

## Survey 2 – E4 - EFRAG SECRETARIAT ANALYSIS OF THE COMMENTS

Q54: Please, rate to what extent do you think DR E4-1 – Transition plan in line with the targets of no net loss by 2030, net gain from 2030 and full recovery by 2050

| Q54 | Comment  | Type                           | Already in TEG survey or ISSB/ GRI/TNFD alignment | EFRAG Secretariat comments   | EFRAG Secretariat conclusion | Issue paper needed ? |
|-----|--|--------------------------------|---|--|------------------------------|----------------------|
| 1   | <p>Reporting shall be done against a baseline aligned with net loss international and EU strategies.</p> <ul style="list-style-type: none"> <li>- How the Post-2020 Global Biodiversity Framework and the EU Biodiversity Strategy for 2030, can be translated into company level action/transition plans.? KPIs must be defined accordingly.</li> <li>- Wait for ISSB and other international frameworks currently under developments (eg. TNFD, IPBES, CDSB, GRI 304 is undergoing a revision; ISO TS 331).</li> </ul> | EU and international alignment | Yes   | <p>The Secretariat agrees that alignment with international and EU objectives is important. Global Biodiversity Framework and EU Biodiversity strategy are currently work in progress.</p> <p>DR 4-1 to be either phased-in or moved to sector-specific level.</p> | Ongoing.                     | No                   |

Template 1.2 ESRS E4

| Q54 | Comment   | Type            | Already in TEG survey or ISSB/ GRI/TNFD alignment | EFRAG Secretariat comments   | EFRAG Secretariat conclusion       | Issue paper needed ? |
|-----|---|-----------------|---|--|------------------------------------|----------------------|
| 2   | <p>Doubts on sector-agnostic. Each sector has its own challenges.</p> <ul style="list-style-type: none"> <li>- Reassess if standard can move under sector-specific standards; This standard should be developed on a sectorial level, with a level of granularity adapted to each sector's specificity.</li> <li>- For all undertakings: disclose existence of a biodiversity policy or minimum qualitative info.</li> <li>- Biodiversity transition plan should be required only for specific sectors mostly concerned like Agriculture and Forestry (as an example).</li> <li>- Issues of comparability. Timeline, target and actions are at sector or entity level.</li> </ul> | Sector specific | No  | <p>The Secretariats view is that in the CSRD Biodiversity and Ecosystems is on par with other environmental and social topics and should be treated as such by EFRAG. Furthermore, SFDR covers indicators related to biodiversity and ecosystems.</p> <p>DR E4-1 could be phased-in or moved to the sector-specific level.</p> | Ongoing.                           | No                   |
| 3   | <p>Phase in disclosure requirements over time Due to lack of reporting experience on such concepts a progressive approach would be more relevant. A provision application of 3 years could be added;</p> <ul style="list-style-type: none"> <li>- Phasing in to achieve cost-benefit balance, as well as to allow for nascent standards and reporting methodologies to mature.</li> </ul>   | Missing         | Partially   | <p>The Secretariat recommends moving DR E4-1 to the sector-specific level or apply a phase-in.</p>   | To be considered (as per comment). | No                   |
| 4   | <p>Clarify certain notions and concepts</p> <ul style="list-style-type: none"> <li>- Targets of no net loss by 2030, net gain from 2030 and full recovery by 2050 are for governments. Lack of clear</li> </ul>   | Glossary        | Yes   | <p>The Secretariat agrees that additional AG on definitions of CBD-goals (Convention on Biological diversity) would be</p>   | To be aligned (as per comment).    | No.                  |

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|-----|---|-------------|---|---|------------------------------|----------------------|
|     | <p>biodiversity target for companies: difficult to comply;</p> <ul style="list-style-type