation by reference

**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?**

n. Comment	Type (Missing, Structure, definition, DD, GEN, SBM, IRO ...)	Already in TEG survey/ISSB alignment/GR I alignment	EFRAG Secretariat comments	EFRAG Secretariat conclusion no action, no action for set 1, to be completed, Draft to be amended, ... (TBD not an option anymore)	Issue paper needed ? (yes, no, to be completed)
8. time horizons defined by ESRS 1 does not necessarily corresponds to the time horizons considered when establishing the financial statements.	time horizon	yes	The reporting principles are different in financial reporting and sustainability reporting. When incorporation by reference is applied, users will know about such difference.	no action	no
9. ESRS require a consistency for sustainability information in the management report that goes beyond the general consistency requirement for the management report.	cross-referencing	no	List of sust. matters and reporting areas in ESRS are dictated by CSRD. Need to have more structured and standardised information than what currently happens in a Framework based approach like the NFRD is not an option. Possible simplifications to be implemented, following the detailed analysis at DR level.	to be aligned (if confirmed in the detailed assessment)	Detailed assessment at DR level
10. There is only consideration for references to the Management Report	incorporation by reference	yes - IFRS 36	SR TEG recommended to include also other regulated reports in the inc. by ref.	to be aligned	incorporation by reference
11. Incorporation by reference to the ad hoc corporate governance statement should be allowed.	incorporation by reference	yes - IFRS 36	SR TEG recommended to include also other regulated reports in the inc. by ref.	to be aligned	incorporation by reference
12. Further explanation is needed with regard to the cross-referencing of the disclosure requirements	cross-referencing	no	This comment is asking to further explain the references between topical and CSS standards. A clarification will be considered.	to be aligned	no
13. Option 1 is good for auditors, option 2 is good for the users but option 3 does not provide coherence	CSRD	yes	not a possibility anymore due to CSRD	no action	no

**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?**

n. Comment	Type (Missing, Structure, definition, DD, GEN, SBM, IRO ...)	Already in TEG survey/ISSB alignment/GR I alignment	EFRAG Secretariat comments	EFRAG Secretariat conclusion no action, no action for set 1, to be completed, Draft to be amended, ... (TBD not an option anymore)	Issue paper needed ? (yes, no, to be completed)
14. ESRS 1 ED should have better addressed the principles of connectivity and should invest more in aligning the connectivity approach	cross-referencing	no	Additional guidance on integrated thinking (reference to the 6 Capitals etc.) to be considered in next Amendments. Not feasible at this stage.	no action	no
15. References should be avoided as far as possible	cross-referencing	no	Integration by reference allowed to a limited number of regulated reports, other sections of the MR and FS. This is to allow the necessary flexibility and avoid duplicaitons.	no action	no
16. Connectivity is not sufficiently addressed (it is only addressed with financial statements). Include guidance or requirements in ESRS 1 that promote integrated thinking while preparing the sustainability information.	CSRD	yes - IFRS 35, IFRS 36, IFRS 42	Additional guidance on integrated thinking (reference to the 6 Capitals etc.) to be considered in next Amendments. Not feasible at this stage.	no action	no
17. Avoid duplication of information requirements. Follow the financial reporting system. Sustainability statements being the counterpart of financial statements as one identified section.	CSRD	no	This comment is asking to develop guidance that encourages to provide detailed sustainability statements and leave the executive summary in another section of the management report. EFRAG doesnt have a mandate to set requirements for other sections of the MR other than the sustainability statements.	no action	no
18. Lack of flexibility encourages separation of sustainability and financial reporting and thus separation of the information. Set-back from a readability perspective.	CSRD	no	CSRD sets requirements	no action	no
19. More flexibility within the sustainability reporting section needs to be given to allow the reporting entities to structure their reporting. EFRAG could provide illustrative examples but should not prescribe a format.	CSRD	no	CSRD sets requirements	no action	no

**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?**

n. Comment	Type (Missing, Structure, definition, DD, GEN, SBM, IRO ...)	Already in TEG survey/ISSB alignment/GR I alignment	EFRAG Secretariat comments	EFRAG Secretariat conclusion no action, no action for set 1, to be completed, Draft to be amended, ... (TBD not an option anymore)	Issue paper needed ? (yes, no, to be completed)
20. Connectivity could be further enhanced by allowing a full integration of disclosures required by the ED into the MR in combination with a location table.	CSRD	no	CSRD sets requirements	no action	no
21. By preferring option a) it does not favor the connection between sustainability information and the management report. Additional explanation on how to connect the two pieces of information would be missing.	CSRD	no	CSRD sets requirements	no action	no

**Addition from external consultant coding**

*Suggestions for improvement*

0.1 Harmonize connectivity. Calls for harmonizing connectivity. Especially between sustainability information and financial information – but also between different types of sustainability information, or between other parts of the annual report.

Reservations

0.1 Structure. Reservations to proposed structure

0.3 Clarification needed. Call for clarification of various topic , mainly linked to connectivity between financial and sustainability information

0.4 Granularity. Reservations to the level of granularity

0.5 Increased burden. Concerns that the CSRD with the proposed ESRS will increase the burden on companies.

0.7 Aspect missing. Reservations about missing aspects in the ESRS.

**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?**

n. Comment	Type (Missing, Structure, definition, DD, GEN, SBM, IRO ...)	Already in TEG survey/ISSB alignment/GR I alignment	EFRAG Secretariat comments	EFRAG Secretariat conclusion no action, no action for set 1, to be completed, Draft to be amended, ... (TBD not an option anymore)	Issue paper needed ? (yes, no, to be completed)
1. Out of scope of Set 1					
2. Comment not picked up here; relates to other question / area / other standard					
3. It has the potential to support cohesiveness throughout corporate reporting	incorp. by ref.	no	agree	no action	no
4. Should be only if the information in the section(s) referred to is of the same or higher level of quality, is meeting specific disclosure requirements and is in line with the principles of the sustainability reporting	incorp. by ref.	no	Allowed only for regulated reports and provided they have the same level of audit assurance.	to be aligned	Incorporation by reference
5. Usability and readability should be considered	incorp. by ref.	no	The currently proposed approach set the appropriate balance between flexibility and readability (only limited number of reports can be inc. by ref.)	to be aligned	Incorporation by reference
6. Both cross-referencing and incorporating by reference should be defined	incorp. by ref.	no	Primary concept in ESRS is 'incorporation by reference'. To be checked if 'cross-reference' needs to be confirmed or clarified.	to be aligned	no
7. Best method is to repeat information	incorp. by ref.	no	disagree; makes disclosures too voluminous	no action	no
8. Drafts should concentrate first on impact of business models and then to metrics, KPI's and targets.	architecture	yes - IFRS 24	see alignment with IFRS / TCFD	no action	no
9. Should use current integrated reporting practices	integrated reporting	yes	integrated reporting not a possibility anymore due to CSRD	no action	no
10. Should be only if information reported in these other parts fully fulfills reporting requirements under the ESRS.	incorp. by ref.	no	The fact that the information incorporated by reference fulfills the reporting requirements under ESRS is an implicit condition. A clarification can be considered.	to be aligned	Incorporation by reference
11. Should be extended also to other sections of the annual report	incorp. by ref.	yes	See paper on incorporation by reference	to be aligned	Incorporation by reference
12. Only for information which is explicitly required to be included in the MR by other legislation in the same or greater detail than it is required by the ESRS.	incorp. by ref.	no	The fact that the information incorporated by reference fulfills the reporting requirements under ESRS is an implicit condition. A clarification can be considered.	to be aligned	Incorporation by reference
13. link between the management report and the sustainability section should be unilateral	incorp. by ref.	no	already considered in ESRS 1.135 (ESRS cannot influence the way financial statements are prepared)	no action	no
14. When the undertaking uses incorporation by reference, it should disclose an index listing the relevant disclosure requirements subject to the references.	incorp. by ref.	no	Already required in par. 136 of ESRS 1	no action	no

**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?**

n. Comment	Type (Missing, Structure, definition, DD, GEN, SBM, IRO ...)	Already in TEG survey/ISSB alignment/GR alignment	EFRAG Secretariat comments	EFRAG Secretariat conclusion no action, no action for set 1, to be completed, Draft to be amended, ... (TBD not an option anymore)	Issue paper needed ? (yes, no, to be completed)
15. Not clear how this would ultimately work under the final CSRD which prescribes that all sustainability information shall be located in a dedicated section	incorp. by ref.	no	incorp. By ref. Still allowed also under new CSRD	no action	no
16. May be difficult to assess global coherence and cohesiveness of the management report	incorp. by ref.	no	Only a limited number of reports can be linked.	no action	no
17. There might eventually be overlaps on Governance topics from listed companies and Pillar 3 informations	incorp. by ref.	no	See paper on incorporation by reference	to be aligned	see the paper Incorporation by reference
18. incorporation by reference should be allowed to this report	incorp. by ref.	no	This comment asks to allow inc. by reference of Pillar 3 report. This is allowed in the last proposal of SR TEG.	to be aligned	see the paper Incorporation by reference
19. If there is a required single section within the management report (last CSRD), this is not an issue.	incorp. by ref.	no	incorp. By ref. Still allowed also under new CSRD	no action	no
20. Incorporation by reference is an appropriate tool to foster flexibility under the option retained by the do-legislators. It is key to identify clearly those other parts of the management report that are incorporated by reference.			agree	no action	no
21. EFRAG should pursue alignment of the reporting requirements	incorp. By ref.	no	See SR TEG proposal of inc. by reference (broadening the scope of IBR)	to be aligned	see the paper Incorporation by reference
22. Lack of clarity in the rules surrounding incorporation by reference into the sustainability report	incorp. by ref.	no	To be clarified in par. 132 that incorporation by reference is the tool to promote 'cohesiveness'.	to be aligned	no
23. It is important that the understandability of the sustainability reporting is not impaired when certain information is provided through the incorporation-by-reference mechanism.	incorp. by ref.	no	Only a limited number of reports can be linked.	no actions	Inc. by reference
24. When cross-referencing is not possible, it should be considered whether certain requirements that duplicate information already available outside the sustainability report should be deleted from the ESRS.	granularity	yes	When an information is necessary in order to provide a faithful representation of an aspect required by the CSRD, it has to be covered in ESRS, irrespective of the fact that it is also published elsewhere. Incorporation by reference helps to avoid redundancies but has to be limited to preserve understandability, so not all the reports can be incorporated by reference .	no actions	Detailed analysis at DR level
25. Ensure that any possibilities of cross-referencing do not impair the digital consumption of the sustainability reporting and the cross-referred information.	incorp. by ref.	no	see the paper Incorporation by reference	to be aligned	see the paper Incorporation by
26. Perhaps incorporating the information throughout the report means that sustainability is integrated as part of the organization's business and is information taken into account at the same level as financial information.			see that more as a view instead of a comment to change something	no action	no

**Addition from external consultant coding**

*Reservations*

- 0.6 Too complex. The directive is too difficult to understand for the average company
- 0.7 Increased burden. burden for companies. Financial, time etc.



**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?**

n. Comment	Type (Missing, Structure, definition, DD, GEN, SBM, IRO ...)	Already in TEG survey/ISSB alignment/GR I alignment	EFRAG Secretariat comments	EFRAG Secretariat conclusion no action, no action for set 1, to be completed, Draft to be amended, ... (TBD not an option anymore)	Issue paper needed ? (yes, no, to be completed)
1. Out of scope of Set 1					
2. Comment not picked up here; relates to other question / area / other standard					
3. Company's financial fitness to pay for (i) potential sustainability-related liabilities and (ii) the investments that are necessary as part of a transition plan, as well as (iii) its financial capacity to absorb asset write-downs that are connected to transition or physical sustainability-related risks, or 'stranded assets' is not sufficiently addressed	missing data	no	Liabilities and stranded assets should be covered in IFRS reporting. Resources in transition plans are already required by ESRS. To address specifically these points additional datapoints for financial effects are needed, which would further complexify the standard at this stage. Further guidance may be considered in future periods on financial effects.	no action	no
4. Companies should be required to disclose whether they have made financial arrangements to deal with events	missing data	no	if material this is information in financial statements (liab, fin. Instr.; therefore no need to	no action	no
5. companies should also have to disclose whether their policies for profit retention and profit distribution take the goal of financing the transition plan into account or not.	missing data	no	if material this is information in financial statements (notes to equity); therefore no need to action	no action	no
6. The question of monetary amounts is not the priority		no	this sounds like no action needed	no action	no
7. lack of connectivity between financial and sustainability information	connectivity	no	see ESRS 1 on connectivity; ESG data is more qualitative in nature allowing less connectivity	no action	no
8. a correlation table between monetary and sustainability information should be implemented for all the thematic standard	missing data	no	overly burdensome and based on numerous DR not feasible	no action	no
9. EU Taxonomy already prescribes the inclusion of such financial information in the financial statements.					
10. Forward-looking information may be of sensitive nature for respondents	information prejudicial	no	CSRD text foresees the omission of information only when member states allow for it. So level 1 text covers this point. ESRS cannot contradict the direction taken in level 1	no action	no
11. This exemption in the CSRD should also be mentioned in the ESRS itself	information prejudicial	no	CSRD text foresees the omission of information only when member states allow for it. So level 1 text covers this point. ESRS cannot contradict the direction taken in level 1	no action	no
12. where interlinkages need to be elaborated on, complex cross-referencing or duplications would likely be required. Iso, at best, connectivity of information should be a principle. Namely, we believe that the approach should be principles-based and would suggest to even make it clearer that "connected information" is a principle and not a requirement.	connectivity (plus IFRS + granularity)	no	suggest to address this together with IFRS alignment on connected information (IFRS S1. 42 et seq) vs. 5.2 Connectivity of ESRS 1	to be aligned	no
13. The principles-based approach also facilitates the building blocks approach and would be (more aligned) with the ISSB approach.	connectivity (plus IFRS + granularity)	no	see also previous comment; suggest to address this together with IFRS alignment on connected information (IFRS S1. 42 et seq) vs. 5.2 Connectivity of ESRS 1	to be aligned	no
14. certain material information is regularly highlighted through tables by undertakings This should also be required for sustainability-related information defined by the undertaking as material.	missing data	no	see no constraint not to use tables; making that format mandatory is overly prescriptive and not principle based (also there are already some	no action	no
15. undertaking shall explain how the monetary amounts in sustainability reporting relate to the most relevant amount(s) presented in the financial statements	connectivity	no	see chapter 5.2 of ESRS 1 which is requiring this	no action	no

**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?**

n. Comment	Type (Missing, Structure, definition, DD, GEN, SBM, IRO ...)	Already in TEG survey/ISSB alignment/GR I alignment	EFRAG Secretariat comments	EFRAG Secretariat conclusion no action, no action for set 1, to be completed, Draft to be amended, ... (TBD not an option anymore)	Issue paper needed ? (yes, no, to be completed)
16. Reconciliation with tabular form should be provided	connectivity	no	chapter 5.2 provides for connectivity; beyond recon format should not be prescribed	no action	no
17. Information should not be reported twice and therefore paragraph 138 of ESRS 1 should read as follows “When monetary amounts or other quantitative data points that address sustainability-related information or disclosure requirements are directly presented in financial statements, the undertaking shall include a reference in the sustainability report to the relevant paragraph of its financial statements where the corresponding information can be found”.	connectivity	no	suggest to amend	draft to be amended	no
18. both materiality assessments would not systematically rely on the same perimeter, data, assumptions or time horizons. we strongly doubt that connectivity with the financial statements can be achieved in a straightforward and concise way. Where interlinkages need to be elaborated on, complex cross-referencing or duplications would likely be required. Thereby connectivity would be limited by nature and for all topics.	connectivity (plus IFRS + granularity)	no	When differences in scope and horizons exist appropriate contextual information will have to be provided. Common users know the different principles that underpin the two reports.	no actions	no
19. it will be unfeasible to make a direct reconciliation required by ESRS between sustainability information with the figures included in financial statements	connectivity (plus IFRS + granularity)	no	When differences in scope and horizons exist appropriate contextual information will have to be provided. Common users know the different principles that underpin the two reports.	no actions	Connectivity
20. connectivity between financial and sustainability statements should be further investigated between the EFRAG Sustainability Reporting Board and EFRAG Financial Reporting Board.	connectivity (plus IFRS + granularity)	no	out of scope of set 1; will be a research for the future	no action	no
21. we support the paragraphs 138 and 139 asking an entity to reference the monetary amount disclosed	connectivity	no	noted	no action	no
22. amount of additional information required to comply would go against CSRD characteristics of information quality ie paragraph 38 when information is “clear and concise”.	connectivity (plus IFRS + granularity)	no	A threshold of materiality is needed for par. 138, 139 and 140 (i.e. not all the monetary amounts to be reconciled but only beyond a treshold).	to be aligned	Connectivity
23. Paragraph 28 of ESRS 1 appears to be suggesting that a test of ‘decision-usefulness’ can overrule test of materiality. Paragraph should be amended (proposal included)	materiality and decision useful	yes - DG 38	Clarification on this point could be beneficial.	to be aligned	Additional guidance on materiality
24. Cross-referencing to the financial statements seems to be allowed on the basis of par. 137-143 of ESRS 1, but it would be important to also amend par. 135 accordingly.	incorp. By ref.	yes	Agreed, ESRS is not sufficiently clear on this point.	to be aligned	Incorporation by reference
25. We suggest explicitly allowing cross-referencing not only to quantitative, but also to qualitative, information in the financial statements.	incorp. By ref.	no	Agreed	to be aligned	Incorporation by reference
26. We recommend requiring (rather than merely allowing) a reconciliation between the amounts presented in the sustainability report and those referred to in the financial statements.	connectivity; additional requirement	no	Par. 139 needs to be clarified. 'When appropriate a reconciliation including in tabular form may be provided'. While tabular form should remain optional, reconciliations (with a materiality tresholds is mandatory).	to be aligned	no
27. We recommend performing a consistency check of how the topic of connectivity with the financial statements is addressed across the topical standards and how this relates to ESRS 1, par. 137-143. It would be helpful to always take the same approach		no	Consistency will be checked	to be aligned	no

**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?**

n. Comment	Type (Missing, Structure, definition, DD, GEN, SBM, IRO ...)	Already in TEG survey/ISSB alignment/GR I alignment	EFRAG Secretariat comments	EFRAG Secretariat conclusion no action, no action for set 1, to be completed, Draft to be amended, ... (TBD not an option anymore)	Issue paper needed ? (yes, no, to be completed)
28. We agree on the objective to have an aligned date between both reportings, but recognise also that provisional flexibility should be granted to the undertakings (closing date in the data collection process).		no	This comment asks to grant more time to be ready in disclosing sustainability data on as of 31 December as current practice is to use a rolling 12 months period (e.g. october/october) for practical reasons. The principle in ESRS is to follow the annual closing so no exception should be granted. The need to have appropriate lead time is considered as part of the detailed assessment for phase in at DR level.	no action (except normal phase in )	Detailed assessment of DR (phase in )
29. The information covered in the sustainability reporting covers a broader temporal (prospective) and organisational (value chain) scope than the financial statements, which can hinder consistency with financial statements.	connectivity		The nature of the two reports is different. This should be clear to the common user and connectivity as defined in ESRS 1 should not create confusion once the differences in principles in the two reports are clear to the reader.	no action	no
30. The information included in sections 137 to 143 should be further developed to promote this connection. The data provided are too brief to make an effective connection.	connectivity	no	More application and illustrative guidance can be considered in future amendments. Not feasible at this stage.	no action	no

**Addition from external consultant coding**

*I. Actions for improvement*

0.1 Debt and value of intangibles. Various suggestions for improvements connected to assessing debt and value of intangibles.

0.3 Integrated reporting. Call for a more flexible structure, and a higher degree of integrated reporting to ensure connectivity.

*II. Reservations*

0.2 Too granular or extensive. Reservations about the ESRS being too granular or extensive. Information could be sensitive.

0.4 Increased burden. Reservations about the increased burden on reporters as a consequence of the ESRS.

0.5 Immature methodologies. Reservations about attempting a high degree of connectivity between financial and sustainability information as (financial) impact assessment methodologies of sustainability topics is often more immature than for financial ones.

0.6 Other. Other reservations about connectivity between sustainability and financial information.

*III. Support*

0.1 General. General support for the idea and execution of increasing connectivity between sustainability and financial information.

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

n. Comment	Type (Missing, Structure, definition, DD, GEN, SBM, IRO ...)	Already in TEG survey/ISSB alignment/GR alignment	EFRAG Secretariat comments	EFRAG Secretariat conclusion no action, no action for set 1, to be completed, Draft to be amended, ... (TBD not an option anymore)	Issue paper needed ? (yes, no, to be completed)
1. Out of scope of Set 1					
2. already addressed (comment by DG, IFRS, TEG)					
3. Comment not picked up here; relates to other question / area / other standard					
4. What is missing is the clearly stated value of past performance / the principle of stewardship, i.e. accountability for past performance, should be incorporated	missing data	no	Transparency allows users to evaluate these aspects. No need for a specific principle. Sust. report is on this similar to financial reporting.	no action	no
5. definition of relevance should, as we see it, mention the fact that some disclosure requirements are relevant, e.g. due to the fact that they are listed as PAI's in the SFDR	SFDR - PAI	no	ESRS 1 is on principle; issue is picked-up by the SFDR question see there	no action	no
6. Guidance on the methodology for conducting an impact materiality analysis is needed as this is a new concept. In particular, the methodology which should be used to define the scale of positive or negative impact should be clarified.	impact materiality	no	Additional detailed guidance will be added in future amendments, however clarifications to the application of materiality (subject to feasibility) may be considered.	to be aligned	Additional guidance on materiality
7. ESRS 1, Para 28 requires clarification. It seems to suggest that a test of 'decision-usefulness' can overrule materiality.	relevance	yes - DG38, DG 39	Clarification of materiality on this aspect may be beneficial.	to be aligned	Additional guidance on materiality
8. EFRAG should clarify the balance that sustainability information should strike between different qualitative characteristics (meant to be the same or different compared to financial reporting and compared to the IASB Conceptual Framework?). For example, the IASB Framework (para 2.21 ff.) elaborates on the trade-off between relevant and faithful representation	QCharacteristics	no	As requested by the SRB the text of qualitative characteristics will be aligned with IFRS S1 ED, except when additions are needed for stakeholders perspective, value chain and impacts.	to be aligned	no
9. while the same term "relevance" is used there are different underlying concepts to relevance: according to ESRS "materiality is an enabling factor of relevance", while according to the IASB Framework 2.11 and ED IFRS S1.58 "materiality is an entity-specific aspect of relevance".	relevance	yes - DG38, DG 39	As requested by the SRB the text of qualitative characteristics will be aligned with IFRS S1 ED, except	to be aligned	no
10. Added to the principles should be specific guidance, e.g., with regard to how materiality is to be interpreted when reporting on social issues. Also, we support additional guidance to define sector-specific KPIs. With regard to the multi-stakeholder approach of the ESRS, the need for decision usefulness raises the question of the scope of the decisions to be taken into account (i.e., whose decisions are to be considered when determining material sustainability information?)	QCharacteristics	no	Clarification of materiality on this aspect may be beneficial.	to be completed	Additional guidance on materiality

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

n. Comment	Type (Missing, Structure, definition, DD, GEN, SBM, IRO ...)	Already in TEG survey/ISSB alignment/GR alignment	EFRAG Secretariat comments	EFRAG Secretariat conclusion no action, no action for set 1, to be completed, Draft to be amended, ... (TBD not an option anymore)	Issue paper needed ? (yes, no, to be completed)
11. With regards relevance, the predictive value of the information should be assessed depending on the information provided. In some cases, as undertakings mainly rely on estimations and long-term projections, it may be difficult to assess the predictive value of the information disclosed	QCharacteristics	no	The difficulty in assessing predictive value doesn't contradict the relevance principle.	no action	no
12. EFRAG should also add the notion of performing a cost/benefit analysis on the production of the information.	QCharacteristics	no	EFRAG produces a cost/benefit analysis to accompany the standards, so the cost dimension is a reference in the standard setting. To be included in the characteristics of quality a concept along the lines of 'the cost constraint' in the 2018 IFRS Conceptual Framework.	to be aligned	Qualitative characteristics
13. stronger alignment with IFRS needed: we note that the explanations in paragraphs 26 – 28 of the ESRS 1 ED are different than those in paragraph C4-C7 of the ISSB S1 ED, even though the intention is to mean the same thing	QCharacteristics	no	As requested by the SRB the text of qualitative characteristics will be aligned with IFRS S1 ED, except when additions are needed for stakeholders perspective, value chain and impacts.	To be aligned	no
14. concerned by the EFRAG's "relevance of sustainability information" as it is very prescriptive and might lead corporates to disclosure sensible information.	relevance	no	CSRD allows to omit information only if member states implement this option. No specific provision can be included in ESRS as this aspect is already covered by level 1.	no action	no
15. Wording alignment appears necessary in the § 26 to 28 as users and stakeholders are used interchangeably.	clarity	yes; ESRS 1 - TEG1.2	Agree, par. 26 needs to mention also stakeholders, not only users.	draft to be amended	Qualitative characteristics
16. materiality and disclosure; materiality assessment and rebuttable presumption should be aligned between financial reporting and sustainability reporting	relevance	yes; ESRS 1 - DG 39	this is being discussed as part of Approach to Materiality	Approach to materiality	Approach to materiality
17. Disclosures reflecting mandatory requirements to the reporting from the financial sector in SFDR, CRR etc. should always be provided	SFDR - PAI	yes	this is being discussed as part of Approach to Materiality	Approach to materiality	Approach to materiality
18. The standards use "material", "relevant" and "significant" in different contexts, which adds to confusion about their semantic differences. We recommend using clear terminology throughout the standards.	definition	yes; ESRS 1 - DG 48	'Significant' is the reference point in the identification of 'material' IROs.	no further action	no

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

n. Comment	Type (Missing, Structure, DD, GEN, SBM, IRO ...)	Already in TEG survey/ISSB alignment/GRI alignment	EFRAG Secretariat comments	EFRAG Secretariat conclusion no action, no action for set 1, to be completed, Draft to be amended, ... (TBD not an option anymore)	Issue paper needed ? (yes, no, to be completed)
19. The concept of dual materiality should be further elaborated so that it is clear and two entities in the same sector of activity do not consider different things to be relevant.	double materiality	no	materiality and double materiality is entity specific, so even to undertakings in the same sector can have different material IROs. Sector Standards will grant that the same material items are considered.	no action	no

**Addition from external consultant coding**

*Reservations:*

- Clarification needed
- Too granular or extensive
- Information quality
- An index of explanations
- Structure

*Suggestions for improvement:*

- 03 Align with IFRS
- 07. International Accounting Standard Board (IASB)
- 08. Align with other (GRI)
- 10. Change the structure of ESRs

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

n. Comment	Type (Missing, Structure, definition, DD, GEN, SBM, IRO ...)	Already in TEG survey/ISSB alignment/GR alignment	EFRAG Secretariat comments	EFRAG Secretariat conclusion no action, no action for set 1, to be completed, Draft to be amended, ... (TBD not an option anymore)	Issue paper needed ? (yes, no, to be completed)
1. Out of scope of Set 1					
2. Comment not picked up here; relates to other question / area / other standard					
3. Suggestion to present both net information and absolute value. Allowing disclosure of only netted information would obscure the information, significantly reduce its usefulness and disable comparability across different entities.	Add to DR	No	IFRS S1 C9-C15: no mention of netting information	to be aligned	Qualitative characteristics
4. Presenting absolute values should be the rule and netting inadmissible to prevent abuse	Change DR	No	IFRS S1 C9-C15: no mention of netting information	to be aligned	Qualitative characteristics - general improvements
5. Need to clarify that as a rule information on material impacts should not be netted.	Change DR	No	IFRS S1 C9-C15: no mention of netting information	to be aligned	Qualitative characteristics - general improvements
6. In addition to an explanation of the effects of netting, also the reasons for the netting are needed	Missing	No	Agree to include this additional wording but needs to be discussed in an issues paper on netting	to be aligned	Qualitative characteristic
7. Closer alignment with IFRS S1 needed	Alignment ISSB	No	Full alignment with wording in IFRS, except for consideration of multi-stakeholder ESRS process, double materiality and impacts.	To be aligned	No
8. Practical examples would be useful, to convey the substance eg, the example provided by IFRS S1 (i.e. disclosures about targets should include both the actions that will allow the company to achieve them, but also the potential obstacles)	Missing	No	Alignment of wording with IFRS example	To be aligned	no
9. Difficult to assess	Implementation	No	This comment also requested for examples. To be looked at with Comment No. 8 above	No action	No
10. Expanding the information to non-material information (ESRS 1 paragraphs 57 to 62) reduces the quality of information and will not respect the principle of faithful presentation	Granularity	No	Simplifications assessed at DR level	To be aligned (according to the outcome of the detailed assessment)	Detailed assessment at DR level
11. Will be difficult to provide "accurate" data in the first years of reporting and that it will be necessary to rely on proxies	Implementation	No	Use of reasonable estimates are reflected in para 112-113 of ESRS 1 - under Estimating under conditions of uncertainty. Phase-in will help to support transition.	To be aligned (phase-in)	Detailed assessment at DR level (phase-in)
12. Challenging to provide information that is completely neutral and accurate due to evolving methodologies, data uncertainties mainly on forward-looking information/value chain	Implementation	No	Neutrality is also supported in IFRS S1	No action	No
13. Providing complete information will be challenging from a timetable point of view. Therefore, ESRS should allow the use of the most recently available data	Implementation	No	phase-in / prioritization exercise is already undertaken	already identified	no
14. ESRS 1 should explicitly refer to the cost constraint principle as it is the case in the IFRS Conceptual Framework for financial reporting (cost-benefit analysis)	Missing	No	to check wording in Conceptual Framework	To be amended	No
15. Need to clearly define the application criteria and the determination of methodologies at sectoral level on the quality information	Clarity needed	No	Sector standards will be issued in Set 2 and subsequent sets	No action	no
16. Understanding of this principle is dependent of a concise and correct understanding of the other information quality principles and materiality	Clarity	No		No action	No
<b>Addition from external consultant coding</b>					
<i>Reservations:</i>					
Use of data					
<i>Suggestions for improvement:</i>					
01. Align with IFRS					
04. Align with IASB					
05. Para 30 - 05. Para 30 "all material aspects related to the reportable content" - it is unclear how this links to the double materiality principles and the rebuttable presumption.					
			Clarification to be added in par. 30 reflecting the final approach to materiality	to be aligned	no

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

n. Comment	Type (Missing, Structure, definition, DD, GEN, SBM, IRO ...)	Already in TEG survey/ISSB alignment/GR alignment	EFRAG Secretariat comments	EFRAG Secretariat conclusion no action, no action for set 1, to be completed, Draft to be amended, ... (TBD not an option anymore)	Issue paper needed ? (yes, no, to be completed)
1. Out of scope of Set 1					
2. Comment not picked up here; relates to other question / area / other standard					
3. There is substantial alignment with IFRS S1	Alignment ISSB	No	Wording to be aligned (except for multi-stakeholder ESRS perspective, double materiality and impacts).	To be aligned	No
4. Needs to be aligned as much as possible with IFRS S1 (some respondents provided suggestions)	Alignment ISSB	No	Wording to be aligned (except for multi-stakeholder ESRS perspective, double materiality and impacts).	To be aligned	No
5. Any room of interpretation needs to be avoided	Tighten wording	No	No examples were provided by the respondent where interpretation needs to be avoided	No action	No
6. In order to assure a certain level of comparability, a core set of KPIs and disclosure requirements can be prescribed	Add DR	No	Approach to materiality	Approach to materiality	Approach to materiality
7. Useful to clarify that comparability is not a synonym for uniformity (as done in IFRS S1)	Alignment ISSB	No	Wording to be aligned (except for multi-stakeholder ESRS perspective, double materiality and impacts).	To be aligned	No
8. This principle could be improved by tackling the importance of making sure the reporting and the methods used allow for the traceability and immutability of past information over time and ensuring backwards and forward-looking materiality transparency over time	Definition/ Add DR	No	already included in ESRS 1.33 + 34 under "consistency",	no action	no
9. Comparability is not the most important priority	General	No	ESRS 1 par. 25: comparability is an enhancing quality, that comes next to the fundamental qualities.	No action	no
10. A standardised location is needed to enhance investor usability and make better informed decisions	Structure	No	CSRD now requires standardized, machine readable sustainability reporting	No action	no
11. Reporting requirements often comprise the whole value chain. Some undertakings along the value chain may not be able to provide data thereby impairing comparability	Value chain	No	not related to the comparability principle itself; comparability is of course also applicable through the value chain; if information is not available approximation should be used and that on a consistent basis	No action	no
12. Back-testing should be compulsory only for key indicators and should only be performed if deemed significant by entities	back testing	No	back testing currently is not required; in order to reduce complexity and reporting burden, it is suggested to not include this; also there does not seem to be a majority supporting this issue	No action	no
13. Comparability across entities may be difficult during the first years of implementation.	Implementation	No	noted	no action	no
14. ESRS 1 should explicitly refer to the cost constraint principle as it is the case in the IFRS Conceptual Framework for financial reporting (cost-benefit analysis)	Missing	No	to check wording in Conceptual Framework	To be amended	No
15. Paragraph 33 of ESRS 1 may imply that the companies themselves must carry out some evaluation of the reports of other companies in the sector	Interpretation	No	do not agree with that; same as in fin. Reporting; undertakings can look for other reportings (as a benchmark) but do not have to	No action	no
16. Need to clearly define the application criteria and the determination of methodologies at sectoral level	Clarity needed	No	does not relate to set 1	No action	no
17. Possibility of making exceptions and/or changes in criteria should be expressly recognised if these are duly justified	Add DR	No	that is already addressed in DR 2-GR 7	No action	no
18. Understanding of this principle is dependent on a concise and correct understanding on the other information quality principles	Clarity	No	agree	No action	no
19. The link/relationship between comparability and consistency should be communicated within the ESRS Standards	Add wording	No	see para 33 and 34 of ESRS 1; this is an overarching principle that is applicable for all ESRS	No action	no



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

n. Comment	Type (Missing, Structure, definition, DD, GEN, SBM, IRO ...)	Already in TEG survey/ISSB alignment/GR alignment	EFRAG Secretariat comments	EFRAG Secretariat conclusion no action, no action for set 1, to be completed, Draft to be amended, ... (TBD not an option anymore)	Issue paper needed ? (yes, no, to be completed)
20. Within other standards, the principle of comparability includes the possibility to choose and consider alternative methods, which does not appear to be the case within these sets of standards	General	No	same as in financial reporting: the requirement of comparability does not preclude entities from using different methods and principles to generate and estimate data to be comparable	No action	no
21. Further guidance is needed for errors and prior years' adjustments	error	no	see chapt 4.6 of ESRS 1 and the related DR in ESRS 2	No action	no
22. A more detailed definition of comparability should be provided	Definition	no	definitions are always a balance between to much and to less; definition is aligned with ISSB; no further details needed	No action	no
<b>Addition from external consultant coding</b>					
<i>Reservations:</i>					
01. Clarification needed on how comparability is to be achieved					
04. Comparability can only be adhered by sector specific					
<i>Suggestions for improvement:</i>					
01. Align with IFRS					
Sector-specific KPIs are elaborated					
04. Single format					
06. Para 33 - Clarify whether the comparison should be with reports by other entities, or with other own reports					
07. If data is missing - resign from mandatory estimates					
Align with taxonomy and SFDR					

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

n. Comment	Type (Missing, Structure, definition, DD, GEN, SBM, IRO ...)	Already in TEG survey/ISSB alignment/GRI alignment	EFRAG Secretariat comments	EFRAG Secretariat conclusion no action, no action for set 1, to be completed, Draft to be amended, ... (TBD not an option anymore)	Issue paper needed ? (yes, no, to be completed)
1. Out of scope of Set 1					
2. Comment not picked up here; relates to other question / area / other standard					
3. Welcome proposed definition	Definition	No	N/A	No action	no
4. This principle could be improved by enhancing the importance of making sure the reporting and the methods used allow for the traceability and immutability of past information over time to ensure verifiability over time in a backwards and forward-looking manner.	Definition	No	those concepts required are not include in ISSB and other frameworks; traceability of past information is unknown to me; immutability as well; comparability	No action	no
5. Difficult to assess without practical examples	Illustrative Examples	No	principles in chapter 2 of ESRS are principles based and as such should generally work without examples; the reporting practise will bring the examples	No action	no
6. Some Disclosure Requirements very difficult to verify (for example supply chain/ value chain information or less mature sustainability matters like biodiversity)	General	No	IFRS 1 C24 - refers to the disclosure of explanations/forward looking info - entities are asked to provide underlying assumptions to help users decide whether they want to use the info. This text will be included and adapted to consider also other users. Audit practice is expected to emerge like it has happened for the most complex financial reporting estimates (e.g. IFRS 9 expected credit loss).	To be aligned (similar to IFRS)	Qualitative characteristics
7. Infinite wording ('any' or 'all'), may conflict with the materiality approach, inconsistencies and unclarity in the Standards impacts the verifiability of the sustainability information.	Wording	No	in the verifiability paras (35-37) no use of any or all; this is best addressed in the individual DRs itself not in the quality of information section	To be aligned (if detailed assessment confirms the need)	Detailed assessment at level of DR
8. Wording should be as much as possible aligned with the wording of the IFRS/ISSB (some suggest to incorporate some guidance from the ISSB S1 ED some other suggest to keep EFRAG's)	Wording	yes - no ref	Wording will be aligned (except for double materiality, impacts and multistakeholders perspective).	To be aligned	no
9. Current definition of reliability leaves a lot of room for interpretation.	Definition	No	The definition of reliability is very similar to what verifiability means in the IFRS sustainability and financial standards. Wording will be aligned with IFRS	No action	no
10. To clarify whether the trade-off between the relevance and the verifiability that applies for financial information also applies for sustainability information or whether there is – a different understanding of the trade off to be made.	Clarity	No	Wording will be aligned with IFRS (except for double materiality, impacts and multistakeholders perspective).	No action	no
11. The degree of (expected) compliance to other (external) standards and frameworks has to be clarified	Clarity	No	compliance is defined by CSRD not other frameworks	No action	no
12. EFRAG should focus more on the need for estimates that are comparable across undertakings.	General	No	same as in financial reporting; estimates are a normal means in reporting; estimates are by there nature entity specific	No action	no
13. ESRS 1 should explicitly refer to the cost constraint principle as it is vital that costs and benefits are justified while reporting sustainability information	Missing	No	Cost constraint principle will be included - check the wording in the FR Conceptual Framework	To be aligned	no
14. Sustainability related information may be difficult to verify (especially in the first few years) as methodologies are still under development and significant data uncertainties remain. In addition, the time horizons to consider on ESG issues (very long-term) pose additional challenges	Implementation	No	agree, noted; but CSRD requires these time horizons	No action	no
15. Verifiability should not mean excessive production of data. (Need to strike the right balance between granularity and conciseness while bearing in mind verifiability)	Structure	No	agree, see this more addressed towards undertakings producing that data	No action	no

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

n. Comment	Type (Missing, Structure, definition, DD, GEN, SBM, IRO ...)	Already in TEG survey/ISSB alignment/GRI alignment	EFRAG Secretariat comments	EFRAG Secretariat conclusion no action, no action for set 1, to be completed, Draft to be amended, ... (TBD not an option anymore)	Issue paper needed ? (yes, no, to be completed)
16. Important to specify that some information may not be verifiable (especially information in relation to estimates and expectations). ESRS 1 could be inspired by §2.32 of the Conceptual Framework for financial reporting.	Wording	No	Verifiability is a general principle - no exceptions should be allowed in principle. Audit practice is expected to emerge like it has happened for the most complex financial reporting estimates (e.g. IFRS 9 expected credit loss).	No action	no
17. The principle of transparency has also not been included within the ESRS standards.	Missing	No	Such principle is not included in the IFRS financial and sustainability standards. Isolated comment. In addition, this is not something related exclusively to verifiability. Faithful representation covers already transparency.	No action	no
18. Urge EFRAG to consult with the IAASB to determine the ability of practitioners to obtain assurance on an entity's sustainability reporting prepared in accordance with the draft ESRS.	Auditors	No	Practitioners have replied to the open consultation and can share their potential concerns.	No action	no
19. Sensitive information should be exempted from corroboration by an external third party .	Auditors	No	Not aware of such exemption in the CSRD directive. If the information is sensitive and may be detrimental vis a vis other non-EU companies, companies will not disclose such information and therefore it will not be verified by an external third party.	No action	no
20. Definition of reliability seems to be strict. Regarding forward-looking information independent observers may not reach similar conclusions.	Definition	No	also in fin. Reporting this is not considered a problem for forward-looking information (take goodwill impairment testing)	No action	no
21. Important that the definition of verifiability does not imply that entities need assurance on the future-looking statements. If at all, such information should only be checked for consistency by the auditors.	Clarity	no	agree, same as in financial reporting	No action	no
22. Encourage EFRAG to appropriately reflect and define the principle of verifiability differently for historic and forward-looking statements	Definition	no	also not the case for fin. Reporting; isolated comment	No action	no
23. Suggest focusing on the idea that the data should be either directly verifiable, (energy consumption a statement from the energy provider), or indirectly verifiable, (e.g. checking the inputs to a model)	Definition	no	verifiability can be either directly or indirectly; see no need to have that explicitly mentioned	No action	no
24. Guidance on how to compile qualitative information is necessary	Definition	no	this is all in ESRS 2 chap. 2.1; same as for ISSB qualitative info	No action	no
25. specific language in paragraph 37 related to being able to 'trace' the information, it 'being auditable' and 'appropriate evidence on the audit assertions' seems out of place. It would be better to use more conceptual language referring to 'assurance' or 'traceability' and not directly to 'audit'.	Definition	no	see no urgent need to change; there is also "internal" audit function that also looks for traceability. Language will be aligned with IFRS	No action	no

**Addition from external consultant coding**

*I. Actions for improvement*

02. Disclosed information should be standardised, open and machine-readable. Disclosed information should be in a standardised and machine-readable format, in order to allow to cross-check data resulting from different sources, as well as open.

04. Provide additional guidance & methodologies. The information contained in paragraphs 35-37 should be more comprehensive and detailed and better guidance should be provided, in particular relating to the methodologies to be used

05. Clarify requirements regarding references to other standards and frameworks. The requirements relating to the possibility to reference other ESRS or other standards/frameworks should be clarified in order to avoid overcharging companies

07. Existence or provision of underlying evidence by the reporting entity. The information disclosed should be backed by underlying evidence or documents

*II. Reservations*

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

n. Comment	Type (Missing, Structure, definition, DD, GEN, SBM, IRO ...)	Already in TEG survey/ISSB alignment/GR alignment	EFRAG Secretariat comments	EFRAG Secretariat conclusion no action, no action for set 1, to be completed, Draft to be amended, ... (TBD not an option)	Issue paper needed ? (yes, no, to be completed)
1. Out of scope of Set 1					
2. Comment not picked up here; relates to other question / area / other standard					
3. P.38 - suggest adding that sustainability information should also be comprehensive to be understandable.	clarification	yes - T9	Agree to adjust; already captured in the comments in the TEG Survey.	to be aligned	no
4. P-39. Suggest replacing 'all knowledgeable users' for 'any reasonable knowledgeable user'	clarification	yes - T11	Agreed	To be aligned	no
5. Welcome proposed definition	clarification	no	Alignment with ISSB will be put in place (except for double materiality and multi-stakeholders approach).	No action	no
6. Suggest stressing the importance of presenting sustainability-information as a coherent whole as ISRS do in its definition of understandability	clarification	no	Alignment with ISSB will be put in place (except for double materiality and multi-stakeholders approach).	to be aligned	no
7. Suggest indicating that the key information reported linked to other regulations should be correct in terms of terminology and definitions.	clarification	no	this goes for all information and is part of information quality; no need to stress it explicitly	no action	no
8. Concerned that the amount of information resulting from the many Disclosure Requirements will impede the usability of the information. Suggest to focus on relevant topics	granularity	yes	Approach to materiality + Detailed assessment at DR level	Approach to materiality + Detailed assessment at DR level	Approach to materiality + Detailed assessment at DR level
9. Wording should be as much as possible aligned with the wording of the ISSB/IFRS	alignment	yes	Alignment with ISSB will be put in place (except for double materiality and multi-stakeholders approach).	To be aligned	no
10. To ensure understandability and comparability of information a clear guidance or specific methodologies should be provided. Otherwise, it would lead to excessive costs, lack of comparability among different reports and confusion for the readers.	clarification	no	methodologies are not a means to clarify or support comparability and understandability; otherwise see the paragraph describing the principles - they give the necessary and required guidance	no action	no
11. Suggest removing the restriction to knowledgeable users so not to contradict the General Principles, para. 24 (b) and to comply with EU Law's requirement for clear and intelligible information to investors	clarification	no	"knowledgeable" user is a principle used in fin. Reporting and also in IFRS S1. It is not incompatible with the information to be intelligible to investors.	no action	no
12. EFRAG should also consider how disclosed information can be more accessible for digital consumption being accessible and inviting for a broader spectrum of investors.	data accessibility	no	Digitalization is foreseen after the issuance of the drafts to the EC	no action	no
13. EFRAG should explain in more detail how immaterial information will contribute to the objective of ESRS (and to the decision usefulness of the information).	rebuttable presumption	no	Approach to materiality + Detailed assessment at DR level	Approach to materiality + Detailed assessment at DR level	Approach to materiality + Detailed assessment at DR level

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

n. Comment	Type (Missing, Structure, definition, DD, GEN, SBM, IRO ...)	Already in TEG survey/ISSB alignment/GRI alignment	EFRAG Secretariat comments	EFRAG Secretariat conclusion no action, no action for set 1, to be completed, Draft to be amended, ... (TBD not an option)	Issue paper needed ? (yes, no, to be completed)
14. The concept of understandability requires avoiding duplication (para 40) which we believe to be a very important principle. However, there are redundancies in the ESRS themselves but also with regard to the management and financial report. Duplications should be more strictly observed in the draft standards	duplications	no	it is for the undertaking to avoid duplications (incorporation by reference should be used); for ESRS a review is undertaken for each DR to avoid overlap	To be aligned (if confirmed by the detailed assessment)	Detailed assessment at DR level
15. Not clear what is meant, by the requirement that "if information is best understood in the context of financial statement that information should be included". Duplications?	clarification	no	same concept is used for IFRS S1 see C32; so prefer to have that in order to be aligned; it is on the implications that should be included, so it is not per se a duplication	no action	no
16. Clarification of the link to financial statements is necessary. To increase connectivity between sustainable and financial information: financial information already provided as well as links to financial information could be explored in more depth	connectivity	no	see chapter in ESRS 1 on connectivity; no need to change anything on understandability	no action	no
17. Sustainability reporting could refer to amounts presented on the primary financial statements or the management report.	connectivity	yes	cross-reference principle is enlarged to include also fin. Statements	no action	no
18. ESRS 1 should explicitly refer to the cost constraint principle as it is vital that costs and benefits are justified while reporting sustainability information	cost constraint	yes	Agreed	To be aligned	no
19. Difficult to meet the expectations of all different users while remaining clear and concise. Companies should strike the right balance between different needs favouring at a first stage the ones of investors, to enable them to meet their own regulatory requirements	stakeholders	no	not aligned with the CSRD double materiality principle	no action	no
20. It should be specified that information must not be understandable for any user, but for reasonably knowledgeable users	definition	no	the term (knowledable) is used; see para 39 of ESRS 1	no action	no
21. Characteristics of information quality proposed are relevant and fit for purpose. It may prove difficult to meet them in a first instance considering the challenges posed by sustainability-related data.	general comment	no	acknowledged	no action	no
22. P38 to P41 are clear and concise				no action	no
23. It is important to highlight that complex information should not be omitted only because of their complex nature	definition	no	this goes without saying; why should there be a need to state this explicitly - do not see this as necessary	no action	no
24. P41. Information should be sufficiently contextualized to be understandable but this does not necessarily have to be limited to the financial statements.	definition	no	agree; but mgmt report and financial statements are the most prominent reports to contextualize. As suggested by GRI the concept of 'Contextual information' will also be included.	To be aligned (GRI Foundations)	no
25. Double materiality and broader stakeholders should be added.	defintion	no	see both chapters in ESRS on those two topics	no action	no

**Addition from external consultant coding**

*Actions for improvement*

04. Ensure access to open and machine-readable data. Access to underlying data is a key component of understandability - a single undertaking's reports should not be the sole guidance

05. Limit the scope of reporting. The scope of reporting should be limited to priority topics and general information, at least initially, to ensure understandability

07. Prioritise investors' needs. Given the large spectrum of stakeholders, companies should firstly prioritise investors' needs

02. Immaterial information might decrease understandability. The rebuttable presumption mechanism will cause material information to be obscured by non-material disclosed information

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

n. Comment	Type (Missing, Structure, definition, DD, GEN, SBM, IRO ...)	Already in TEG survey/ISSB alignment/GR alignment	EFRAG Secretariat comments	EFRAG Secretariat conclusion no action, no action for set 1, to be completed, Draft to be amended, ... (TBD not an option	Issue paper needed ? (yes, no, to be completed)
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05. Need for concretisation and coordination. There is a need for concretisation and coordination in preparing for the implementation of the ESRS

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

n. Comment	Type (Missing, Structure, definition, DD, GEN, SBM, IRO ...)	Already in TEG survey/ISSB alignment/GRI alignment	EFRAG Secretariat comments	EFRAG Secretariat conclusion no action, no action for set 1, to be completed, Draft to be amended, ... (TBD not an option anymore)	Issue paper needed ? (yes, no, to be completed)
1. Out of scope of Set 1					
2. Comment not picked up here; relates to other question / area / other standard					
3. definition should therefore be amended to clarify that engagement with stakeholders to include their views and interests is a vital part of conducting a materiality assessment	stakeholders	yes	This comment is asking that 'The definition should therefore be amended to clarify that engagement with stakeholders to include their views and interests is a vital part of conducting a materiality assessment. A corresponding amendment should be made to ERS 2 DR 2-SBM 2 to make it clear that engaging with stakeholders is also an ex ante part of the materiality assessment, not just something that is established after the assessment is over.' ERS cannot dictate behaviours (i.e. mandate the engagement with stakeholders in materiality assessment), however IRO 1 provides transparency whether this is the case. We can further expand IRO 1 par. 74 (c) to include: 'Undertakings may involve stakeholders (see OECD Due Diligence Guidance for Responsible Business Conduct - 2018). The undertaking shall include an explanation about the EX ANTE involvement of, and engagement with, (i) stakeholders to understand how they may be impacted and (ii) internal and external experts.'	draft of IRO 1 to be amended	no
4. What is less clear, in our view, is how this definition interacts with the notion of "information materiality" provided in Paragraph 43, as the latter includes in the equation the three following elements: significance in relation to the phenomenon considered, capacity to meet the interest of the stakeholders, and fulfil the need for transparency corresponding to the European public good.	DM	yes	Better clarification can be achieved in the text	To be aligned	Additional guidance on double materiality
5. rebuttable presumption approach We would like to stress that sustainability reporting has been driven by a thorough materiality analysis for many years. Deciding subsequently that all topics are material to all companies and applying the rebuttable presumption after the materiality assessment contradicts the existing approach.	rebuttable pres.	yes - T1.2	Approach to materiality	Approach to materiality	Approach to materiality
6. There is a lack of clarity on what constitutes a "material" or "relevant" or "significant" information, due to the multiple concepts presented in paragraphs 26 to 28, 43 and 46 to 56	definition	yes - DG 48/DG 53	Par. 26 will be amended to be aligned with IFRS text (no ambiguity about the use of 'relevant'). Significant is used as a reference for a matter to be material (same as GRI - except that GRI uses 'most significant' while ERS will continue to refer to significant - see SR TEG recommendations). Material is referred both to matters and to information (consistent with the practice to identify matters in the MATERIALITY assessment and consistent with the use of MATERIAL for information to be included in financial reporting.	no action (except IFRS alignment for RELEVANT)	no
7. The use of threshold and/or criteria mentioned in paragraph 43 should also be clarified, e.g., by specifying that the undertaking can specify these threshold/criteria based on their judgement and on the enterprise's experience. The draft IFRS S1 refers to the notion of "applying judgement to identify material sustainability-related financial information". This notion should be introduced in ERS 1.	DM	yes	Agreed	Draft to be aligned	no
8. closer align with IFRS materiality	DM	yes	It will be clarified that The process of determination of the information materiality described in paragraph 43 encompasses the identification of information that is useful to the primary users of general-purpose financial reporting when they assess enterprise value.	Draft to be aligned	no
9. Stakeholder concept is too broad Double materiality requires an assessment of the impacts of a company's activities on its ecosystem and the environment and an assessment of the impacts of sustainability factors on the company's performance, financial situation and prospects but does not require the company to address the needs of every stakeholder	stakeholders	yes - DG42	ERS cannot dictate behaviours. This can sit in the BFC but not in the standard.	no action (except BFC)	no
10. Stakeholders: consider including government in the list	stakeholders	yes - DG 43	To be aligned	to be aligned	no
11. There is no reference at all to the definition of "material" already contained in the Accounting Directive	fin. Materiality	no	The definition in the Accounting Directive is valid only for financial statements so it is not pertinent to sustainability statements.	no action	no

**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?**

n. Comment	Type (Missing, Structure, definition, DD, GEN, SBM, IRO ...)	Already in TEG survey/ISSB alignment/GRI alignment	EFRAG Secretariat comments	EFRAG Secretariat conclusion no action, no action for set 1, to be completed, Draft to be amended, ... (TBD not an option anymore)	Issue paper needed ? (yes, no, to be completed)
12. The concept of double materiality in the proposals remains vague: ESRS 1 contains four definitions of materiality (information materiality, double materiality, impact and financial materiality), but there is no comprehensive clarification of the relationship between the different definitions	DM	no	To be included	to be aligned	Additional guidance on double materiality
13. ESRS should provide more guidance on materiality principles and the assessment to identify the impacts that are material for users of the sustainability information and how these impacts may result in risks (or opportunities) .	DM	yes	Additional guidance is already included in ESRS 2 (IRO 1). However clarification is appropriate.	To be aligned	Additional guidance on double materiality
14. P.43 - the notion of 'European public good' as one of the drivers for identifying material information is unclear and open to wide interpretation. It override the fact that issuers operate beyond European boundaries	materiality	yes - DG41	This is a fundamental element of the current approach: decision usefulness is per se not sufficient to serve the needs of all stakeholders, including affected stakeholders that do not necessarily need the information to take informed decisions or do not even have access to the reports, but nevertheless are impacted by the undertakings adverse impacts. Incorporating the transparency is therefore an essential element and european public good is a conceptual anchor point for it.	To be discussed as part of the Additional Guidance on materiality	Additional guidance on double materiality
15. Suggestions to clarify the category of 'affected stakeholders', 'stakeholders' and 'users'. Suggestion to considering the GRI definition of stakeholder.	stakeholders	yes - DG42	To be considered as part of the Additional Guidance on materiality	To be aligned	Additional guidance on double materiality
16. Difficult to understand which stakeholders should be the reference point for the identification of material information under the two materiality lenses	stakeholders	yes - DG44	This can be done including content from Recital 8 of the CSRD.	to be aligned	Additional guidance on double materiality
17. Suggestion to use one stakeholder notion across ESRS standards (currently 'relevant stakeholder', 'key stakeholder',...)	stakeholders	no	to include idea in the issue paper	to be completed	Stakeholder Definition
18. Definition of materiality should be ringfenced to avoid undue inclusion of stakeholders. Currently, they cover all affected or potentially affected stakeholders	stakeholders	no	to include idea in the issue paper	to be completed	Stakeholder Definition
19. Definition of materiality needs to put a larger emphasis on the entity itself and its immediate up/down stream value chain than to those further out in the value-chain	materiality	no	International standards clearly refer to the need to include business partners beyond the first tier.	no action	no
20. The concepts of materiality, dual materiality, impact materiality and financial materiality are included in several standards and with different degrees of depth. This makes them difficult to be understood.	materiality	no	do not understand the comment; all those terms are defined and explained in ESRS 1 chapter 2.1. However, see above, it will be clarified how they relate one with the other.	no action	no
<b>Addition from external consultant coding</b>					
<i>Suggestions for improvement</i>					
04. Align with GRI and ISSB definitions on materiality. Closer alignment with GRI and ISSB terminology and language would improve clarity and understanding of materiality.			Agreed		
<i>Reservations</i>					
03. High burden on reporting entities. The currently structured system of double materiality leads to a heavy burden on reporting entities, especially on small companies, as financial materiality occurs more quickly the smaller the company is.					
05. Double materiality will be difficult to implement. The definition of double materiality is not operable in practice because it is not practicably feasible to obtain transparency at the requisite level to make such determination related to the upstream and downstream value chain.					
06. Definition of value chain is too large. The definition and scope of value chain is too large				Value chain	



**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?**

n. Comment	Type (Missing, Structure, definition, DD, GEN, SBM, IRO ...)	Already in TEG survey/ISSB alignment/GR I alignment	EFRAG Secretariat comments	EFRAG Secretariat conclusion no action, no action for set 1, to be completed, Draft to be amended, ... (TBD not an option anymore)	Issue paper needed ? (yes, no, to be completed)
1. Out of scope of Set 1					
2. Comment not picked up here; relates to other question / area / other standard					
3. rebuttable presumption - do not agree with that approach	DM	yes - T1.2	Approach to materiality	Approach to materiality	Approach to materiality
4. Move AG to main text; streamline AG, increase understandability	Granularity	yes	will be part of the overall analysis of all DR ('shall' datapoints to be moved to AG subject to feasibility)	to be aligned (subject to outcome of the detailed assessment)	Detailed assessment at DR level
5. Focus seems to lie on any potentially affected stakeholder rather than key stakeholder needs, causing information overload	stakeholder	yes - DG42	In par. 74 (c) 'relevant' to be added next to 'stakeholders'. However users needs are not the sole perspective in double materiality (differently from investor materiality) as next to the needs there are the interests and expectations (transparency dimension of the impact materiality).	to be aligned	no
6. application guidance for this disclosure should in general be revisited and aligned with the UN Guiding Principles on Business and Human Rights and the GRI Universal Standards	due diligence	yes	Additional guidance on materiality + Due Diligence	to be aligned	Additional guidance on materiality + Due Diligence
7. some duplication leading to confusion, for example between paragraphs 64 and 66 of the Application Guidance, which fail to articulate the relationship between the due diligence process of assessing and prioritizing impacts for action and the materiality assessment process of identifying material impacts for disclosure	due diligence	yes	These two paragraphs will be reviewed and streamlined	to be aligned	Due diligence
8. merge IRO 2 and 3	granularity	yes - ESRS 2 - T1 / ESRS 2 - DG 53	agreed	to be aligned	no
9. we believe that neither ESRS 2-IRO nor the application guidance provide enough clarity on how to actually perform the materiality assessment based on the principle of double materiality.	due diligence	yes	ESRS 1 and IRO in ESRS 2 will be reviewed for clarity, whenever possible (subject to feasibility) additional guidance can be added.	to be aligned	Additional guidance on materiality + Due Diligence
10. ESRS 2-IRO 1, paragraph 74b(iii) we would suggest including a provision to disclose: - how the prioritisation of positive impacts reflects their scale, scope and likelihood (as established in the AG 68 (c)(d)); - how financial materiality and impact materiality are defined and determined by the undertaking.	materiality	yes	To be considered	to be aligned	Additional guidance on materiality
11. would like to highlight the importance to focus on both negative and positive impacts, to make sure that the holistic nature of double materiality is fully reflected.	Impact mat	no	already considered by always talking about impacts or pos/neg. impacts	no action	no
12. recommend that practical guidance be provided, notably with the use of a materiality matrix when the company reports the result of its materiality assessment. Some other suggestions are provided.	DM	no	To be considered	to be aligned	Additional guidance on materiality

**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?**

n. Comment	Type (Missing, Structure, definition, DD, GEN, SBM, IRO ...)	Already in TEG survey/ISSB alignment/GRI alignment	EFRAG Secretariat comments	EFRAG Secretariat conclusion no action, no action for set 1, to be completed, Draft to be amended, ... (TBD not an option anymore)	Issue paper needed ? (yes, no, to be completed)
13. ESRS 1. ESRS 2 should only contain requirements for reporting on the process for identification of relevant topics that are material and which material topics were identified	architecture	yes ESRS 2 - T1	The materiality assessment starts from all the IROs and identifies those that are material. Description of this process is necessary for a complete understanding of the undertaking approach to identify and manage material IROs.	no further action	no
14. definition of "resources" (para.74, ESRS 2) is needed (whether it refers to work hours, FTE, invested capital, etc.).	definition / DM	yes -ESRS 2 - T1	To be considered	to be aligned	no
15. we suggest that the materiality assessment be performed at the topic, or sub-topic level rather than at individual impacts of disclosure requirements – this will provide more useful information on the overall impact rather than isolate it at disclosure level.	DM	yes	Assessment at level of individual impact is the best practice for due diligence.	No change	no
16. we would like to point out the complexity of the prioritisation of negative impacts set out in paragraph 74b(iii)(2) according to severity and likelihood parameters.	DM	yes	This approach is inspired by the practices in international guidelines. Agreed that this may be complex and time will be needed for undertakings, professionals and auditors to develop appropriate practices. This is a normal learning process for big reporting changes.	no action	No
17. Inclusion of more granular disclosures on the process for the determination of materiality, following guidance provided by the UN Guiding Principles and OECD Guidelines	additional data	no	this is IRO 1; together with the AG this is the most demanding disclosure in ESRS; it must be streamlined not enlarged	no action	no
18. Guidance for the determination of materiality at topical level should be provided as application guidance in each topical standard.	additional data	no	ESRS 1 is at principle level; additional guidance would add further complexity and be detrimental to consistency of all	no action	no
19. The use of expressions such as "Where applicable" or "Where relevant" across the ESRS may create confusion and undermine the general obligation to always assess materiality	clarity	no	A specific review will be conducted across standards.	To be aligned, when appropriate	no
20. Recommend specifying that materiality is an aspect of relevance.	relevance	yes, ESRS 1 - DG 38	already addressed and amended, para 28 of ESRS 1	no further action	no
21. Avoid using different terms like 'significant' and 'material' that have the same meaning. If they don't mean the same, a clear explanation should be provided.	definition	yes - DG 48/DG 53	considered as part of the ISSB/GRI alignment to now only refer to material (except in the definition of materiality which is linked to SIGNIFICANT impacts, like in GRI).	no action	no
22. Suggestion of deleting par. 47 which does not add much compared to the two sets of paragraphs on impact and financial materiality	definition	no	para 47 is very important as the concept of dynamic materiality support operationalization of the role of impacts in financial materiality. Also, essential to state that the two processes are parallel but intertwined.	no action	no

**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?**

n. Comment	Type (Missing, Structure, definition, DD, GEN, SBM, IRO ...)	Already in TEG survey/ISSB alignment/GR I alignment	EFRAG Secretariat comments	EFRAG Secretariat conclusion no action, no action for set 1, to be completed, Draft to be amended, ... (TBD not an option anymore)	Issue paper needed ? (yes, no, to be completed)
23. Independently of the materiality assessment, entities should provide the information required by the mandatory PAI indicators in the SFDR and other disclosures directly attributable to requirements to the financial sector.	SFDR	yes	Approach to materiality	Approach to materiality	Approach to materiality
24. Suggestion that positive impact disclosures are made in Taxonomy reporting while the focus on impact materiality should be on	impact	GRI 3	impact materiality is on positive and	no action	no
25. Suggest of defining and clarifying the concepts severity and likelihood. It is also necessary to provide a hierarchy between financial and impact materiality.	definition	yes - G4	There is no hierarchy between financial and impact materiality. However concepts	to be aligned	Additional guidance on double materiality.
26. Recommendation to incorporate the "enterprise value" terminology, explanations and guidance included in ED IFRS S1.	definition	yes - G4	part of the IFRS - ESRS alignment exercise	to be aligned	no

**Addition from external consultant coding**

*1. Suggestions for improvement*

Reservations

- 01. Implementation will be difficult. Effective implementation of the concept of double materiality will be difficult.
- 02. Unclear and broad definition of materiality. The definition of materiality is unclear and very broad. There are multiple definitions of materiality that contradict each other.
- 03. High burden for reporting entities. There is a very high burden for reporting entities, especially for SMEs.
- 04. Definition of stakeholders too broad. The definition of stakeholders that need to be consulted is too broad.
- 06. Difficult to assess impact of material issues stemming from value chain. It is very difficult to assess impact of material issues stemming from value chain.
- 07. High level of detail in reporting requirements. The requirements are extensive and complex to disclose (to gather the data, analyse, ensure completeness).
- 08. Unclear definition of value chain. The definition of the value chain is unclear.
- 11. Risk of publishing sensitive information. The disclosure requirements risk to publish sensitive information related to personal data or business strategies.

**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?**

n. Comment	Type (Missing, Structure, definition, DD, GEN, SBM, IRO ...)	Already in TEG survey/ISSB alignment/GRI alignment	EFRAG Secretariat comments	EFRAG Secretariat conclusion no action, no action for set 1, to be completed, Draft to be amended, ... (TBD not an option anymore)	Issue paper needed ? (yes, no, to be completed)
1. Out of scope of Set 1					
2. Comment not picked up here; relates to other question / area / other standard					
3. There are also some differences with the definition provided by the GRI. Consideration should be given to whether these wording differences have important implications and if yes, adjustments should be made.	Impact mat.	yes - G3	will be evaluated as part of the GRI alignment	to be aligned	GRI assessment
4. in the GRI standard the notion of impact refers also to the "effect an organization has or could have on the economy" (in addition to "people and environment");	Impact mat.	yes	based on CSRD definition which in the context of sustainability matter does not refer to "economy"	no action	no
5. regarding the time horizon, the GRI standard only mentions short-term and long-term, but EFRAG might want to keep the reference to medium-term for internal coherence: in that case, the definition in ESRS 2 Appendix A – Defined terms should be amended and aligned with the definition of "impact materiality" to include "medium-term"	time horizon	yes	CSRD requires to consider short/medium and long term	no action	no
6. Definitions: clarify: expressions "directly caused" "contributed" and "directly linked" in relation to a company's "own operations",	Impact mat.	yes	to be considered	to be aligned	Materiality: Imp. Mat.
7. definitions: GRI provides far more guidance by recommending to analyse the scale (how grave/beneficial the impact is), the scope (how widespread the impact is), the irremediable character and the likelihood of the potential impacts occurring.	Impact mat.	yes	to be considered	to be aligned	Materiality: Imp. Mat.
8. ESRS 1, paragraph 49, is not aligned with international standards on due diligence. This should be corrected by making clear that: 'A sustainability matter is material from ...	DD	yes	The second sentence in the ESRS 1 paragraph 49 quoted above should be aligned with the international norms on due diligence, as well as with the text of paragraph 50. It should read "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".	draft to be aligned	no
9. Except for the for human rights, where severity takes precedence over likelihood, the draft does not adequately address whether an undertaking should consider gross impacts or impacts nets of mitigation measures adopted by the undertaking.	Impact mat.	yes	to be considered	to be aligned	Additional guidance on materiality
10. encouragement for EFRAG to work closely with the IASB/GRI in order to strengthen alignment on the double materiality.	impact mat.	yes	exercise and activities to align with ISSB and GRI already in place	no further action	GRI alignment + ISSB alignment

**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?**

n. Comment	Type (Missing, Structure, definition, DD, GEN, SBM, IRO ...)	Already in TEG survey/ISSB alignment/GRI alignment	EFRAG Secretariat comments	EFRAG Secretariat conclusion no action, no action for set 1, to be completed, Draft to be amended, ... (TBD not an option anymore)	Issue paper needed ? (yes, no, to be completed)
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**Addition from external consultant coding**

*Suggestions for improvement*

01. Better alignment with international standards (general). Impact materiality in intl standards has a financial user perspective, ESRS is broader and covers whole value chain  
 Better alignment with ISSB. Notably the use of financial materiality and enterprise value as defined by the ISSB. IFRS S1 links decision of users primarily to entity economic value where ESRS 1 goes further by noting consideration are not limited to contractual relationships.

03. Clearly define overlap between financial and impact materiality.... and the areas of impact materiality which go beyond financial materiality. In order to align with ISSB standards.

*Reservations*

02. Definition of impact materiality does not introduce any notion of stakeholder prioritisation. This would be detrimental to the feasibility of double materiality, also to sustainability reporting  
 Confusing definition of term 'value chain'. Confusing use of the term and its conflation of the value chain with the full set of 'business relationships' of relevance to due diligence.

04. No alignment with intl standards for 'potential significant impacts'. Lack of quantifiability for potential impacts compared to other standards. Reporting of potentials should be qualitative.

05. Definition is overly broad and lacks guidance. It will be difficult for companies to identify and determine thresholds for potential long-term impacts.

06. Lack of differentiation between large, non-listed and listed companies. Orientation to intl standards is not necessary for non-listed, and it is important for listed. CBA or a simplification of non-listed group is recommended.

**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?**

n. Comment	Type (Missing, Structure, definition, DD, GEN, SBM, IRO ...)	Already in TEG survey/ISSB alignment/GRI alignment	EFRAG Secretariat comments	EFRAG Secretariat conclusion no action, no action for set 1, to be completed, Draft to be amended, ... (TBD not an option anymore)	Issue paper needed ? (yes, no, to be completed)
1. Out of scope of Set 1 (especially Sector banking and value chain)					
2. Comment not picked up here; relates to other question / area / other standard					
3. concept of impact materiality is overly burdensome (not feasible) without materiality restriction (value chain)	value chain / imp. Mat.	no	CSRD requires to consider where appropriate IROs along the value chain. ESRS 1 translates the 'where appropriate' in a risk based approach. So a principle-based approach has been implemented. More guidance could be introduced to clarify that different DRs may require different approaches and not always require to collect direct data.	to be discussed	Value chain
4. disagree with " potential human rights impact, the severity of the impact takes precedence over its likelihood. Implementation of this principle could result in reporting on social risks with very low probability of occurrence and which would not be material for stakeholders thus impairing the quality of reporting."	imp. Mat.	no	This is a clear principle in international guidelines for due diligence, it cannot be modified.	to be discussed	Additional guidelines on materiality
5. Paragraph 51 focuses on the definition of potential and current negative impacts, but it does not mention the parameters to determine positive impacts, which should be included	imp. Mat.	yes; ESRS 1 - GRI 3	to be considered	to be aligned	Additional guidelines on materiality
6. AG 68: investors need to understand what the exact criteria, parameters and thresholds are to determine severity, scale, scope and likelihood, and the prioritisation among impacts.	imp. Mat. Definition	no	The guidance will stay at a principles-based level. Exact criteria, parameters and thresholds will be defined on the basis of the undertaking's judgement and cannot be found in the standards (at least not in this release - not feasible).	no action	no
7. definitions needed: scale, scope, likelihood, severity, irremediable character	imp. Mat. Definition	no	to be considered	to be aligned	Additional guidelines on materiality
8. ESRS 2 AG 64, it might be appropriate to include in the "context" on impacts, risks and opportunities [AG 64 (a)] a reference to "own operations, products and services", as these are mentioned in the definition of impact materiality provided in ESRS 1 Paragraph 49	imp. Mat. definition	no	this is a "including" listing and it is obvious given the context that own operation is included	no action	no
9. we have strong reservations regarding the concept of an impact being "directly linked to" the undertaking's operations, products or services as described in ESRS 1 para. 50.	imp. Mat. Definition	yes; ESRS 1 - GRI 3	The definition is aligned with GRI	no action	no
10. We would expect that the guidance clarifies that factors such as listing and size which are both relevant for the impact of the undertaking should be considered during the materiality assessment.	imp. Mat. Definition	no	Size of the undertaking and listing are not determinant of the materiality assessment, as irrespective of these two elements, impacts can be material.	no action	no

**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?**

n. Comment	Type (Missing, Structure, definition, DD, GEN, SBM, IRO ...)	Already in TEG survey/ISSB alignment/GRI alignment	EFRAG Secretariat comments	EFRAG Secretariat conclusion no action, no action for set 1, to be completed, Draft to be amended, ... (TBD not an option anymore)	Issue paper needed ? (yes, no, to be completed)
11. A clear line should also be drawn between negative impact and negative risk. Generally, a positive or negative impact leads to a positive or negative risk. These can be hard to separate, so further guidance would be appreciated in this respect.	imp. Mat. Definition	no	do not see the point; impact can be positive negative and is related to imp. Materiality; risk is related to financial materiality	no action	no
12. it is necessary to establish whether the driver to assess the materiality of an impact is the relevance for the stakeholder or the relevance for the company.	imp. Mat.	no	to be clarified (for impacts it is the materiality of the impact).	to be aligned	Additional guidelines on materiality
13. illustrative examples needed for impact materiality	imp. Mat.	no	Examples can be included, to the extent that they can be found in other sources. Developing from scratch at this point in time is not feasible (more guidance/clarification will be however included).	to be aligned	Additional guidelines on materiality
14. suggest that the materiality assessment be performed at a topic or sub-topic level rather than at individual impacts of disclosure requirements – this will provide more useful information on the overall impact rather than isolate it at disclosure level.	imp. Mat.	no	this is already in ESRS 1.59	no action	no
15. While it makes sense to define cross-cutting requirements for a company's overall approach to and outcomes of materiality, the nature of thresholds and criteria for the definition of topical impacts, risks and opportunities varies according to the issue at hand; these vary whether considering social matters, as opposed to climate or biodiversity, or other environmental matters. The ESRS should clarify that this is the case, and clearly guide companies to look at topical standards, including any applicable thresholds or criteria, as a source of information and inspiration when determining the materiality of a specific topic.	imp. Mat.	no	already stipulated that thresholds need to be established, ESRS 1.58 it is not EFRAG to establish those thresholds but the undertaking. However, ESRS 1 may clarify that the approach to defining the undertaking's judgemental thresholds/criteria may be different between social/biodiv/climate.	to be aligned	Additional guidelines on materiality
16. Unclear, whether impact includes negative and positive impacts on people and the environment.	imp. Mat.	yes; ESRS 1 - GRI 3	To be added in par. 51	to be aligned	no
17. Difficult to determine impact materiality on the level of individual disclosure requirements for topics that are less developed like biodiversity	imp. Mat.	no	noted and agreed; understanding of imp. Mat. Will develop as reporting on topic develops	no action	no
18. Suggest EFRAG provide simple assessment tools for companies to perform their materiality assessment in order to facilitate adoption of requirements for all businesses, including smaller ones.	imp. Mat.	no	reporting practise and advisors and consultants are to develop this not the standard setter	no action	no
19. Par. 51 too open. If there are no more concrete guidelines it can lead to a free interpretation of what is considered the materiality of an impact.	imp. Mat.	no	again practise related to a specific topic is to develop an appropriate understanding of this	no action; same comment Q23 - 12	no

**Addition from external consultant coding**

*Suggestions for improvement*

01. Improved guidance for implementation, step-by-step instructions. Guidance for implementation of impact materiality can be improved with clear, practical steps and assessment of priorities.

Further clarity on application of both impact materiality and financial materiality assessments. Further clarity is needed on distinguishing between the two assessment types. Para 47 states that impact and financial materiality are intertwined, elsewhere that they're separate. Paragraph 47 vs ESRS GA 59 where it states that each should be considered "in its own right".

03. Work closely to align with intl standards. ISSB, GRI, UN Guiding Principles, OECD Guidelines for Multinational Enterprise. Follow international standards on due diligence

07. Investigate the whole value chain. To make changes where necessary if flaws and risks are detected, particularly for the financial and related sectors.

**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?**

n. Comment	Type (Missing, Structure, definition, DD, GEN, SBM, IRO ...)	Already in TEG survey/ISSB alignment/GR alignment	EFRAG Secretariat comments	EFRAG Secretariat conclusion no action, no action for set 1, to be completed, Draft to be amended, ... (TBD not an option anymore)	Issue paper needed ? (yes, no, to be completed)
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*Reservations*

- 04. Data availability. It might be difficult for some companies to obtain the required information, audit, and assure it. Particularly for SMEs. Also depending on the complexity or novelty of the subject.
- 05. High level of individual judgement. Likely that there will be a high diversity in practice and reporting inconsistencies, even within the same sector
- 06. Doesn't take into account that assessment could be performed by reporting entity to determine scope, actions, stakeholders, and value chain. Reservations regarding the implementation of impact materiality mainly concern the fact that the ESRS do not seem to take into account the materiality assessment that could be performed by the reporting entity to determine the scope of the themes, actions, stakeholders and of the value chain. Must be clarified.
- 08. Challenges in assessing materiality on social issues due to lack of common definition and framework between Member States. Significant challenges in assessing materiality on social issues due to the lack of a common definition and a shared regulatory framework between different member states.
- 09. Direct link to Scope 2 and Scope 3 in value chain is an issue. Significant concerns that the implementation of materiality is practically feasible. In particular, the direct link to Scope 2 and Scope 3 in the value chain postulated in ESRS 1.50, even in the case of a non-direct contractual relationship, will lead to practically unsolvable problems.



**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?**

n. Comment	Type (Missing, Structure, DD, GEN, SBM, IRO ...)	Already in TEG survey/ISSB alignment/GRI alignment	EFRAG Secretariat comments	EFRAG Secretariat conclusion no action, no action for set 1, to be completed, Draft to be amended, ... (TBD not an option anymore)	Issue paper needed? (yes, no, to be completed)
1. Out of scope of Set 1					
2. already addressed (comment by DG, IFRS, TEG)					
3. Comment not picked up here; relates to other question / area / other standard					
4. noted differences in terminology and priorities between IFRS / ESRS	definition	yes	part of the IFRS - ESRS alignment exercise	To be aligned	no
5. recommend aligning this definition with the approach of the ISSB, which focuses on 'enterprise value', rather than on general 'value creation' and 'capitals.'	definition	yes - G4	part of the IFRS - ESRS alignment exercise	Already aligned	no
6. ESRS 1 explicitly excludes from a financial materiality in the context of sustainability reporting the financial effects captured in financial reporting (ESRS 1 par. 52  = artificial and not manageable against integrative approach	definition	yes; ESRS 1 - IFRS 3	part of the IFRS - ESRS alignment exercise	draft aligned	no
7. financial materiality in fin. And sustainability statements: it is not clear why it should be measured with different criteria than the financial materiality in the financial statements	definition	no	Financial materiality for sustainability statements is broader than IAS 1 (as the reference is the assessment of enterprise value as opposed to the decisions taken on the basis of the content of the financial statements). The sentence in par. 52 can be clarified to explain this concept.	draft to be amended (clarification)	no
8. important to ensure that material information can include information about sustainability-related risks and opportunities with low-probability and high-impact outcomes, as well as high-probability events with low-impact outcomes, where the low level of impact results from mitigation measures put in place.	definition	no	to be aligned	to be aligned	no
9. the ESRSs should clearly explain the difference between the materiality definition in the Accounting Directive (in which the CSRD is embedded) and the financial materiality concept used in the ESRS as both preparers, assurance providers, users and regulators will otherwise not understand the difference in reporting of assets, positions and other financial terms within the sustainability reporting section	fin. Materiality	no	Materiality definition in the Accounting Directive ('material' means the status of information where its omission or misstatement could reasonably be expected to influence decisions that users make on the	to be aligned (enterprise value)	no
<b>Addition from external consultant coding</b>					
<i>Suggestions for improvement</i>					
Better alignment with GRI					
03. 'Future value of intangibles' should be added to 'future cash flows'. Reputational damage from unsustainable activities can have a financial affect so should be taken into account.			Not at this stage, but possible in future projects. Alignment with IFRS enterprise value takes precedence in Set 1.	no action	no
04. Principle of subsidiarity should be considered to avoid contradictory info. The principle of subsidiarity of sustainability reporting on aspects that are already reported within the framework of financial reporting - if necessary, in a different way - should be clarified again here			to be considered	to be aligned	no
<i>Reservations</i>					
Use of term 'financial impact' in sustainability context is misleading. Use of the term 'financial impact' in sustainability context is misleading compared to use of materiality in financial reporting framework (IASB)			alignment with IFRS	to be aligned	no
03. Concept of financial materiality leads to greater burden on small companies. This leads to inappropriate burdens and redundant information regarding the existing reporting obligations in the management report.			not applicable as contrary to csrd	no action	no

**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?**

n. Comment	Type (Missing, Structure, definition, DD, GEN, SBM, IRO ...)	Already in TEG survey/ISSB alignment/GRI alignment	EFRAG Secretariat comments	EFRAG Secretariat conclusion no action, no action for set 1, to be completed, Draft to be amended, ... (TBD not an option anymore)	Issue paper needed ? (yes, no, to be completed)
1. Out of scope of Set 1					
2. already addressed by DG / GRI / IFRS / TEG comment					
3. Comment not picked up here; relates to other question / area / other standard					
4. expect significant difficulties in implementing	Implementation	no	noted; future-looking info. Is hard to generate and might not meet information quality criteria (reliability)  from consultant: Due to the fact the perimeter is not fully aligned between sustainability reports and financial statements, the distinction with a profit forecast according to the Prospectus regulation would put companies at risk, and that accounting rules applied when effective impact occurs could lead to different conclusion from early stage evaluation within sustainability reports (n =10)	The extent to which the two perimeters are not aligned will be discussed	Value chain
5. what lacks here is the requirement for companies to disclose criteria and thresholds adopted to determine the materiality of financial risks and opportunities.	criteria, thresholds	yes	There are two different comments here: 1/ what lacks here is the requirement for companies to disclose criteria and thresholds adopted to determine the materiality of financial risks and opportunities. and 2/ The definition of financial materiality may imply disclosure of highly uncertain future-oriented information and information that is business sensitive. On 1/ more guidance may be developed in future Sets (as amendment to Set 1) but it is not feasible at this stage and 2/ noted; future-looking info. Is hard to generate and might not meet information quality criteria (reliability).	no action for set 1	no
6. definition needed: probability of occurrence and magnitude of financial effects	definition		Probability is a common term in financial reporting (e.g. IAS 37). Magnitude refers to the size. Replace 'magnitude' with 'size'.	to be amended (replace magnitude with Size)	no
7. further clarity with regards to the approach, as to ensure the reference to the "Capitals" approach is further specified as well as complemented by other ways of looking at risks opportunities and negative / positive impacts	definition	yes - G4	Alignment with IFRS (no reference to capital)	to be aligned	no
8. inconsistency with financial reporting making implementation not feasible	definition	no	see Q22 eval	see action on Q22	no
9. it is highly encouraged that clear methods and guidance and examples are developed to incorporate sustainability and financial risks.	definition	no	Future research is needed	no action for set 1	no
10. Financial materiality lacks conceptual basis on the practical consequences			Future research is needed	no action for set 1	no
11. Stakeholders need guidance and examples what is meant by para 54 which refers to 'capitals in frameworks promoting a multi-capital approach'	definition	yes - G4	Alignment with IFRS (no reference to capital)	no actions	no
12. The concept is too open, which can mean that in practice different companies in the same sectors may consider the same aspects to be material and non material.	imp. Mat.	no	To be addressed in sector standards	no action; see Q21 - 20 same comment	no
<b>Addition from external consultant coding</b> <i>Suggestions for improvement</i>					

**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?**

n. Comment	Type (Missing, Structure, definition, DD, GEN, SBM, IRO ...)	Already in TEG survey/ISSB alignment/GRI alignment	EFRAG Secretariat comments	EFRAG Secretariat conclusion no action, no action for set 1, to be completed, Draft to be amended, ... (TBD not an option anymore)	Issue paper needed ? (yes, no, to be completed)
Clarify KPIs. Show how they are calculated			Refer to application guidance in topical standards + future amendments may enhance guidance once the practice will emerge	no action for set 1	no
Guidance on double materiality process. Guidance on financial materiality in the context of sustainability reporting; financial and impact materiality as integrated exercise.			Additional clarifications may be considered	to be aligned	Additional guidance on materiality
Guidance on materiality assessment, enterprise value creation materiality. Specific guidance should be given on the enterprise value creation aspect			Refer to application guidance in topical standards + future amendments may enhance guidance once the practice will emerge	no action for set 1	no
Guidance on methodology. Clear methodology to assess the impacts; on converting ESG risks to financial impacts; on integrating future cash flows and enterprise values to coming climate/human-related risks			Refer to application guidance in topical standards + future amendments may enhance guidance once the practice will emerge	no action for set 1	no
Provide illustrative examples of impacts of materiality. To clarify who the impacted stakeholders are, the scope, and which sustainability issues are most financially relevant			Refer to application guidance in topical standards + future amendments may enhance guidance once the practice will emerge	no action for set 1	no
02. Better alignment with ISSB and other intl. standards. Better alignment of financial materiality concept with application of enterprise value creation materiality			see above		
03. Clarify terminology. E.g. 'material' and 'significant' are both used interchangeably and it is confusing			The two process are intertwined but they have their dignity in their own.	no action for set 1	no
05. Make clear that financial materiality is grounded in impact materiality. Basis for both should be effective risk management, international standards on human rights and environmental due diligence Reservations			Noted; future-looking info. Is hard to generate	no action for set 1	no
01. Difficult to make projections of enterprise value for sustainability and ESG issues. Difficult to make projections of financial effects on enterprise value as it can be difficult to distinguish among several sources of change. What is the effect of only sustainability or ESG related sources, especially in the long-term as there are many uncertainties. Future projections often depend on assumptions.					
03. Definition is too all-inclusive and wide, might disclose business sensitive info. The proposed definition is too broad and may lead to confusion or misinterpretation. It may imply the disclosure of highly uncertain future-oriented info and business sensitive information.			see above		
04. Considering future financial impacts related to risks which may or may not be in financial statements, is too broad a concept in practice. Unclear how reliable and relevant the info is when trying to include all possible influences, what is actually being included as an impact on future cash flows.			see above		
05. Forward-looking analysis of potential impacts on financial statements raises issues. Due to the fact the perimeter is not fully aligned between sustainability reports and financial statements, the distinction with a profit forecast according to the Prospectus regulation would put companies at risk, and that accounting rules applied when effective impact occurs could lead to different conclusion from early stage evaluation within sustainability reports.			see above		
06. Some disclosures come from CDP questionnaire without further info provided. Paragraph 77 of ESRS, and AG 61 contain CDP disclosures. Are sole expected cash effects required or will further effects on accounting KPIs be mandatory?			Reference is the impact on enterprise value. Clarification may be beneficial	to be amended	no
07. Difficult to measure capital and intangibles. This is due to the concept of 'value' being defined in financial and monetary terms. Information on intangibles is not developed enough.			Refer to application guidance in topical standards + future amendments may enhance guidance once the practice will emerge	no action	no
08. Lack of comparability between companies due to management judgement discretion. Reservations on the comparability of material items between different companies, even in same industry, due to individual management judgement. Open concept interpretation. This could affect the availability and/or exhaustivity of reportings.			Sector standards will support comparability.	no actions in set 1	no

**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?**

n. Comment	Type (Missing, Structure, definition, DD, GEN, SBM, IRO ...)	Already in TEG survey/ISSB alignment/GR I alignment	EFRAG Secretariat comments	EFRAG Secretariat conclusion no action, no action for set 1, to be completed, Draft to be amended, ... (TBD not an option anymore)	Issue paper needed ? (yes, no, to be completed)
1. Out of scope of Set 1					
2. already addressed by DG / GRI / IFRS / TEG comment					
3. Comment not picked up here; relates to other question / area / other standard					
4. disagree with rebuttable presumption (for whatever reason)	materiality assessment	yes - ESRS 1-T1.2	Approach to materiality	Approach to materiality	Approach to materiality
5. support rebutt. Presumption	materiality assessment	no	Approach to materiality	Approach to materiality	Approach to materiality
6. agree that materiality assessment of the undertaking is needed but focus should be on what is material, not what is not material	materiality assessment	yes - ESRS 1-T1.2	Approach to materiality	Approach to materiality	Approach to materiality
7. rebuttable presumption leads to reporting on immaterial information (explicit approach)	materiality assessment	yes - ESRS 1-T1.2	Approach to materiality	Approach to materiality	Approach to materiality
8. result in a considerable compliance burden for companies that would need to justify each time they do not deem certain information material for them	materiality assessment	yes - ESRS 1-T1.2	Approach to materiality	Approach to materiality	Approach to materiality
9. leaves room for companies to rebut any disclosures,	materiality assessment	no	Approach to materiality	Approach to materiality	Approach to materiality
10. problematic for financial market participants if investees do not report due to Rebuttable P.	materiality assessment	no	Approach to materiality	Approach to materiality	Approach to materiality
11. make PAI disclosures always mandatory	materiality assessment	no	Approach to materiality	Approach to materiality	Detailed assessment at DR level + Approach to materiality

**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?**

n. Comment	Type (Missing, Structure, definition, DD, GEN, SBM, IRO ...)	Already in TEG survey/ISSB alignment/GR I alignment	EFRAG Secretariat comments	EFRAG Secretariat conclusion no action, no action for set 1, to be completed, Draft to be amended, ... (TBD not an option anymore)	Issue paper needed ? (yes, no, to be completed)
12. alternative suggestions: have agnostic (sector-specific) disclosures mandatory and disclosures subject to materiality plus entity specific	materiality assessment	yes - ESRS 1-T1.2	Approach to materiality	Approach to materiality	Detailed assessment at DR level + Approach to materiality
13. ESRS should make it clearer that it is possible and even likely that some top-ics are not material as the current wording of ESRS 2 that all standards apply seems to suggest that most of the time these topics are material and hence obligatory for disclosure which is not always the case, for instance for the water and biodiversity standards	materiality assessment	yes - ESRS 1-T1.2; G5	Approach to materiality	Approach to materiality	Detailed assessment at DR level + Approach to materiality
14. Companies should be guided to consider carefully the full array of sustainability issues that may be material from both an impact materiality and financial materiality perspective. Companies should be explicitly guided to review all topics and sub-topics in the ESRS to stress-test their assumptions regarding potential material issues.	materiality assessment	no	Approach to materiality	Approach to materiality	Detailed assessment at DR level + Approach to materiality
15. ESRS 1 should explicitly refer to the cost constraint principle on useful sustainability reporting as it is the case in the IFRS conceptual framework for financial reporting (§2.39). It is vital that costs and benefits are justified while reporting sustainability information. The cost-benefit analysis is one of the criteria related to the concept of "European Public Good", taken into consideration by EFRAG in its opinion on the endorsement of IFRS standards.	materiality assessment	no	to be considered as part of the qualitative characteristics of quality	to be aligned	Qualitative characteristics
16. Further guidance is needed on the extent of the reasonable and supportable evidence	materiality assessment	no	Approach to materiality	Approach to materiality	Approach to materiality
17. Consider moving disclosure requirements to sector specific standards	granularity	yes - G5	Part of the detailed assessment	to be aligned (subject to outcome of the detailed assessment)	Detailed assessment at DR level
18. have also GRI reasons for omissions for ESRS	materiality assessment	yes	No omissions for confidentiality or legal prejudices can be allowed as it would contradict the CSRD, where for the CSRD the option to omit may be granted only when member states have applied the option.	no action	no
19. guidance	materiality assessment	no	More guidance will be developed on what is material at sector level	no actions for set 1	no

**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?**

n. Comment	Type (Missing, Structure, definition, DD, GEN, SBM, IRO ...)	Already in TEG survey/ISSB alignment/GR I alignment	EFRAG Secretariat comments	EFRAG Secretariat conclusion no action, no action for set 1, to be completed, Draft to be amended, ... (TBD not an option anymore)	Issue paper needed ? (yes, no, to be completed)
20. ESRS E1 should always be mandatory	materiality assessment	no	to be discussed	to be discussed	Detailed assessment at DR level + Approach to materiality
21. ESRS S1 should always be mandatory	materiality assessment	no	to be discussed	to be discussed	Detailed assessment at DR level + Approach to materiality
22. The standards should make clear that topics of climate change or the company's own workforce cannot reasonably be deemed immaterial by reporting entities.	mandatory standards	yes - G5	to be discussed	to be discussed	Detailed assessment at DR level + Approach to materiality
23. The presumption may be conducive to a checklist approach	materiality assessment	yes	Materiality approach	Materiality approach	Materiality approach
24. Pay close attention to the results of the public consultation, as well as of the user tests, which of the 3 views will be essential for choosing the most appropriate approach to materiality: - in favour of the presumption - it is the responsibility of companies and of their governance bodies to exercise their judgment to identify what is material - standard setter should perform its own materiality assessment	materiality assessment	yes	Materiality approach	Materiality approach	Materiality approach
25. Companies should be required to report on the disclosure requirements directly stemming from other EU regulations of the financial sector leading to mandatory reporting obligations for the financial sector.	SFDR	yes - ESRS 1 - DG83	to be discussed	to be discussed	Detailed assessment at DR level + Approach to materiality
26. The rebuttable presumption should not be about decision whether or not the disclosure is material or not, but on the quality of the information/disclosure or on the inability to provide the information	materiality assessment	no	Materiality approach	Materiality approach	Materiality approach

**Addition from external consultant coding**

*Reservations:*

Rebuttable presumption requires companies to prove that indicators are not material. Rebuttable presumption requires companies to explain in detail the reasons why each of the ESRS disclosure requirements are not material. Inconsistent with the CSRD. The principle of materiality presumption, even rebuttable, is not consistent with the CSRD.

**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?**

n. Comment	Type (Missing, Structure, definition, DD, GEN, SBM, IRO ...)	Already in TEG survey/ISSB alignment/GR I alignment	EFRAG Secretariat comments	EFRAG Secretariat conclusion no action, no action for set 1, to be completed, Draft to be amended, ... (TBD not an option anymore)	Issue paper needed ? (yes, no, to be completed)
<p>Rebuttable presumption difficult to implement. Rebuttable presumption difficult to implement, especially for SMEs.</p> <p>Approach differs from ISSB and GRI approach. The approach differs significantly from the ISSB approach, the GRI approach as well as the current financial reporting approach.</p> <p>Materiality assessment should not be published. Publishing the materiality assessment seems of little use as it will only increase the volume of sustainability reporting which is already substantial.</p> <p><i>Suggestions for improvement:</i></p> <p>Provide clear guidance on materiality assessment. The ESRS should include clear guidance including illustrative examples on the appropriate process to be followed to determine materiality and to justify immateriality.</p> <p>Rebuttable presumption should not apply to all indicators. The presumption of materiality should be limited to sector-specific standards and not required for all indicators.</p> <p>Provide standardised justifications for immateriality assessments. The exercise of materiality assessment could be supported through standardized / template categories of justifications for why a disclosure requirement is considered not material to a company.</p> <p>A thorough materiality assessment would make rebuttable presumption obsolete (no need of rebuttable presumption)</p> <p>Stakeholders' role in materiality assessments should be clarified and strengthened. The role and importance of stakeholder involvement in implementing companies' materiality assessments should be clarified and strengthened.</p>					See previous questions

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

n. Comment	Type (Missing, Structure, definition, DD, GEN, SBM, IRO ...)	Already in TEG survey/ISSB alignment/GR alignment	EFRAG Secretariat comments	EFRAG Secretariat conclusion no action, no action for set 1, to be completed, Draft to be amended, ... (TBD not an option anymore)	Issue paper needed ? (yes, no, to be completed)		
1. Out of scope of Set 1				no action			
2. already addressed by DG / GRI / IFRS / TEG comment							
3. Comment not picked up here; relates to other question / area / other standard				no action	Materiality approach		
4. advantage of full transparency		No		no action			
5. achieves an adequate balance between relevance and comparability		No	Should the rebuttable presumption be replaced with a different approach, replacement should best consider how the advantages of the rebuttable presumption mentioned do not get lost.	no action			
6. benefit: undertaking will evaluate all risks		No		no action			
7. allows reports to be more entity specific compared to only mandatory DR		No		no action			
8. information seems particularly relevant for NGOs to evaluate which information undertakings did not consider material.		No		no action			
9. no advantage / costs and risks outweighs the benefits		No		no action			
10. advantage when applied to sector standards		No		no action			
11. rebuttable presumption mechanism would shift the burden of proof to the undertaking		No		no action			
12. give reasons for considering an information as not material could be considered to have a stewardship function.		No		no action			
13. Appropriate only in the case of sustainability matters that are of comparatively low importance		No		no action			
14. Flexibility, especially on the information/disclosure that is not reasonably available/obtainable/understandable to the undertaking.		No		no action			
15. The company can focus its information where it really has an impact.		No		no action			
<b>Addition from external consultant coding</b>							

Reservations:

Suggestions for improvement:



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

n. Comment	Type (Missing, Structure, definition, DD, GEN, SBM, IRO ...)	Already in TEG survey/ISSB alignment/GRI alignment	EFRAG Secretariat comments	EFRAG Secretariat conclusion no action, no action for set 1, to be completed, Draft to be amended, ... (TBD not an option anymore)	Issue paper needed ? (yes, no, to be completed)
1. Out of scope of Set 1					
2. already addressed by DG / GRI / IFRS / TEG comment					
3. Comment not picked up here; relates to other question / area / other standard					
4. reporting on what is non-material	Rebuttable presumption	yes - ESRS 1-T1.2	Materiality approach	Materiality approach	Materiality approach
5. focus on determining what is not material is detrimental / burdensome to document / costly	Rebuttable presumption	yes - ESRS 1-T1.2	Materiality approach	Materiality approach	Materiality approach
6. could result in disclosing immaterial information to avoid demonstrating that it is not material	Rebuttable presumption	yes - ESRS 1-T1.2	Materiality approach	Materiality approach	Materiality approach
7. could result in tick the box	Rebuttable presumption	yes - ESRS 1-T1.2	Materiality approach	Materiality approach	Materiality approach
8. detrimental for comparability	Rebuttable presumption	yes - ESRS 1-T1.2	Materiality approach	Materiality approach	Materiality approach
9. concerns with para 62 of ESRS 1 (individual DR, datapoint not material below threshold)	Rebuttable presumption	yes - ESRS 1-T1.2; DG II-9	Materiality approach	Materiality approach	Materiality approach
10. relative freedom companies have to determine materiality	Rebuttable presumption	yes - ESRS 1-T1.2	Materiality approach	Materiality approach	Materiality approach
11. general disagreement (too broad, complex, narrative)	Rebuttable presumption	yes - ESRS 1-T1.2	Materiality approach	Materiality approach	Materiality approach
12. Should not be available to SFDR - PAI indicators	SFDR	yes	Materiality approach	Materiality approach	Materiality approach + Detailed assessment at DR level
13. Should not be available to climate / (parts of it)	materiality assessment	no	Materiality approach	Materiality approach	Materiality approach + Detailed assessment at DR level
14. have sector specific mandated disclosures instead / provide relevant thresholds / analyse all DR whether they are really sector agnostic	granularity	yes - G5	Materiality approach	Materiality approach	Materiality approach + Detailed assessment
15. The lack of uniform/harmonised criteria/thresholds or at least some guidance	materiality assessment	no	Materiality approach	Materiality approach	Materiality approach

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

n. Comment	Type (Missing, Structure, definition, DD, GEN, SBM, IRO ...)	Already in TEG survey/ISSB alignment/GR I alignment	EFRAG Secretariat comments	EFRAG Secretariat conclusion no action, no action for set 1, to be completed, Draft to be amended, ... (TBD not an option anymore)	Issue paper needed ? (yes, no, to be completed)
16. The requirement to provide proof for those disclosure requirements which are considered non-material.	materiality assessment	yes - ESRS 1-T1.2	Materiality approach	Materiality approach	Materiality approach
17. Entities may abuse this concept in order not to report certain information.	materiality assessment	no	Materiality approach	Materiality approach	Materiality approach

**Addition from external consultant coding**

*Reservations:*

0.5 Clarification needed. Some aspects are unclear and require clarification, usually about what is immaterial and material.

1.0 Information quality. Information quality from companies and/or report is not at sufficient level.

*Suggestions for improvement:*

## Q27: how would you suggest it can be improved?

n. Comment	Type (Missing, Structure, definition, DD, GEN, SBM, IRO ...)	Already in TEG survey/ISSB alignment/GR alignment	EFRAG Secretariat comments	EFRAG Secretariat conclusion no action, no action for set 1, to be completed, Draft to be amended, ... (TBD not an option anymore)	Issue paper needed ? (yes, no, to be completed)
1. Out of scope of Set 1					
2. already addressed by DG / GRI / IFRS / TEG comment					
3. Comment not picked up here; relates to other question / area / other standard					
4. reject principle per se - therefore no suggestion	RP	yes - ESRS 1-T1.2	Approach to materiality	Approach to materiality	Approach to materiality
5. eliminate RP / delete in ESRS 1 para 57-62	RP	yes - ESRS 1-T1.2	Approach to materiality	Approach to materiality	Approach to materiality
6. positive explanation only on what is material	RP	yes - ESRS 1-T1.2	Approach to materiality	Approach to materiality	Approach to materiality
7. reliance on the entities' own analysis for determining the materiality	RP	yes	Approach to materiality	Approach to materiality	Approach to materiality
8. rebuttable presumption at sector level / downgrade requirements to sectors if more appropriate	RP	yes - G5	Approach to materiality	Approach to materiality	Approach to materiality + Detailed assessment at DR level
9. have list of mandated DR and those that are to be disclosed on basis of materiality	RP	yes	Approach to materiality	Approach to materiality	Approach to materiality
10. consider undue cost and effort principle	RP	yes - ESRS 1-T1.2	Not here but as part of the Qualitative characteristics	to be aligned	Characteristics of quality
11. additional guidance / examples / separate paper on materiality	RP	yes	out of scope of set 1	no action	no
12. some disclosures must be made material (SFRD, climate, others)	RP	yes - ESRS 1-T1.2	Approach to materiality	Approach to materiality	Approach to materiality

## Q27: how would you suggest it can be improved?

n. Comment	Type (Missing, Structure, definition, DD, GEN, SBM, IRO ...)	Already in TEG survey/ISSB alignment/GR	EFRAG Secretariat comments	EFRAG Secretariat conclusion no action, no action for set 1, to be completed, Draft to be amended, ... (TBD not an option anymore)	Issue paper needed ? (yes, no, to be completed)
<p>13. <sup>1</sup>- The ESRS should specify which sub-topics cannot be deemed immaterial</p> <ul style="list-style-type: none"> <li>• then specify additional sub-topics which cannot be deemed immaterial by reporting entities in relevant sectors.</li> <li>• The ESRS should provide more comprehensive cross-cutting guidance and more detailed disclosure requirements regarding the materiality determination process in ESRS 2 (Disclosure requirement 2-IRO 1) and guide companies to take into account all sub-topics covered by the ESRS and guidance included therein</li> <li>• Where the materiality determination process demonstrates that the entire sub-topic is not material for the undertaking, the standards should seek an explanation for that conclusion.</li> <li>• Where the conclusion is that the sub-topic is material, the undertaking should apply the corresponding ESRS in full; the topical ESRS should clearly identify any individual and more granular disclosure requirements whose application should depend on materiality considerations. In this regard, topical standards should provide clear guidance, criteria and - where relevant and feasible - thresholds.</li> </ul>			This input is useful in the finalization of the approach, once the general direction will be decided.	to be considered (subject to the general direction)	Approach to materiality
14. The rebuttable presumption should not be about decision whether or not the disclosure is material or not, but on the quality of the information/disclosure or on the inability to provide the information	materiality assessment	no	When it is impracticable to collect data along the value chain, ESRS 1 foresees approximation, i.e. estimation process to build proxies insted of real data. The concept of dropping information that cannot be provided is not foreseen in ESRS 1.	no action	no
15. Coherence of the ESRS on these topics could be improved, especially between ESRS 2 § 77c) / ESRS 1 § 57.	RP	no	This input is useful in the finalization of the approach, once the general direction will be decided.	to be considered (subject to the general direction)	Approach to materiality
16. Undertakings should be required to save all documentation related to the rebuttable presumption.	behaviour	no	agree, but ESRS is not on behaviour	no action	no
17. Disclosure requirements under ESRS 2 (IRO 1 and 2) combined with the assurance requirement will ensure the quality and relevance of the assessment without requiring to explain further why some matters are not material.	RP	no	Approach to materiality	Approach to materiality	Approach to materiality
18. Revise the rebuttable presumption and avoid combining the materiality assessment with any proportionality considerations which should be dealt with by other means	RP	yes	Approach to materiality	Approach to materiality	Approach to materiality
<b>Addition from external consultant coding</b>					
<i>Reservations:</i>					
Companies not in favour of negative statements. Allow omission of non-material disclosures without requiring a negative statement			see above		
<i>Suggestions for improvement:</i>					
			see above		

**Q27: how would you suggest it can be improved?**

n. Comment	Type (Missing, Structure, definition, DD, GEN, SBM, IRO ...)	Already in TEG survey/ISSB alignment/GRI alignment	EFRAG Secretariat comments	EFRAG Secretariat conclusion no action, no action for set 1, to be completed, Draft to be amended, ... (TBD not an option anymore)	Issue paper needed ? (yes, no, to be completed)
03. Clarification needed. Clarify concept of double materiality so that rebuttable presumption has a practical application			see above		
06. No disclosure requirement. Companies should not be required to disclose the thresholds and criteria established to assess materiality.			see above		
07. Presentation of disclosure requirements deemed not material in a single table. Should be able to present in a single table the list of ESRS or disclosure requirements deemed not material, for instance at the end of the management or sustainability report, to avoid displaying “not material” mentions all over said report			to be considered		Approach to materiality
09. Core and more, mandatory disclosure topics. Define a set of mandatory disclosure topics that can be complimented with specific topics that an undertaking deems material. This is similar to the “core and more” approach applied in the past by EFRAG and the GRI.			Approach to materiality	Approach to materiality	Approach to materiality
11. Outcome of assessment should not be disclosed in report. The description of the materiality assessment’s outcome should not be disclosed in detail in the sustainability report, but it should communicate to the auditors for verification. There should also be 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 in order to avoid any dilution of material disclosures.			Approach to materiality	Approach to materiality	Approach to materiality
14. Subordinating by individual topics. By structuring and subordinating individual topics more, so that a decision can first be made at the upper level without having to deal with the detailed disclosure obligations. For example, the individual areas could contain materiality benchmarks that can operationally prepare the decision.			Approach to materiality	Approach to materiality	Approach to materiality

**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?**

n. Comment	Type (Missing, Structure, definition, DD, GEN, SBM, IRO ...)	Already in TEG survey/ISSB alignment/GR alignment	EFRAG Secretariat comments	EFRAG Secretariat conclusion no action, no action for set 1, to be completed, Draft to be amended, ... (TBD not an option anymore)	Issue paper needed ? (yes, no, to be completed)
1. Out of scope of Set 1					
2. More AG to be developed in the future (refer to column M)					
3. Comment not picked up here; relates to other question / area / other standard					
4. Approximations of information on the value chain should be allowed	approximation	no	strong support, therefore approximations should remain	no action	no
5. There should be detailed specific application guidance on the methodology and assumptions relating to the approximations	approximation	no	this is to the undertaking to develop methodology, not EFRAG	no action	no
6. Transparency in terms of disclosure is crucial to ensure that information is understandable, relevant, verifiable, comparable, and faithfully represent sustainability information	approximation	no	ESRS 2 has a DR that requires to disclose when approximations are used to transparency is already required	no action	no
7. Use of approximations should be seen as a stopgap measure on the way to using data that fulfils all the quality criteria. There needs to be a process to move from the use of approximations to more reliable data	approximation	no	The outcome of the approximation has to have all the characteristics of quality including reliability. It is not an escape route to produce non-deliabile data. It is a subset of 'estimations', that instead of using real data as inputs uses 'proxies' (market/sector/statistical data). ESRS also requires to disclose on methodology, see ESRS 2-GR 5	to be discussed	Value chain
8. Necessary to use the same proxies and have common methodology amongst undertakings in the same sectors	approximation	no	it is expected that a market practise in this respect will develop	no action	no
9. The concept of approximation of data should have a fully fledged definition regarding the instances in which such an approach is warranted	approximation	no	see the principle in ESRS 1 to describe when approximations are applicable	no action	no
10. The related paragraphs are too complex and needs to be simplified and addressed sector by sector	approximation	no	disagree with that statement; it is on a principle that cannot be pushed to sectors	no action	no

**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?**

n. Comment	Type (Missing, Structure, definition, DD, GEN, SBM, IRO ...)	Already in TEG survey/ISSB alignment/GR I alignment	EFRAG Secretariat comments	EFRAG Secretariat conclusion no action, no action for set 1, to be completed, Draft to be amended, ... (TBD not an option anymore)	Issue paper needed ? (yes, no, to be completed)
11. Difficult to focus on whole value chain - therefore the reporting boundary is too broad. Need to define a perimeter / limit the value chain	value chain	no	has been addressed by CSRD phase-in	to be discussed	value chain
12. It would be inappropriate to consider the identification of actual and potential impacts along the value chain from a data approximation perspective - should be driven by due diligence guidance	approximation	no	agree, but impracticability might also relate to due diligence related to identification and if so also here approximations like peer group data might be applicable	no action	no
13. State explicitly that the lack of data does not waive companies from their disclosure obligations linked to the value chain	approximation	no	not needed as the disclosure obligation is not affected by approximation; approximation is used to come up with the data that needs to be disclosed	no action	no
14. Suggest allowing undertakings to omit some of the mandated requirements in legitimate and well justified cases in order to meet the faithful representation objective	approximation	no	Omissions possible only if member states implement this option, as required by the CSRD and specified in ESRS 1. Level 2 (ESRS) cannot take a different approach.	no action	no
15. Suggestion that companies present the scope of accountability in the introduction of the sustainability reporting to clarify where they are legitimate to act and report versus the areas where they cannot take any commitment	approximation	no	The commitments taken by companies will be transparent in the description of their policies, targets and actions. No need for a specific statement.	no action	no
16. The boundary between value chain and the scope of ESRSs is unclear, eg, unclear if joint ventures or associated companies should be fully included in the sustainability reporting or to the extent that they are involved in the undertaking's value chain	boundaries / VC	no	see ESRS 1.63 that clarifies that; they are not fully included; only included if part of the VC	no action	no
17. Different approach - suggest a risk-based-approach regarding information that should be collected throughout the value chain	value chain	no	This is exactly what ESRS 1 requires already: ESRS 1-64 has a IRO oriented approach with respect to the value chain	no action	no
18. Challenging task for auditors / regulators	value chain	no	out of remit of ESRS; audit guidance must be developed in that respect; concern picked up as part of the VC	to be discussed	value chain
19. Current wording does not seem to frame prudently enough the use of such approximations and estimates as it does not include detailed precautions	approximation	no	"every reasonable effort" as a principle; rest needs to be developed by undertakings and auditor; need to be principles based	no action	no

**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?**

n. Comment	Type (Missing, Structure, definition, DD, GEN, SBM, IRO ...)	Already in TEG survey/ISSB alignment/GR I alignment	EFRAG Secretariat comments	EFRAG Secretariat conclusion no action, no action for set 1, to be completed, Draft to be amended, ... (TBD not an option anymore)	Issue paper needed ? (yes, no, to be completed)
20. Concerned with the indirect impact of new reporting requirements on unlisted small and medium-sized enterprises (SMEs) that are in the value chain of companies within scope	SME	no	This is a direct consequence of CSRD not of ESRS	no action	no
21. Suggestion to use the undue cost or effort exemption, commonly used in the IFRS for SMEs, for value chain reporting for all or some specific disclosure requirements	approximation	no	has been discussed in PTF intensively and agreement in respect of approximations was reached	no action	no
22. Paragraph 64 of ESRS 1 ED potentially conflicting with the boundaries determined in pa63. Should avoid prescribing within the body of the standard any cases which would contradict these boundaries - can put in illustrative guidance	boundaries	no	do not agree with that comment ; para 64 is an explanation to 1st sentence of para 63	no action	no
23. The standards should prescribe that a reporting entity can only include information that is verifiable and faithfully represented	approximation	no	This is already required, as verifiability and faithful representation are characteristics of the information quality. Approximations are no exeptions: they are a subset of estimation but they are expected to be verifiable and faithful.	no action	no
24. Suggest that approximations should be limited to cases explicitly mentioned in the CSRD as requiring special attention, such as SMEs, non-CSRD entities and undertakings in emerging economies/markets that may not be subject to sustainability disclosure requirements.	approximation	no	A solution need to be found for situations where information simply cannot be obtained / generated	no action	no
25. Suggest to disclose the level of quality of the information which the undertaking has used to prepare its disclosure, distinguished into homogenous groups of value chain counterparties according to their geographical location and size.	approximation	no	would add another requirement - where most stakeholders ask for less burdensome disclosures;	no action	no
26. Undertakings should explain their use of approximations/assumptions, and their attempts to retrieve the necessary data, the impediments encountered and a statement that their administrative board signed off on the approximations used.	approximation	no	see ESRS 67 + 68; administrative board and management is responsible for ALL external reporting of the undertaking - so explicit sign-off is redundant	no action	no
27. Users should be able to understand how the reporting boundary for sustainability reporting compares with that for financial reporting	boundaries	no	see DR 2-GR 3 for description of the VC	no action	no
28. disclosures based on approximations should be separate from other disclosures based on data	approximation	no	disagree, this would put approximations out of content; the use of approximations is highlighted 2-GR 5	no action	no



**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?**

n. Comment	Type (Missing, Structure, definition, DD, GEN, SBM, IRO ...)	Already in TEG survey/ISSB alignment/GRI alignment	EFRAG Secretariat comments	EFRAG Secretariat conclusion no action, no action for set 1, to be completed, Draft to be amended, ... (TBD not an option anymore)	Issue paper needed ? (yes, no, to be completed)
29. The general expansion of the reporting boundary to include upstream and downstream value chains would result in significant operational costs therefore limit the value chain/double materiality concept	approximation	no	The general principle in ESRS 1 is in line with the CSRD. Practical illustrations may be considered to illustrate that not always data from business partners are needed and in many cases statistical and market/peer data are sufficient.	to be discussed	Value chain
30. Suggest that only the information for undertakings included in the consolidation should be required in the first year of application and thereafter a gradual approach	approximation	no	already included in phase-in of CSRD for value chain	to be discussed	Phase-in approach
31. Exercise is still important even though the reliability, verification of the approximation is questionable	approximation	no	to keep in mind approximation is for situations where information is not available; this will unfortunately reduce reliab. And verification; at least better than no information	no action	no
32. More guidance and practical examples on the application of the definition of the value chain to ensure reliability and usefulness of information	approximation	no	this is to the undertaking to develop methodology, not EFRAG	no action	no

**Addition from external consultant coding**

*Reservations:*

01. Comparability. Asking organizations to approximate missing information is against the objective of faithful representation and reduces verifiability and comparability. Approximations could also significantly lower quality, reliability, verifiability and weaken the understandability, relevance and the principle of faithful representation of the reported information.

04. Clearer definition of value chain. The term “value chain” lacks a clear definition, as well as the defined scope for reporting. Broad terms like “upstream”, “downstream”, “first tier supplier” need clarification, as to the extent to which they reach. EFRAG should provide additional guidance and practical examples on how to best apply the given definition of value chain.

05. Align with CSDDD. Consistency with the CSDD Directive should be ensured.

07. Align with other. The ESRS should be aligned and consistent with other standards and legislation, e.g., ISO regulations (9001, 14001 etc.), Sustainable Finance legislation, UN Guiding Principles on Business and Human Rights, relevant OECD Guidelines. Definitions of e.g., verifiable information and faithful representation should be in line with the requirements in other internationally, generally accepted standards.

09. Align with ISSB. The ESRS should be aligned and consistent with ISSB standards.

10. Too granular or extensive. The required information and data are too granular and detailed.

11. Align with GRI. The ESRS should be aligned and consistent with GRI standards.

12. Greenwashing. There is a risk that estimated information can be used for greenwashing, e.g., when using global industry average instead of significantly poorer performance in the actual value chain.

Align with EU taxonomy. The ESRS should be aligned and consistent with the EU Taxonomy Regulation.

*Suggestions for improvement:*

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?**

n. Comment	Type (Missing, Structure, definition, DD, GEN, SBM, IRO ...)	Already in TEG survey/ISSB alignment/GR alignment	EFRAG Secretariat comments	EFRAG Secretariat conclusion no action, no action for set 1, to be completed, Draft to be amended, ... (TBD not an option anymore)	Issue paper needed ? (yes, no, to be completed)
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- 03. Look-through principle (material metrics). Disclosure requirements should be based on a look-through principle which apply for a limited set of material metrics that provide decision-useful information as to a financial company's indirect impact. Disclosures should focus on material information.
- 04. Sector-specific disclosure requirements. Sector-specific standards should be included, e.g., qualitative disclosure requirements should be defined.
- 08. Topic-specific guidance. Topic-specific standards or guidelines should be included.
- 09. Quality metric. More qualitative indicators should be included, rather than relying on quantitative indicators.

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

n. Comment	Type (Missing, Structure, definition, DD, GEN, SBM, IRO ...)	Already in TEG survey/ISSB alignment/GRI alignment	EFRAG Secretariat comments	EFRAG Secretariat conclusion no action, no action for set 1, to be completed, Draft to be amended, ... (TBD not an option anymore)	Issue paper needed ? (yes, no, to be completed)
1. Out of scope of Set 1					
2. More AG to be developed in the future					
3. Comment not picked up here; relates to other question / area / other standard / comment no relevant					
4. Comply or explain that reliable data could not be obtained	approximation	no	This would be contrary to the need to provide complete information along the value chain (subject to the risk-based approach in ESRS 1). CSRD doesn't foresee this exception. Practical illustrations will be considered.	to be discussed	Value chain
5. Risk-based approach regarding information that should be collected throughout the value chain	value chain	no	ESRS 1 is already risk-based	to be discussed	value chain
6. Use of sustainability labels of SME value chain partners	value chain	no	This would be prescribing behaviours so outside the scope of ESRS.	no action	no
7. Need to limit options for approximation	approximation	no	use of options is already limited by ESRS 1	no action	no
8. Strong qualitative disclosures that explain the challenges and risks where this information cannot practically be sourced, the safeguards to mitigate risks and roadmap of how this information can be sourced in the future by the entity/ applicable sector.	approximation	no	see DR 2-GR 5	no action	no
9. Definition of value chain should be clarified	value chain	yes - ESRS 1 - T14	has been picked up in chapter 2.3 of ESRS 1	to be discussed	Value chain
10. To reduce the value chain to include only tier 1 suppliers and tier 1 customers and rendering this data collection mandatory for undertakings.	value chain	no	This is not consistent with the CSRD nor with the international frameworks on due diligence nor with GRI.	to be discussed	Value chain
11. Using the undue cost or effort exemption, commonly used in the IFRS for SMEs, for value chain reporting for all or some specific disclosure requirements	approximation	no	instead of "undue cost" the concept of "impracticable" / every reasonable effort has been used	no	no
12. Deferring the requirement for value chain disclosures until the ESRS are first reviewed.	value chain	no	The transition provision in the CSRD will be incorporated and an amendment will be proposed in Set 2 to implement the cap, however the general principle will have to stay as it is confirmed in the CSRD.	no action	CSRD changes

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

n. Comment	Type (Missing, Structure, definition, DD, GEN, SBM, IRO ...)	Already in TEG survey/ISSB alignment/GR I alignment	EFRAG Secretariat comments	EFRAG Secretariat conclusion no action, no action for set 1, to be completed, Draft to be amended, ... (TBD not an option anymore)	Issue paper needed ? (yes, no, to be completed)
13. Disclosing the approximations used, the methodology applied and the assumptions made in making these approximations	approximation	no	see DR 2-GR 5; overall there is feedback that requirements are too burdensome; so should not add to it	no action	no
14. No other alternative				no action	no
15. There should be no requirement to communicate externally information that the reporting entity wouldn't use for making decisions due to lack of quality.	approximation	no	CSRD requirements do not have this principle and are not akin to it	no action	no
16. Use international data sources such as the future Global Compact database	approximation	no	which sources to use is up to the undertaking not the standard setter	no action	no

**Addition from external consultant coding**

*Reservations:*

*Suggestions for improvement:*

Align with CSDDD. Consistency with the CSDD Directive should be ensured.

**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?**

n. Comment	Type (Missing, Structure, definition, DD, GEN, SBM, IRO ...)	Already in TEG survey/ISSB alignment/GR I alignment	EFRAG Secretariat comments	EFRAG Secretariat conclusion no action, no action for set 1, to be completed, Draft to be amended, ... (TBD not an option anymore)	Issue paper needed ? (yes, no, to be completed)
1. Out of scope of Set 1			DR is done separately		
2. More AG/ illustrative examples to be developed in the future	Missing	no	beyond set 1	no action	no
3. Comment not picked up here; relates to other question / area / other standard					
4. Respective ESRS should specify level of disaggregation	Suggestion	no	part of evaluation of each DR not ESRS 1 itself	no action	no
5. Include disclosure requirements to explain rationale of choice made	Suggestion	no	overall feedback is that ESRS are already too granular and burdensome; comment only from one respondent; therefore not picked-up	no action	no
6. Welcome further clarity/guidance and consistency in the definitions	Clarity	no	This should be on a principle basis. In par. 74 b. replace EU regulation with applicable regulations.	to be aligned (EU regulation to be replaced with applicable regulation)	no
7. Corporates/Management should define the right disaggregation	Suggestion	no	agree, in this way the principle is set-up in ESRS 1	no action	no
8. Concerned with corporates/Management defining the disaggregation	Suggestion	no	see before; it is exactly Management that is supposed to know how to disaggregate; auditor is enforcing on a meaningful basis as well	no action	no
9. Should be a limited level of aggregation otherwise too granular information	Suggestion	no	The approach is principles based: when it is relevant for a proper understanding, disaggregation to be applied.	no action	no
10. Will result in different interpretations by different companies and assurance providers	Impact	no	do not see this as a mayor concern; market practise and exchange between assurance provider will resolve this issue	no action	no
11. Should be alignment with Corporate sustainability due diligence directive (CSDDD)	Alignment with CSDDD	no	CSDDD not in effect now; do not see link to disaggregation here	no action	no
12. Rebuttable assumption is that consolidated information at group-level is sufficient (in line with CSRD), acknowledging that more granularity may be needed in exceptional cases	Suggestion	no	para 72 -77 is at principle level; undertaking needs to determine based on that principle which disaggregation level is appropriate	no action	no

**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?**

n. Comment	Type (Missing, Structure, definition, DD, GEN, SBM, IRO ...)	Already in TEG survey/ISSB alignment/GR I alignment	EFRAG Secretariat comments	EFRAG Secretariat conclusion no action, no action for set 1, to be completed, Draft to be amended, ... (TBD not an option anymore)	Issue paper needed ? (yes, no, to be completed)
13. A segment-level view based on IFRS 8 may be useful to users	Suggestion	no	IFRS 8 is only applicable for a limited number of CSRD reporters	no action	no
14. Concerned that significant GHG emissions could be aggregated e.g. with data from low GHG production sites in the same country applying para 74(b)	too aggregated info	no	this is on average and if many sites this might be the case; overall GHG is the issue	no action	no
15. Aggregation without obscuring is difficult as numbers are often not comparable	Comparability concerns	no	para 72 to 77 are on appropriate disaggregation, not aggregation	no action	no
16. Large number of individual disclosure requirements with different levels of consideration weakens the understandability, relevance, and comparability of the disclosures	Impact	no	aggregation/diaggregation is only within an individual DR not among DR, so comment is more on granularity which is pick-up by other questions	no action	no
17. The level of disaggregation to be adopted should not only depend on the entity's considerations, but should also be aligned with the information financial institutions need from their counterparties to comply with their own disclosure requirements	Suggestion	no	agree that is which SFDR PAI are considered materiality; nothing that needs to be picked-up in the disaggregation para.	no action	no
18. ESRS 1 should explicitly refer to the cost constraint principle as is the case in IFRS financial reporting framework	Suggestion	no	to be considered as part of the characteristics of quality	to be aligned	Characteristics of quality
19. Disclose disaggregated information in a Pareto approach ((ie disaggregating information for the few countries or assets having the most impact). Also the requirement in paragraph 76 to reflect "connections and dynamics" in the value chain is unclear	Materiality/Clarity	no	see DR 2 Gen 2-4 together with the 10% threshold to address that point	no action	no
20. Wording of "EU regulation" may be restrictive and recommend using the terminology of "other regulations"	Suggestion	no	see above	to be aligned	no
21. supportive of ESRS 1				no action	no
22. To specify which essential industry defining KPIs and to reconsider the requirement in paragraph 71 requiring entities to restate comparative information when there are changes in the reporting boundaries e.g., a change in operational structure, product services and supply chain. The requirements go significantly beyond the requirements for restatement of reported numbers in the financial reporting and would potentially be misleading rather than provide relevant information to adjust number to reflect a structure which did not exist. We suggest aligning with the requirement for financial reporting and to provide guidance on this in the application guidance.	Suggestion	no	Simplifications to be considered; it will also depend on discussions on value -chain.	to be aligned (if detailed analysis suggests to do so)	Detailed assessment at DR level

**Addition from external consultant coding**

*Reservations:*

Increased burden, cost. Reporting entities have to carry a high burden as a consequence of the reporting requirements. The reporting requirements will also bring increased costs, need to hire staff. Especially for SMEs, reporting requirements will be difficult to meet or not be feasible. Collection and verification of data from supply chains is difficult.

*Suggestions for improvement:*

Remove KPIs per country. Reporting disclosures/KPIs per country should be removed.

Phase-in approach. Disclosure requirements should be phased in over a defined period of time.

Align with ISSB. The ESRS should be aligned and consistent with ISSB standards.

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

n.	Comment	Type (Missing, Structure, definition, DD, GEN, SBM, IRO ...)	Already in TEG survey/ISSB alignment/GRI alignment	EFRAG Secretariat comments	EFRAG Secretariat conclusion no action, no action for set 1, to be completed, Draft to be amended, ... (TBD not an option anymore)	Issue paper needed ? (yes, no, to be completed)
1.	Out of scope of Set 1					
2.	More AG to be developed in the future					
3.	Define short-, medium-, long-term horizons to allow for comparability in reporting	t-h definition	yes	support for the ED	no further action	Time horizon
4.	Standardised timeframe is not applicable to all sectors	t-h definition	yes - IFRS 7	this is contrary to the idea of a standardized and comparable approach	to be discussed	Time horizon
5.	Testing time intervals by putting it as optional at first	t-h definition	no	would be too burdensome for preparers to not have guidance when Sus. Reporting is set-up for the first time	no action	no
6.	Provide guidance in defining it	t-h definition	yes	part of issue paper	to be discussed	Time horizon
7.	Agreement on timeframes ensures insights on company's sustainability efforts	t-h definition	yes	support for the ED	no further action	no
8.	Require companies to disclose how they define short-, medium-, long-term linked to companies' strategic planning horizons and capital allocation	t-h definition	no	this comment supports the use of the IFRS entity specific approach	to be discussed	Time horizon
9.	Flexibility should be foreseen to cater to industry specificities	t-h definition	yes - IFRS 7	this would be contrary to the need to define horizons and foster comparability (with the exception of the option to further split the long term which is allowed in the ED)	to be discussed	Time horizon
10.	Long-term interval might be relevant for some companies and they should not report on a short-term base	t-h definition	yes - IFRS 7	The ED allows to further split the long term.	no action	no
11.	Some sustainability topics have short term horizons and others long (eg: transition plans)	t-h definition	yes - IFRS 7	These comments support the use of standardized time horizons as proposed in the ED.	no action	no
12.	Companies should provide forward-looking information aligned with their financial planning	t-h definition	yes	agree	no action	no
13.	the definitions of time horizons as per ESRS 1 are not the same as in IFRS Sustainability Exposure Drafts and Pillar 3 disclosure requirements resulting in an increased administrative burden	alignment ISSB	yes	Alignment with IFRS (entity specific approach).	to be discussed	Time horizon
14.	The longer the time horizons, the harder it will be to assess the reliability of the information being provided	t-h definition	no	agree	no action	no

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

n. Comment	Type (Missing, Structure, definition, DD, GEN, SBM, IRO ...)	Already in TEG survey/ISSB alignment/GRI alignment	EFRAG Secretariat comments	EFRAG Secretariat conclusion no action, no action for set 1, to be completed, Draft to be amended, ... (TBD not an option anymore)	Issue paper needed ? (yes, no, to be completed)
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15. It should not be the standard setter that fixes these timeframes.	t-h definition	yes - IFRS 7	Alignment with IFRS (entity specific approach).	to be discussed	Time horizon
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**Addition from external consultant coding**

- I. Reservations*
- 03. Lack of alignment with ISSB.Lack of alignment with ISSB, which leads to various issues
- II. Suggestions for improvement*
- 03. Alignment with ISSB.It is highly important to align with ISSB
- 06. Specify cases where entities are allowed to modify time horizons.Indicate clearly cases where entities are allowed to modify time horizons
- III. Support*
- 02. Useful for transition planning.Time horizons are useful for transition planning
- 04. Support with long-term planning.Time horizons help with long-term planning
- 05. Interpretation and quantification of impact.Time horizons are needed in order to interpret and quantify impact



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

n. Comment	Type (Missing, Structure, definition, DD, GEN, SBM, IRO ...)	Already in TEG survey/ISSB alignment/GRI alignment	EFRAG Secretariat comments	EFRAG Secretariat conclusion no action, no action for set 1, to be completed, Draft to be amended, ... (TBD not an option anymore)	Issue paper needed ? (yes, no, to be completed)
1. Out of scope of Set 1					
2. More AG to be developed in the future					
3. Agree with proposed over-arching time-horizons	t-h definition	n/a	no action	no action	no
4. Topical standards must specify the time horizons for individual disclosure requirements where necessary	t-h definition	n/a	is already envisaged; topical t-h take precedence	no action	no
5. More granularity for the >5 year long term	t-h definition	yes	Already foreseen in the ED (undertakings may further split the long term).	no action	no
6. A principles-based approach should be followed	t-h definition	n/a	We understand this comment as asking to adopt a flexible (entity-specific) approach.	to be discussed	Time horizons
7. Not appropriate that only one year is considered as short-term	t-h definition	n/a	One year as short term is essential in order to promote connectivity with financial reporting (12 months being a reference point in financial reporting for short term).	to be discussed	Time horizons
8. Should not be defined generally by standard-setter, but provide flexibility for industry-specific or context-related			This would be a missed opportunity for comparability and is contrary to the majority view in the consultation (which supports the adoption of predefined horizons).	to be discussed	Time horizons
9. Time horizon requirements should be consistent with ISSB standard	alignment ISSB	yes - IFRS 7	Alignment with IFRS	to be discussed	Time horizons
10. A shorter future-oriented period should be chosen	t-h definition	no	Long term shorter than 5 to 10 years would not allow to appreciate the long term nature of many impacts/actions	no action	no
11. It is important that the entity can adapt these time horizons to the material impacts that their transition plan and targets refer to.	t-h definition	n/a	issue paper foresees that depending on industry other t-h might apply	no action	no
12. Medium: 4-9 years	t-h definition	no	A short term of 1 to 3 years would fail to grant connectivity with financial reporting.	no action	no

**Addition from external consultant coding**

*I. Reservations*

- 01. Time horizons cannot be standardised
- 02. Time horizons do not match internal planning cycles and the financial reporting framework

*II. Suggestions for improvement*

- 03. Establish common time horizon by sector

*III. Support*

- 01. The time horizons are consistent with common practices and standards
- 02. The time horizons are reasonable
- 03. The time horizons lead to increased clarity, consistency and comparability

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

n. Comment	Type (Missing, Structure, definition, DD, GEN, SBM, IRO ...)	Already in TEG survey/ISSB alignment/GRI alignment	EFRAG Secretariat comments	EFRAG Secretariat conclusion no action, no action for set 1, to be completed, Draft to be amended, ... (TBD not an option anymore)	Issue paper needed ? (yes, no, to be completed)
1. Out of scope of Set 1					
2. More AG to be developed in the future					
3. Length of the terms should be expanded with 5 year terms	t-h definition	yes	Short term 0 to 5 years would fail to grant connectivity with financial reporting	no action	no
4. Let corporates define their time horizon	t-h definition	no	IFRS entity specific approach would fail to grant comparability.	to be discussed	no
5. A more principle-based approach with illustrative examples	t-h definition	no	IFRS entity specific approach would fail to grant comparability.	to be discussed	no
6. Companies should explain how the timehorizon is linked to the entity's strategic planning horizons and capital allocation plans	t-h definition	no	IFRS entity specific approach would fail to grant comparability.	to be discussed	no
7. The company's approach should be fully aligned with the approach by the ISSB	alignment ISSB	yes - IFRS 7	IFRS entity specific approach would fail to grant comparability.	to be discussed	no
8. Should not be defined generally byt industry-specific or context-related	t-h definition	no	This would fail to promote comparability across entities.	no action	no
9. Add a further category "very long-term" to raise awareness on potential long-term impacts and risks, especially for the environmental ones	t-h definition	no	This is valid already in the ED, where undertakings may further split the long term.	no action	no
10. Define ranges for short-, medium- and long-term time periods; they should be aligned with those used in financial reporting, if appropriate.	t-h definition	no	The ED is aligned (short term 1 year).	no action	no
11. Policy targets should not be part of the reporting standards, but rather be included in legislation only.	DP 1 + 2	no	policy targets are part of CSRD requirements	no action	no
12. Short: 1-3 years Medium: 4-9 years Long term: 10+ years	t-h definition	no	Short term 0 to 3 years would fail to grant connectivity with financial reporting	no action	no
13. A strict definition of short-, medium- and long-term horizon should be avoided in order to make easier the interconnection between sustainability disclosures and undertakings' financial plans and business strategy, as well as between ISSB and Pillar 3 disclosure requirements.	t-h definition	no	This would fail to promote comparability across entities.	to be discussed	no
14. Across the standards, the definition of short, medium and long term is not fully clear. We suggest looking at the approach to short, medium and long term across the entire set of standards and ensuring consistency.	t-h definition	no	Acknowledge that E1 and E4 seem to have taken a different approach than ESRS 1 so fine tuning is necessary.	to be aligned	Time horizons

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

n. Comment	Type (Missing, Structure, definition, DD, GEN, SBM, IRO ...)	Already in TEG survey/ISSB alignment/GRI alignment	EFRAG Secretariat comments	EFRAG Secretariat conclusion no action, no action for set 1, to be completed, Draft to be amended, ... (TBD not an option anymore)	Issue paper needed ? (yes, no, to be completed)
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**Addition from external consultant coding**

- 1. *Alternative suggestions*
- 03. Provide flexibility
- 04. Reporting entities to disclose how they define time horizons
- 07. Do not define set time horizons
- 10. Preference for short-term timelines

**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?**

n. Comment	Type (Missing, Structure, definition, DD, GEN, SBM, IRO ...)	Already in TEG survey/ISSB alignment/GR alignment	EFRAG Secretariat comments	EFRAG Secretariat conclusion no action, no action for set 1, to be completed, Draft to be amended, ... (TBD not an option anymore)	Issue paper needed ? (yes, no, to be completed)
1. Out of scope of Set 1					
2. More AG to be developed in the future					
3. Strengthen clarity of p.98 and ensure consistency with p.101	clarity	yes, ESRS 1 DGII 17+18	Agreed	to be aligned	no
4. ESRS does not mention other actions that may act on impacts and manage them	missing guidance	no	This comment suggests to mention the kind of actions that can be undertaken to act on impacts and manage them: 1 business composition 2 policies 3 engagement (upstream and or downstream depending on sector), 4 advocacy. The ESRS only mentions policies.	to be considered	no
5. Risk of having too generic information	clarity	no	agree that risk exists; the qualitative characteristics of information should help	no action	no
6. Not all Policies (all for one) should not be part of the disclosure requirements. A reference to the website where policies are disclosed should be enough	granularity	no	see para 93; not all policies need to be disclosed but only "key aspects" of them. Link to website is problematic and not included in the list of possible incorporation by reference.	no action	no
7. Focus on material topics.	materiality	no	DP 1-1 is confined to relevant policies and material IROs	no action	no
8. ESRS should not exceed CSRD requirements	CSRD	no	CSRD requires to disclose policies and actions. Simplifications will be considered in the detailed assessment.	to be discussed (following the detailed analysis)	Detailed assessment at DR level.
9. Important to keep an appropriate level of granularity	granularity	no	DP 1-1 is confined to relevant policies and material IROs	no action	no

**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?**

n. Comment	Type (Missing, Structure, definition, DD, GEN, SBM, IRO ...)	Already in TEG survey/ISSB alignment/GR alignment	EFRAG Secretariat comments	EFRAG Secretariat conclusion no action, no action for set 1, to be completed, Draft to be amended, ... (TBD not an option anymore)	Issue paper needed ? (yes, no, to be completed)
10. Include reference to key policies in line with p.104	granularity	yes	DP 1-1 is confined to relevant policies and material IROs	no action	no
11. Requirements too detailed/ rules-based approach	granularity	no	CSRD requires to disclose policies and actions. Simplifications will be considered in the detailed assessment.	to be discussed (following the detailed analysis)	Detailed assessment at DR level.
12. Clarification on key policies and key actions - not clearly defined	definition / clarity	yes, ESRS 1 DG 74 - DG 75	DP 1-1 is confined to relevant policies and material IROs	no action	no
13. First set of ESRS should not include disclosures recommended in AG	AG	no	This comment is questioning the granularity and priority of this DP.	to be discussed (following the detailed analysis)	Detailed assessment at DR level.
14. Disclosure Requirements (under DPs or AG) are often numerous and very granular	AG	no	This comment is questioning the granularity and priority of this DP.	to be discussed (following the detailed analysis)	Detailed assessment at DR level.
15. Standards must not provide any specifications. Concrete specifications on selected aspects are only justifiable in the case of actual obligations	general	no	This comment is questioning the relevance of a standardized approach as opposed to leaving space for flexibility.	to be discussed (following the detailed analysis)	Detailed assessment at DR level.
16. The disclosure principle should also reflect the extent to which the views of stakeholders and their representatives have been sought.	DD	no	see ESRS 1.97 (e) ; in our view sufficiently reflected	no action	no
17. There should be a requirement to impose the undertaking to develop written policies for material sustainability related policies.	behaviour	no	ESRS should not require behaviour	no action	no
18. DP should be simplified and standardized as these are complex and will result in large quantity of information being disclosed and lack of comparability across undertakings.	granularity	yes	propose to add "key" policies to para 96 and 97	to be discussed (following the detailed analysis)	Detailed assessment at DR level.
19. To clarify whether the DP are intended to be application guidance or overarching requirements	clarity	no	they are overarching requirements (i.e. principles); will become clearer once they are moved to ESRS 2	no action	no

**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?**

n. Comment	Type (Missing, Structure, definition, DD, GEN, SBM, IRO ...)	Already in TEG survey/ISSB alignment/GR alignment	EFRAG Secretariat comments	EFRAG Secretariat conclusion no action, no action for set 1, to be completed, Draft to be amended, ... (TBD not an option anymore)	Issue paper needed ? (yes, no, to be completed)
20. To clarify in the BC the reason why the guidance of GRI become requirements in ESRS	alignment	no	ESRS sets requirements on there own but tries to align with international frameworks	no action	no
21. Policy disclosures are required multiple times under the ESRS (may lead to repetitive reporting)	architecture	no	Policies are in DP1 setting requirements for the topical standards (cross-cutting). Role of DP in CCS is different than DRs on policies in the topical standards.	no action	no
22. Application guidance contains requirements that target more than disclosures. For example, They don't understand why reference to international frameworks as standards of conduct should not be acceptable if reporting entities actually apply such frameworks as policies.	AG	no	Propose to modify AG 8 so that undertakings explain whether they have commitments that exceed those in international frameworks.	to be aligned	no
23. It may be misleading to describe the expected outcome of one action in isolation as they may form part of a number of levers that are aimed at achieving an objective.	DP3	no	it is our understanding that there need not be a 1:1 relationship between actions and objectives; see para 104 (d) ... policy objectiveS and targetS	no action	no
24. Strengthen the description of the policy and the focus on how the company intends to address material matters.	further disclosures	no	seems to be an isolated view; acknowledge that this is already required in DP 1	no action	no
25. To better explain in p.98 the circumstances in which this disclosure requirement generates. If this is a general requirement, it should be reflected more clearly in the topical standards. One respondent suggest not giving the impression that undertakings may choose whether to adopt policies with respect to sustainability matters which are considered material.	behaviour	no	ESRS are not supposed to require behaviour; therefore para 98 addresses situation where there is no policy	no action	no
26. AG 4. The level of detail on a policie must be dicated by the level of detail itself rather than by the importance of the impact or the risk addressed	AG	no	would object to that; to have meaningful relevant information it must be in relation to the importance of the IRO	no action	no

**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?**

n. Comment	Type (Missing, Structure, definition, DD, GEN, SBM, IRO ...)	Already in TEG survey/ISSB alignment/GRI alignment	EFRAG Secretariat comments	EFRAG Secretariat conclusion no action, no action for set 1, to be completed, Draft to be amended, ... (TBD not an option anymore)	Issue paper needed ? (yes, no, to be completed)
27. AG 5. suggest to include in the main body of the DP whether the policies are result of internal decisions of the company, or they are mandated by a national regulation.	AG	no	isolated view; this would add another requirement; should not make a difference where the policy comes from	no action	no
28. AG 8. Clarify which are the types of "third-party standards of conduct" that the company must disclose, and the international frameworks that the company can not disclose here	AG	no	see above No 22; propose to delete	no action	no
29. Suggest requiring disclosures on the extent to which available resources are sufficient to pursue the policies, objectives / targets, etc. A link with ESRS 1-3 on resources needed to fulfil the policies could be made.	additional requirement	no	DP 1 is on policies; this should be on DP 3 - action plans; furthermore it is overly subjective to state whether resources are sufficient; therefore rejected	no action	no
30. Additional guidance should be provided with examples for the application of the required description of policies.	additional examples	no	ESRS 1 is on principles; practise needs to develop this; look at peers	no action	no
31. After first year, reporting should focus on material changes and not full reporting every year.	consecutive reporting	no	same as financial reporting; full set of notes for accounting policies are required; same here	no action	no
32. Difficult for undertakings to get information from their clients/suppliers. Limitations concerning the value chain should be included in the disclosure requirement.	prejudicial information	no	Limitations for value chain to be considered as a general principle, not specifically referred to this DP.	no action	no
33. Omission according to CSRD Article 19(3) for reasons of confidentiality should be included in ESRS 1. It appears that ESRS overrides member state option for omitting information in exceptional cases. Also to clarify in the disclosure principles that undertakings are not required to disclose intellectual capital and trade secrets (see recital 29a of the CSRD).					
<b>Addition from external consultant coding</b>					
<i>Actions for improvement</i>					
03. Align with international frameworks and standards. The ESRS should be aligned with international standards, and reference to international frameworks as standards of conduct should be acceptable if reporting entities apply such frameworks as policies. International alignment should be a priority.					
05. Merge ESRS 1 and 2. ESRS 1 and 2 should be merged and streamlined to facilitate reading and understanding.					
06. Align with other (GRI, EU taxonomy, SEC). ESRS should preferably align further with GRI, but also SEC, UNGP and SDG perspectives.					
07. Delete Para. 98, 101 and 106. Paragraphs 98, 101 and 106 should be deleted.					



**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?**

n. Comment	Type (Missing, Structure, definition, DD, GEN, SBM, IRO ...)	Already in TEG survey/ISSB alignment/GR alignment	EFRAG Secretariat comments	EFRAG Secretariat conclusion no action, no action for set 1, to be completed, Draft to be amended, ... (TBD not an option anymore)	Issue paper needed ? (yes, no, to be completed)
<p>08. Machine readability. References to other documents and materials across the full ESRS (e.g. policies, code of conducts, action plans etc) should be done in the form of a direct document hyperlink which directs to an archived and functioning URL.</p> <p>10. Para. 97. Paragraph 97 should be rewritten, deleted, or further clarified. E.g., descriptions and explanations based on undefined legal terms need a great deal of interpretation, which will affect comparability and lead to rather general statements.</p> <p>10. Principle-based approach. ESRS disclosure principles should adopt a principle-based approach. There is a needed to find the right balance between principles-based requirements and prescriptive disclosures.</p> <p>11. Flexibility - joint or integrated disclosures should be possible and encouraged. Joint or integrated disclosures should be possible and encouraged in the case companies have several policies that are highly interlinked or based on the exact same governance structure. EFRAG should simply state the main principles to allow the entity some flexibility in its reporting.</p> <p>13. Obligation to disclose on material matters, topics, policies. If information on policies in a certain sustainability area is material, this information should be disclosed. Reservations</p> <p>02. Comparability. Disclosure requirements should be standardised to enable comparability and usability. Large numbers of individual disclosure requirements with different levels of consideration weakens the understandability, relevance, and verifiability of the disclosures.</p> <p>03. Increased burden or cost. Reporting entities have to carry a high burden as a consequence of the reporting requirements. The reporting requirements will also bring increased costs, need to hire staff, especially for SMEs.</p> <p>05. Implementation challenges. DP 1 would require a significant amount of information per each policy, including, for example, stakeholder engagement. Not all this information may be material at policy-level. Especially for SMEs, reporting requirements will be difficult to meet or not be feasible.</p> <p>06. Confusing structure. Defining disclosure principles in ESRS 1 that refers to topical standards, and strategy-related disclosures in ESRS 2 that are complemented by additional requirements in topical ESRS are confusing, difficult to understand and use. Consider moving general disclosures for policies to ESRS 2 and include only complementary information in the topical standards.</p> <p>09. DP 1-1 to DP 1-3 take precedence over principles. Questions regarding principles vs what should be presented on policies, targets etc and actions etc seem not relevant and/or meaningless since DP 1-1 to DP 1-3 take precedence over principles. This will influence the relevance of the information.</p>					

**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?**

n. Comment	Type (Missing, Structure, definition, DD, GEN, SBM, IRO ...)	Already in TEG survey/ISSB alignment/GR alignment	EFRAG Secretariat comments	EFRAG Secretariat conclusion no action, no action for set 1, to be completed, Draft to be amended, ... (TBD not an option anymore)	Issue paper needed ? (yes, no, to be completed)
1. Out of scope of Set 1					
2. More AG to be developed in the future					
3. As p.100 refers to "outcome-oriented targets", use of "if applicable" under p.100 d remains unclear. If not applicable, explained	clarification	no	same principle has been used in similar situation; this means if there is no baseline value /year this datapoint is n/a -> no disclosure necessary	no action	no
4. Disclosures on targets, actions and action plans only for material (key) topics	granularity	yes	propose to add "key" to targets and policies	to be aligned	no
5. DP 1-2 too prescriptive and detailed	granularity	no	proposed to include DP 1 -3 in the evaluation of DR	to be discussed (depending on the outcome of the detailed analysis at DR level)	Detailed analysis at DR level
6.					
7. Requirement of p.100 (f) for each target could be burdensome	granularity	no	Par. 100 already limits the info 'where applicable'.	no action	no
8. Important that DP 1-2 be understood as a general principle that can be adapted to specificities of each topic and disclosure requirement	clarity	no	this should be the case together with the intro of chapter 3.1 principles explaining that	no action	no
9. To add that the undertaking should disclose the extent to which input from internal and external experts as well as inputs from affected stakeholders has been sought to develop targets	additional disclosure	no	this is already in DR 2 IRO 1 on the assessment process; this would add an additional DR which adds to complexity; call is for reducing reporting burden; additional DR needs to be exposed in a due process	no action	no
10. Engagement with third parties, even if applicable, may be impossible	clarity	no	to note: comment is on DP 3; if not possible then there has been no 3rd party involvement, then it is n/a; that is what the n/a is for	no action	no
11. Disclosures in for example E1 implies that the reporting entities set targets. This is not compatible with the overall principle.	clarity / misunderstanding	no	it is the undertaking to set the targets (even climate related); ESRS should not prescribe behavior	no action	no
12. Suggest moving the alignment with international, EU and/or national policies from p.100 f) to p.100 a)	clarity	no	agree	to be aligned	no
13. Suggest including in p.100(g) any modification in the way in which the progress is measured and monitored.	clarity	no	"changes" as per p.100(g) also includes modification, so no need seen to change	no action	no

**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?**

n. Comment	Type (Missing, Structure, definition, DD, GEN, SBM, IRO ...)	Already in TEG survey/ISSB alignment/GR alignment	EFRAG Secretariat comments	EFRAG Secretariat conclusion no action, no action for set 1, to be completed, Draft to be amended, ... (TBD not an option anymore)	Issue paper needed ? (yes, no, to be completed)
14. Suggest including in p.100 h)a mention to any KPI that the company might have set, and the basis upon which that KPI has been adopted	clarity	no	this is included in "how the target is monitored and reviewed" in p. 100 h)	no action	no
15. Suggest consolidating the main body of the DPs and the respective Application Guidance	granularity	no	proposed to include DP 1 -3 in the evaluation of DR	to be considered	Detailed analysis at DR level
16. Suggest including a description of the allocation of responsibilities for the oversight of the measurements of outcome-oriented targets or the alternative monitoring methods that are implemented by the undertaking	additional disclosure	no	seems to be isolated comment; objective is to reduce disclosure burden, not to increase it; would require additional exposure of that point	no action	no
17. Para 100 (d) requires companies to report on "if applicable, the baseline value and base year from which progress is measured". The ESRs should require companies to report on an explanation, when this is not applicable.	additional disclosure	no	This would introduce an additional datapoint which is contrary to the request to simplify.	no action	no

**Addition from external consultant coding**

*I. Actions for improvement*

01. Too granular, complex. The required information and data are too granular and detailed. E.g., it does not make sense to require the publication of policies, targets, actions, and actions plans on sustainability issues in the value chain on which the undertaking has no control so no ability to set a policy, meet its targets and undertake any actions. Possible information overload.

03. Comparability, information overload. Disclosure requirements should be standardised to enable comparability and usability. Large numbers of individual disclosure requirements with different levels of consideration weakens the understandability, relevance, and verifiability of the disclosures.

04. Increased burden, cost. Reporting entities have to carry a high burden as a consequence of the reporting requirements. The reporting requirements will also bring increased costs, need to hire staff, especially for SMEs.

05. Implementation challenges. DP 2 would require a significant amount of information per each policy, including, for example, stakeholder engagement. Not all this information may be material at policy-level. Especially for SMEs, reporting requirements will be difficult to meet or not be feasible.

05. Req. to disclose interim targets. A company may not set interim targets, meaning that it should also not need to disclose interim targets

06. DP 1-1 to DP 1-3 take precedence over principles. Questions regarding principles vs what should be presented on policies, targets etc and actions etc seem not relevant/meaningless since DP 1-1 to DP 1-3 take precedence over principles.

*II. Suggestions for improvement*

01. Para 100. For each measurable outcome-oriented target, para 100 d requires companies to report on "if applicable, the baseline value and base year from which progress is measured". As this refers to "outcome-oriented targets", use of "if applicable" remains unclear.

02. Req. to disclose stakeholder engagement. recommend that reporting entities are required to disclose stakeholder engagement / consultations and consider various stakeholder interests while setting the targets. Information on the engagement of affected stakeholders or their representatives can provide insight into the relevance of a given target

03. Clarify that targets are applicable only to material sustainability impacts - key targets. Respondents recommend that ESRs 1 clarifies that policies, targets, actions and action plans, and resources are applicable only to material sustainability impacts, risks and opportunities which the undertakings have a control or an influence on.

**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?**

n. Comment	Type (Missing, Structure, definition, DD, GEN, SBM, IRO ...)	Already in TEG survey/ISSB alignment/GR alignment	EFRAG Secretariat comments	EFRAG Secretariat conclusion no action, no action for set 1, to be completed, Draft to be amended, ... (TBD not an option anymore)	Issue paper needed ? (yes, no, to be completed)
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05. Flexibility to company context. It is essential for the DP to be sufficiently flexible and not overly prescriptive for it to be applicable and lead to relevant disclosures across all companies. Target-setting (e.g., as regards the metric used, timeline, milestones, interim targets) lies and should remain in in the company's discretion. Concrete specifications and requirements on selected aspects (e.g., target year, metric to be used) should only be prescribed in the case of actual underlying obligations (such as net-zero in accordance wit

07. Ensure machine readability. references to other documents and materials across the full ESRS (e.g. policies, code of conducts, action plans etc) should be done in the form of a direct document hyperlink which directs to an archived and functioning URL. Furthermore this referenced document should be machine readable.

08. Align with intl standards, frameworks. UNGPs, OECD Guidelines, SDGs

**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?**

n. Comment	Type (Missing, Structure, definition, DD, GEN, SBM, IRO ...)	Already in TEG survey/ISSB alignment/GR alignment	EFRAG Secretariat comments	EFRAG Secretariat conclusion no action, no action for set 1, to be completed, Draft to be amended, ... (TBD not an option anymore)	Issue paper needed ? (yes, no, to be completed)
1. Out of scope of Set 1					
2. More AG to be developed in the future					
3. Strengthen p.106 to ensure there is clarity on whether, and if so when, the reporting entity would adopt any action plans or actions in relation to policies and targets as outlined in paragraph 103. Should be consistent with p.101	missing disclosure	no	would be additional disclosure; has been considered sufficient to "disclose on no actions with a reason"	no action	no
4. Risk of having too generic information / Important to keep an appropriate level of granularity / Approach too rigid/prescriptive to be applied in each company-specific context and too detailed	granularity	no	proposed to include DP 1 - 3 in the evaluation of DR	to be discussed (depending on the outcome of the detailed assessment)	Detailed assessment at DR level.
5. explain better that an action plan is high level, and should not include detailed investment plans as these are sensitive	granularity	no	The DP is limited to disclosing 'significant operational expenses or investments. No specific detail is prescribed by the DP. In case of significant expenses/investments the datapoint is relevant for users.	no action	no
6. To require whether actions intend to prevent, remediate or mitigate potential negative/adverse impacts.	behavior	no	Additional datapoints, to be avoided at this point in time.	no action	no
7. Information to be disclosed is very sensitive and could give a competitive advantage to competitors. / Paragraph 105 may not be practical. Sensitive information	granularity	no	The DP is limited to disclosing 'significant operational expenses or investments. No specific detail is prescribed by the DP. In case of significant expenses/investments the datapoint is relevant for users.	no action	no
8. To require disclosures per action within action plans per ESG topic or sub-topic is not flexible enough for entity-specific circumstances	clarification	no	do not see why that should not work also in entity specific situation	no action	no
9. unclear how resources can be quantified for S and G plans	clarification	no	Examples in AG 24 will be considered	to be aligned	no

**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?**

n. Comment	Type (Missing, Structure, definition, DD, GEN, SBM, IRO ...)	Already in TEG survey/ISSB alignment/GR alignment	EFRAG Secretariat comments	EFRAG Secretariat conclusion no action, no action for set 1, to be completed, Draft to be amended, ... (TBD not an option anymore)	Issue paper needed ? (yes, no, to be completed)
10. to require the disclosure, where applicable, of actions and action plans targeted to groups in vulnerable and/or marginalized situations, including children.	additional disclosure	no	if that is an material IRO based on how the system is set-up this will apply; so no need to explicitly mention this	no action	no
11. Omission according to CSRD Article 19(3) for reasons of confidentiality should be included in ESRS 1	CSRD	yes	The CSRD allows to omit information only when member states exercise this option. ESRS 1 to reflect such possibility.	to be aligned	no
12. The list of disclosure principles might also include an explanation of how actions and actions plans interact with each other	additional disclosure	no	seems to be an isolated comment	no action	no
13. Suggest that companies use the NACE classification on economic activities to report on the operations and business segments involved in the actions	additional disclosure	no	would add overly to complexity; new requirement would need to be re-exposed	no action	no
14. Suggest that companies report the share of Taxonomy-aligned CapEx and/or OpEx that each action plans covers	additional disclosure	no	would add overly to complexity; new requirement would need to be re-exposed	no action	no
15. AG 21. The explicit reference to climate change mitigation and adaptation might not be necessary.	clarification	no	as this is in a "the undertaking may" context see no need to change this	no action	no
16. Suggest consolidating the main body of the DPs and the respective Application Guidance	clarity	no	Simplification/steramlining to be explored	to be aligned (subject to the outcome of the analysis)	Detailed assessment at DR level.
17. There is a need for examples and/or more application guidance. (For example Par. 105 seems to require very detailed information as the wording is too generic)	clarity	no	Simplification/steramlining to be explored	to be aligned (subject to the outcome of the analysis)	Detailed assessment at DR level.
18. Questions regarding principles vs what should be presented on policies, targets etc and actions etc seem not relevant and/or meaningless since DP 1-1 to DP 1-3 take precedence over principles.				no action	no
19. Suggest including a description of the allocation of responsibilities for the the implementation and oversight of the action plans and allocation of resources					

*I. Actions for improvement*

**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?**

n. Comment	Type (Missing, Structure, definition, DD, GEN, SBM, IRO ...)	Already in TEG survey/ISSB alignment/GR alignment	EFRAG Secretariat comments	EFRAG Secretariat conclusion no action, no action for set 1, to be completed, Draft to be amended, ... (TBD not an option anymore)	Issue paper needed ? (yes, no, to be completed)
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Make hyperlink references to other documents. For the sake of machine readability and comparability, references to other documents and materials across the full ESRS (e.g. policies, code of conducts, action plans etc) should be done in the form of a direct document hyperlink which directs to an archived and functioning URL

Not consistent with the general approach to incorporation by reference

*II. Suggestions for improvement*

Key actions and key policies are not clearly defined. The use of “key” (paragraph 104) in relation to “key policies”, “key actions” is not clearly defined.

Requirements go beyond requirements of CSRD. Requirements go beyond requirements of CSRD

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

n. Comment	Type (Missing, Structure, definition, DD, GEN, SBM, IRO ...)	Already in TEG survey/ISSB alignment/GR I alignment	EFRAG Secretariat comments	EFRAG Secretariat conclusion no action, no action for set 1, to be completed, Draft to be amended, ... (TBD not an option anymore)	Issue paper needed ? (yes, no, to be completed)
1. Out of scope of Set 1					
2. More AG to be developed in the future					
3. Estimating under conditions of uncertainty - more guidance is necessary on methodologies and assumptions	additional guidance	no	Chapter 4.3 in ESRS 1 and DR in ESRS 2 are closely aligned with IFRS S1. Principles need to stay at a higher level and methodologies and assumptions need to be developed by undertakings.	no action	no
4. Consolidated reporting and subsidiary exemption - specify companies should provide details to understand the impacts, risks, opportunities of each subsidiary (large undertaking) and that if not meeting the CSRD exemption subsidiaries must report on their own. Clarify the concept of consolidation and when it should be used	consolidated reporting	yes	part of new CSRD, is in an issue paper already drafted	to be aligned	Subsidiary exemption
5. To include a principle on the disclosure of calculation methodologies	additional guidance	no	the undertaking must follow the principles of information quality when developing methodologies; it is not on the ESRS to develop those methodologies or provide principles on their development	no action	no
6. Adverse impacts and financial risks: place this session under DP 1-3	architecture	no	issue has not come up repeatedly, so seems to be not a mayor issue; also note that DP 1-3 will most likely be moved to ESRS 2, so out of the General principles and adverse impacts should stay as a principle	no action	
7. Consolidated reporting and subsidiary exemption - place this session in ESRS 2 [Disclosure Requirement 2-IRO 1]	consolidated reporting	yes	It is a general principle and not a disclosure requirement, so better placed in ESRS 1.	no action	no
8. Too detailed	granularity	yes	Simplifications and alignment with IFRS will be considered	to be aligned	Detailed assessment at DR level
9. Consolidated reporting and subsidiary exemption: Determination of impact materiality should be the same as if a large undertaking would report on its own behalf.	consolidated reporting	yes	part of new CSRD, is in an issue paper already drafted	to be aligned	Subsidiary exemption
10. It should be clear that consolidated reporting does not preclude country-by-country reporting	consolidated reporting	no	if required by DR breakdown of sustainability reporting will be made (DR 2-GR 2)	no action	no
11. Aligment with ISSB approach not fully clear	ISSB alignment	yes	separate activity to align with ISSB insofar as possible	draft to be aligned	no
12. Ensure no contradiction to existing laws or regulations [MAR/MAD].	existing laws	no	comment too unspecific to follow-up; process is set-up to assure that not in conflict with existing EU law	no action	no
13. Important to specify the scope of reporting	general	no	comment to broad to be picked up	no action	no
14. Clarification of some concepts (machine readable format, practicable, impracticable...)	definition	no	problem with definition; at some point in time you need to stop further defining and rely on people to understand; same concept terms are used in financial reporting	no action	no



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

n. Comment	Type (Missing, Structure, definition, DD, GEN, SBM, IRO ...)	Already in TEG survey/ISSB alignment/GR I alignment	EFRAG Secretariat comments	EFRAG Secretariat conclusion no action, no action for set 1, to be completed, Draft to be amended, ... (TBD not an option anymore)	Issue paper needed ? (yes, no, to be completed)
15. Subsequent events - paragraph 115 may be difficult to apply in practice	definition	no	same concept in fin. Reporting and IFRS S1.71	no action	no
16. Reporting errors in prior periods: the requirement of par. 123 to restate any info as far back as possible could create enormous operational cost for limited benefits. Therefore, this requirement should be limited. Better guidance is also required	errors and restatement	no	has been discussed in PTF; restatement was favoured; also in line with IFRS	no action	no
17. Estimating under conditions of uncertainty - Further clarity on a "full range of possible outcomes" as it could be very extensive. Clearly defined methods for the analysis of future sustainability impacts and their probability would be beneficial.	estimates	no	same as financial reporting (IAS 37) and IFRS	no action	no
18. Principle of materiality should be clearly stated (included consolidated materiality and allocation per component)	missing DR	no	see DR 2-IRO 1 actually requiring that	no action	no
19. Clarify what is meant by "a clear distinction between information resulting from the implementation and ESRS and other information in the management report" (other info may be very tight to sustainability matters)	further instruction	no	Par. 108 may need to be reconsidered after the new CSRD text has eliminated the 2 other options.	to be aligned	no
20. Suggest separating the estimation of data whose collection is challenging from the identification and assessment of actual and potential impacts along the value chain. ESRS 1 should provide clearer guidance as to the application of approximation/estimation in relation to these two different types of disclosures.	additional guidance	no	would require additional complexities; overall complexity should be reduced; also for impacts along the value chain approximations should and can be used	no further action	no

**Addition from external consultant coding**

*I. Actions for improvement*

02. Align with existing Eu and international level frameworks. Alignment with existing international level frameworks should be ensured, e.g. with the work of the TCFD, ISSB, the LIFE funded project Transparent, UN Guiding Principles on Business and Human Rights, and relevant OECD Guidelines, MAR/MAD requirements

04. No material information on subsidiaries should be omitted. Consolidated reporting should not lead to the omission of material information on the part of subsidiaries; any company exceeding the threshold must publish its mandatory form

06. Distinguish sub-categories of approximation-estimation. Differences should be identified between estimation of data whose collection is challenging/assessment and modelling of sustainability risks/identification and assessment of actual and potential business impacts

07. Clarify application guidance. There is a need to clarify application guidance and how it applies to DRs, as well as to locate AGs and DRs close to each other

08. Clarify the value chain boundaries. Clarity is needed on what the value chain implies for financial companies/additional criteria should be introduced to define the reporting boundaries of the value chain

09. Cost-benefit assessment. A cost/benefit assessment is necessary to avoid excessive costs in the information production

*II. Reservations*

03 Lack of clarity on approach to optional disclosures. The approach to voluntary/optional disclosures is unclear

04. Issues relating to the materiality assessment. Assessing the materiality of social issues will prove challenging // The description of the materiality assessment's outcome should not be disclosed in detail in sustainability reports but only communicated to the auditors

**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)?**

n. Comment	Type (Missing, Structure, definition, DD, GEN, SBM, IRO ...)	Already in TEG survey/ISSB alignment/GRI alignment	EFRAG Secretariat comments	EFRAG Secretariat conclusion no action, no action for set 1, to be completed, Draft to be amended, ... (TBD not an option anymore)	Issue paper needed ? (yes, no, to be completed)
1. Out of scope of Set 1					
2. More AG to be developed in the future					
3. Comment not picked up here; relates to other question / area / other standard / not answering the Q					
4. Interoperability is largely feasible through adequate matching/reconciliation tools	Compatible		note agreement	no action	no
5. Appropriate convergence and full compatibility are key to avoid “duplicative reporting” for EU undertakings operating globally	Align with ISSB	yes	general alignment exercise with IFRS	alignment whenever possible, except when justified by EU ambitions or green deal	ISSB alignment
6. Urge to align as much as possible	Align with ISSB	yes	general alignment exercise with IFRS	alignment whenever possible, except when justified by EU ambitions or green deal	ISSB alignment
7. There are many compatibilities	Compatible		note agreement	no action	no
8. Do not see overall alignment with IFRS S1 due to substantial differences, eg double materiality	no overall alignment	yes	Double materiality encompasses IFRS materiality	no action	no
9. Need to ensure that critical interconnections between reporting requirements (EU and international and also within EU industries) are interoperable	Interoperability	yes	general alignment exercise with IFRS	alignment whenever possible, except when justified by EU ambitions or green deal	ISSB alignment
10. ISSB allows cross-referencing the financial statement while ESRS does not allow it	Structure - cross-referencing	yes	incorporation by exercise is extended to other reporting docs (incl. Financial statements)	no action	no
11. Seek further alignment with IFRS S1 and S2 and the GRI Standards and use the IFRS standards as the starting point for disclosures. ESRS should only address incremental disclosure requirements	Suggestion	yes	general alignment exercise with IFRS	alignment whenever possible, except when justified by EU ambitions or green deal	ISSB alignment
12. Helpful if ESRS 1 would clarify which IFRS elements (or TCFD) correspond with "Implementation disclosures"	to clarify	yes	this will not be in ESRS 1 itself but in BC or supporting documents	no action	no
13. There are avoidable significant differences	Align ISSB	yes	general alignment exercise with IFRS	alignment whenever possible, except when justified by EU ambitions or green deal	ISSB alignment
14. All requirements should be presented in the ESRS and the application guidance should be limited to the provision of explanations and guidance.	General	yes	The 'shall' for single datapoints to be moved from AG to main text; 'how to report' to stay in AG. Subject to feasibility.	to be aligned	no
15. Important to understand where EFRAG ESRS standards align to the SEC disclosure requirements and to the TCFD principles	Align other	yes	this will not be in ESRS 1 itself but in BC or supporting documents	no action	no

**Addition from external consultant coding**

*Reservations:*

- 01. Double materiality approach - Concerns with divergence on the approach to materiality, i.e., double materiality
- Different target audience - Concerns that the intended audience of the ESRS and IFRS are different, and therefore require different preparation
- Principle vs rule based - Concerns with the adoption of rule-based vs. principle-based approach
- Time horizon definition

**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)?**

n. Comment	Type (Missing, Structure, definition, DD, GEN, SBM, IRO ...)	Already in TEG survey/ISSB alignment/GRI alignment	EFRAG Secretariat comments	EFRAG Secretariat conclusion no action, no action for set 1, to be completed, Draft to be amended, ... (TBD not an option anymore)	Issue paper needed ? (yes, no, to be completed)
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Value chain definition  
 04. Too burdensome - The requirements are too burdensome  
 Double reporting - Misalignment with IFRS will require double reporting  
 05. Sustainability information vs. financial information - Concerns with definition of sustainability information  
 07. Rebuttable presumption mechanism - Concern that this will create a lot of information that will be burdensome to prepare and use  
 08. Statement on due diligence - Concerns that the statement on due diligence differs  
*Suggestions for improvement:*  
 Building blocks approach to align with ISSB  
 Materiality concept to align with ISSB  
 03. Show correspondence with other standards more clearly  
 04. Double materiality approach  
 05. Time horizon  
 06. Sustainability information

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

n. Comment	Type (Missing, Structure, definition, DD, GEN, SBM, IRO ...)	Already in TEG survey/ISSB alignment/GRI alignment	EFRAG Secretariat comments	EFRAG Secretariat conclusion no action, no action for set 1, to be completed, Draft to be amended, ... (TBD not an option anymore)	Issue paper needed ? (yes, no, to be completed)
1. Out of scope of Set 1				no action	no
2. comment not dealt with here / addressed in other questions			Various proposals	to be considered	Phase-in
3. AP1 encourage optional comparative information	Implementation	no	The comment suggests that companies that do have the data should not use the option.	to be aligned	no
4. AP 2 not limit to 2 years but to when sector-specific are developed	criteria, thresholds		The coment suggests not to limit the AP to 2 years but to link it to when the sector standards will be effective.	to be aligned	Phase-in
5. phase in approach for topics / large companies / sectors	definition		Various proposals	to be considered	Phase-in
6. AP phase-in based on number of employees up to x	definition	yes	Already in the CSRD	no action	no
7. Give a maximum level of pages of sustainability report	definition	no	Number of page depends on undertaking's facts and circumstances.	no actions	no
8. no justification for delay	definition	no	There is a strong demand for phase-in. Detailed assessment will lead to identification of clear rationale.	no action	Phase-in
9. AP for first time adopters suggested with limited mandated disclosures	phase-in	yes	part of the analysis for DR	no further action	no

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

n. Comment	Type (Missing, Structure, definition, DD, GEN, SBM, IRO ...)	Already in TEG survey/ISSB alignment/GRI alignment	EFRAG Secretariat comments	EFRAG Secretariat conclusion no action, no action for set 1, to be completed, Draft to be amended, ... (TBD not an option anymore)	Issue paper needed ? (yes, no, to be completed)
<p>10. 1st proposal: focus on critical disclosure requirements needed to understand a company's progress towards sustainability. It is important to always consider that standards should be a tool for the measurement of sustainability impacts, risks and opportunities and that they should capture the changes/transformations or plans/progress towards transformations of business models. For this, EFRAG will first need to reassess all its granular requirements as we strongly believe that collectively they are not fit-for-purpose. In particular, EFRAG: a) must review that the disclosure requirements of the first set are truly sector agnostic. We have noticed some sector-specific requirements in this first set (e.g. AG8 in ERS 2, some disclosure requirements in ERS E2, disclosure requirements in S1-23 are more sector specific KPIs than cross cutting ones, the disclosure requirements in ERS S3 and S4 could be sector specific) b) should review disclosure requirements for repetition and duplication between ERSs. For example: - materiality requirements in ERS 1 and 2 should be aligned and not duplicate, - DR G1-4 requires similar information with the AG 6 (which is part of DR G1-1) - the structure of social disclosure requirements duplicate many such requirements. For example, DR S1 to DR S6 for S2, S3 &amp; S4. - ERS G1 requirements could have been incorporated as part of ERS 2 c) must transform the Application Guidance of ERS into guidance. Currently, the Application Guidance of each ERS provides more requirements that add to the ones in the main ERS. We strongly disagree with this approach as it not only ends up in excessive requirements, but also replace very much needed guidance. On the latter, we strongly believe that many of the proposals in ERS (particularly on materiality application, boundaries and estimations) need real application guidance, which must be included in this section. d) re-confirm which ERS disclosure requirements should be mandatory. We note that ERS mandate many GRI voluntary disclosure and guidance. If these disclosure requirements are ultimately decided to be mandatory for ERS, despite GRI's own due process having determined otherwise, EFRAG should explain the reasons for these differences in approaches in the Basis for Conclusion.</p>	granularity	no	have that as part of the granularly exercise	to be completed	Detailed assessment at DR level

**Addition from external consultant coding**

*Suggestions for improvement*

1. Time of implementation. Observations regarding the time foreseen for phasing in the disclosure requirements, including suggestions for the timeline for phase in and demands for additional implementation time
  2. Step-by-step-gradual phase in. The usefulness of a phase-in approach is underlined; Indications on how disclosure requirements could be phased in/which disclosure requirements should be prioritised are provided
  3. Value chain reporting. Reporting along the value chain is ought to be highly complex, hence it should only be required at a later stage (gradual phasing in of value-chain reporting requirements)
  4. Narrow down disclosure requirements. DRs should be narrowed down in terms of number and/or content; multiple respondents suggest merging certain ERSs together
  5. SFDR requirements. SFDR-required information should be applied from the first year
  8. Prioritisation of ERS. Certain ERSs should be prioritised with respect to others; hence their implementation should be required first, while others could be phased in at a later stage; respondents provide different indications concerning which ERSs should be prioritised
- Climate & environment topics. Reporting on climate change and environment related aspects should be prioritised
- Identify set of core disclosures. Reporting on a set of identified core disclosures should be prioritised, while the provision of non-core disclosures could be postponed
- Company own disclosures. Companies should be allowed to use their own disclosures as well
- Comply or explain approach. The comply or explain approach should be applied throughout the standards
- Entity-specific disclosures. Respondents made different observations regarding entity-specific disclosures, e.g. they should be optional, they should come after sector-specific disclosures
- Safeguards. Safeguards should be applied to forward looking information and value chain reporting
- Sector-agnostic requirements. Multiple sector-agnostic requirements do not seem to be applicable to all sectors and should therefore be reassessed, in order to ensure that they are truly sector-agnostic
- Sector-specific reporting. Certain information could be moved under sector-specific standards; Sector specific standards should be required only at a later stage and/or be optional
- Reservations*
1. Big workload or costs - esp. for SMEs. Reporting will entail a substantial workload/burden, especially for SMEs
  2. Value chain reporting. Reporting along the value chain will be very difficult, especially over the first years of implementation
  3. Sector-agnostic requirements. Some sector agnostic requirements are deemed not suitable for sector agnostic application

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

n. Comment	Type (Missing, Structure, definition, DD, GEN, SBM, IRO ...)	Already in TEG survey/ISSB alignment/GRI alignment	EFRAG Secretariat comments	EFRAG Secretariat conclusion no action, no action for set 1, to be completed, Draft to be amended, ... (TBD not an option anymore)	Issue paper needed ? (yes, no, to be completed)
1. Out of scope of Set 1					
2. comment not dealt with here / addressed in other questions					
3. Prioritisation & phase-in options is essential considering the trade-offs	phase-in	yes - T14	phase-in / prioritization exercise is already undertaken	already identified	Detailed assessment at DR level
4. Suggestion to first and foremost focus on disclosure requirements that will drive behavioural change and help understand companies' journeys in transitioning to more sustainable business models	phase-in	no	phase-in / prioritization exercise is already undertaken	already identified	Detailed assessment at DR level
5. Challenges related to voluminous scope and granularity of the proposed ESRS disclosure requirements including lack of data in conjunction with the very tight timeline for their application	phase-in	yes - T14	phase-in / prioritization exercise is already undertaken	already identified	Detailed assessment at DR level
6. ESRS E2-5 and ESRS S2-4 as these are relatively new topics. Need a "core" and "comprehensive" approach, similar to the GRI / More challenging are the disclosure requirements which exceed the current reporting obligations and for which there is not, at the moment, a shared methodology for the reporting.	phase-in	no	phase-in / prioritization exercise is already undertaken	already identified	Detailed assessment at DR level
7. Implementation of almost all reporting requirements is challenging	phase-in	no	comment too broad to consider; see phase-in / prioritization exercise	already identified	Phase in
8. x					
9. Identification of material sustainability impacts, risks and opportunities is still very challenging because of the lack of methodologies and quantitative tools. Furthermore, the new concept of materiality is more challenging but still very vague and subject to interpretation	materiality	no	agree materiality assessment is new; work on DM and its two components initialized; embarking into a new area will be difficult at inception	phase-in	phase-in
10. The obligation for entity to collect information on its entire value chain will prove very challenging	value chain	yes - T14	see phase-in of value chain in CSRD and issue paper on value chain	already identified	Value Chain + Phase in
11. The following would be challenging to implement: - E2-2, E2-6, E-7 -E3-2, E3-4, E3-5, E3-6	Environmental standards	no	Specific to E-standards; shared comment with E-team	ongoing	phase-in

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

n. Comment	Type (Missing, Structure, definition, DD, GEN, SBM, IRO ...)	Already in TEG survey/ISSB alignment/GRI alignment	EFRAG Secretariat comments	EFRAG Secretariat conclusion no action, no action for set 1, to be completed, Draft to be amended, ... (TBD not an option anymore)	Issue paper needed ? (yes, no, to be completed)
12. Regarding DRs related to Social, ANC is of the opinion that the priority should be given to information related to own-workforce. Information related to participants in the value chain (ESRS S2, S3 and S4) could be subject to art 19a(3) three years application	Social standards	no	Specific to S-standards; shared comment with E-team	no further action	no

**Addition from external consultant coding**

*Suggestions for improvement*

2. Prioritisation of ESRS. Certain ESRSs should be prioritised with respect to others; hence their implementation should be required first, while others could be phased in at a later stage (different indications of which ESRSs should be prioritised)

4. Reduce number & level of detail of requirements. A reduction in the number and level of detail of the disclosure requirements is needed for companies to be able to implement them adequately

5. Rebuttable presumption. Different views are provided on the rebuttable presumption; certain respondents suggest eliminating it; others suggest using it more extensively

*Reservations*

ESRS E3. Main challenges/challenging aspects associated with ESRS E3

ESRS E5. Main challenges/challenging aspects associated with ESRS E5

ESRS E1. Main challenges/challenging aspects associated with ESRS E1

ESRS E4. Main challenges/challenging aspects associated with ESRS E4

ESRS S2. Main challenges/challenging aspects associated with ESRS S2

ESRS 1 & 2. Main challenges/challenging aspects associated with ESRS 1 & ESRS 2

ESRS development and consultation process. The entire process of development of the ESRS package requires more time for EFRAG to adjust the standards and to properly consult stakeholders

ESRS E2. Main challenges/challenging aspects associated with ESRS E2

ESRS S3. Main challenges/challenging aspects associated with ESRS S3

ESRS S4. Main challenges/challenging aspects associated with ESRS S4

Financial effects. Challenges relating to the disclosure of potential financial effects

Tight timeframe for application. The timeframe for companies to apply the ESRSs is too tight

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

n. Comment	Type (Missing, Structure, definition, DD, GEN, SBM, IRO ...)	Already in TEG survey/ISSB alignment/GRI alignment	EFRAG Secretariat comments	EFRAG Secretariat conclusion no action, no action for set 1, to be completed, Draft to be amended, ... (TBD not an option anymore)	Issue paper needed ? (yes, no, to be completed)
1. Out of scope of Set 1				no action	no
2. comment not dealt with here / addressed in other questions				no action	no
3. Three years - no policies, action plans, systems in place; need to start data collection, check bottlenecks then improvement process (including smaller undertakings)	criteria, thresholds	no			Phase in
4. Two years - time needed to establish and implement relevant processes	definition				Phase in
5. Two to five years	definition	yes	Three years seems the maximum	no action	no
6. No phasing in necessary	definition	no	Phase in necessary and to be based on detailed assessment of reasons at DR level	ongoing	Detailed assessment at DR level
7. Advocate for an extension of the process in terms of time – consultation period as well as analysing the consultation feedback and performing redeliberations by EFRAG - for the development of the standards, other than ERS E1, ERS S1 and ERS G1 and the cross-cutting standards (ERS 1 and ERS 2)  As step two of the phasing-in approach we recommend the following implementation of the topical standards ERS E2-E5, ERS S2-S4 and ERS G2, depending on the final effective date of the CSRD: -one year after the effective date of the CSRD, if staggered effective date will be adopted, or -two years, if no staggered effective date will be adopted	definition	no	Not applicable, deadline with the EC not negotiable	no action	no
8. Environmental ERS on climate change should be prioritized followed by the other environmental ERS, i.e. pollution, water and marine resources, biodiversity, resource use and circular economy	phase-in	no	would not be in line with the requirements of the CSRD	no action	no
9. EFRAG’s field-testing results may provide some facts about these challenges, which could then be considered by EFRAG in determining the phase-in period	phase-in	no	agree - field testing and other comments required in the DR	ongoing	Detailed assessment
10. Advocate for the remaining value chain reporting requirements to be postponed one or two years after the EFRAG Standards will be in force	phase-in	yes - T14	comment has been taken into account in the "new" CSRD	to be aligned	Value chain
11. Not in a position to answer				no action	no
12. A gradual approach for example, there could be a set of minimum requirements that must be reported in the first year of application, whereas the rest will have to be reported within a period of three years.	phase-in	no	would not be in line with the requirements of the CSRD	no action	Detailed assessment at DR level
13. A temporary period of e.g. 3 years could be retained (corresponding to periodic review clause), following which optional disclosures would become mandatory	phase-in	no	to be considered	to be aligned	Detailed assessment at DR level

**Addition from external consultant coding**  
 2-3 years. Respondents suggested either 2, 3 or 2-3 years, as well as “a minimum of 3 years”  
 1-5 years. Respondents made different suggestions spanning from 1 to 5 years  
 5 years. Implementation should span over a period of 5 years, or “a minimum of 5 years”  
 ERS development and consultation process. Concerns/demands for additional time for EFRAG to develop the standards and consult stakeholders



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

n. Comment	Type (Missing, Structure, definition, DD, GEN, SBM, IRO ...)	Already in TEG survey/ISSB alignment/GR I alignment	EFRAG Secretariat comments	EFRAG Secretariat conclusion no action, no action for set 1, to be completed, Draft to be amended, ... (TBD not an option anymore)	Issue paper needed ? (yes, no, to be completed)
1. Out of scope of Set 1					
2. More AG to be developed in the future					
3. To prioritize metrics needed by financial market participants to comply with the requirements set by SFDR and other sustainability-related rules, (they include a few examples)	SFDR	yes	SFDR indicators are already considered as a reason for mandatory disclosure ; they could also be a priority for phase in	to be aligned	Phase-in
4. Application dates (and content) for the due-diligence related disclosures could be aligned with the estimated application dates for the requirements stemming from the forthcoming Corporate Sustainability Due Diligence Directive	CSDDD	no	to make sustainability reporting meaningful due diligence must already be installed in an undertaking, so cannot wait for CSDDD	no action	no
5. Certain disclosures could be moved to sector-specific standards, thus reducing the number of disclosures mandatory for all companies.	sector specific	yes	part of the exercise of analysing each DR	ongoing	Detailed assessment at DR level
6. Urgency of the topic	prioritisation	yes	Not compatible with CSRD (all topics to be covered) however selected KPIs per standards could be prioritised	ongoing	Detailed assessment at DR level
7. Maturity and reliability of the measuring and reporting practices.methodologies	prioritisation	yes	will be considered as a basis	ongoing	Detailed assessment at DR level
8. Possibility to verify and check the reliability of the information disclosed / achievable quality of info	prioritisation	no	would not be appropriate in our view to phase-in / prioritize on that basis as relevant but maybe less relevant information might get lost / not disclosed	no action	no
9. Challenges and relevance associated with the peculiarity of each sector	prioritisation	no	this will be considered in sector specific standards beyond set 1	no action	no
10. Alignment with international standards, such as IFRS S1 and S2 and GRI. Avoid double reporting.	prioritisation	no	already one requirement of CSRD itself	no action	no
11. Suggest to reduce the Disclosure Requirements on emerging topics - such as Biodiversity and Pollution until either legislation has been approved, or standards have been developed.	prioritisation	no	corresponds to 6 above "urgency" / maturity - the latter being already considered in the DR evaluation exercise	ongoing	Detailed assessment at DR level

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

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12. The costs incurred to produce the disclosures required by the CSRD and the ESRS should be taken into account as a criterion for implementation	prioritisation	no	it is discussed whether this is a criterion in the information quality criteria	no further action needed	no
13. Needs of users/stakeholders	prioritisation	no	agree	ongoing	Detailed assessment at DR level
14. Cross-cutting standards ESRS 1 and 2 and E1 should be a priority			agree	ongoing	Detailed assessment at DR level
15. Concern regarding the number of standards being developed simultaneously, (suggest EFRAG to develop a plan to come standards into force)	prioritisation	no	not an option under the CSRD requiring topics to be covered	no action	no
16. All topics addressed by the draft standards are important and therefore ideally should be mandatory to report on as from the main application date.	prioritisation	no	still work on prioritisation is envisaged	no action	no
17. Limit the mandatory disclosure only to the key information and make the others optional	prioritisation	no	part of the exercise of analysing each DR	ongoing	Detailed assessment at DR level
18. Adequate phase-in non-key disclosures to allow the standard setter to consider those requirements in conjunction with the development of the industry standards	prioritisation	no	Not possible to wait for the sector standards	no action	no
19. Consider proportionality not to overburden smaller companies and SMEs	prioritisation	no	part of the CSRD taking that into account	no further action needed	no
20. EFRAG should focus on DRs that do not duplicate and/or are only incorporated in the main body of the standards after transforming the AG in guidance and determining whether there are any requirements currently there that absolutely need to be part of the main body	prioritisation	no	part of the exercise of analysing each DR	ongoing	Detailed assessment at DR level
21. EFRAG should consider the availability of information for preparers, including the ability to collect data	prioritisation	no	part of the exercise of analysing each DR; including difficulties in the value chain	ongoing	Detailed assessment at DR level
22. EFRAG should consider the ability of implementation for companies	prioritisation	no	part of the exercise of analysing each DR; including operational difficulties	ongoing	Detailed assessment at DR level
23. EFRAG should consider the effectiveness of the disclosure requirements	prioritisation	no	effective based on research for the not so developed topics and reliance on other frameworks for the more developed topics	ongoing	Detailed assessment at DR level

Addition from external consultant coding

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

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*Suggestions for improvement*

9. Timeline. Different time periods for implementation are suggested – between 2 to 7 years  
 Value chain reporting. Value chain reporting and the challenges associated with it (e.g. access to data, phasing-in provisions) should be taken into account as a criterion for prioritisation

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

n. Comment	Type (Missing, Structure, definition, DD, GEN, SBM, IRO ...)	Already in TEG survey/ISSB alignment/GR I alignment	EFRAG Secretariat comments	EFRAG Secretariat conclusion no action, no action for set 1, to be completed, Draft to be amended, ... (TBD not an option anymore)	Issue paper needed ? (yes, no, to be completed)
1. Out of scope of Set 1					
2. comment not dealt with here / addressed in other questions					
3. Delaying the mandatory application of disclosure requirements should be avoided.	phase-in	no	noted, a compromise is needed somewhere between mandatory and first time application	no action	no
4. Additional measures that could be taken: allow companies to provide qualitative descriptions and explanations, instead of quantitative information	phase-in	no	it is noted that differentiating between qualitative and quantitative DR combined with phase-in is difficult	no action	no
5. Additional measures that could be taken: allow companies to disclose the process, rather than the outcome (if the measuring methodologies don't allow entities to get a figure)	phase-in	no	would not consider the process is overly material	no action	no
6. Recommendations included as part of the AGs do not have to be included in the first set of ESRS as they are not "high priority"	AG	no	AG are on the how to disclose and should not pose additional DR	no action	no
7. Inconsistencies between the DRs and the respective Ags or across ESRS needs to be prioritized (provide examples)	granularity	no	the examination of each DR will also evaluate relationship with ist AG, also looking for inconsistencies and simplifications	ongoing	Detailed assessment at DR level
8. A phased approach is necessary given the volume and technical challenges around some of the reporting requirements.	phase-in	no	agree; that is why phase-in elements will be considered (value chain, sector specific and others)	no further action needed	no
9. EFRAG should prioritize metrics needed by financial market participants to comply with the requirements set by SFDR and other sustainability-related rules.	SFDR	no	Agreed	to be considered	Phase-in
10. Phasing-in approach could also be operated in the multiple datapoints within each DR to ensure a proportionate volume of data to be produced in the first reporting	phase-in	no	Agreed	to be considered	Phase-in
11. Certain disclosure requirements within the topical ESRS should be moved to the sector-specific standards	granularity	no	will be considered as part of the examination of each DR	ongoing	Detailed assessment at DR level
12. ESRS E1 (climate-related disclosures) should be a priority	phase-in	no	Agreed	to be considred	Phase-in

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

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13. suggest to (i) limit the required disclosures topics in the first batch to a minimum; (ii) focus for the first batch on the cross-cutting, E1, S1 and G standards; (iii) include some elements in the sector standards that are currently part of the sector-agnostic standards; and	phase-in	no	noted; some of that will be applied ; but need to mention that this overall will not be in	to be considered	Phase-in
14. suggest limiting the number of mandatory disclosure requirements for non-listed large companies to a CSRD minimum (provide some suggestion in the letter)	granularity	no	overall the ESRS DR are based on CSRD requirements (not more and not less); will also be a criterion for the examination of all DR	ongoing	Detailed assessment at DR level
15. A different closing date for sustainability topics based on unavailability of the data could be accepted in a first period	phase-in	no	is considered in the CSRD for value chain; needs to be considered what the reason for unavailability is; is not per se an option for not disclosing	no further action needed	no
16. the focus should be set on disclosure requirements that are needed to understand an undertaking's progress concerning sustainability matters and how it fosters transformation of the business model. To achieve this, only a handful of KPIs and descriptive disclosures are necessary.	phase-in	no	will be considered as part of the examination of each DR	ongoing	Detailed assessment at DR level

**Addition from external consultant coding**

*Suggestions for improvement*

5. Costs benefit assessment. Costs associated with producing the disclosures should be accounted for; costs for companies should not outweigh the benefits
6. Company size & unlisted companies. Company size, as well as whether each company was previously subject to reporting requirements should be taken into account and lead to specific provisions, e.g. dedicated phasing in, some form of support to implementation for SMEs
7. Support measures. Support measures should be foreseen for SMEs/companies reporting for the first time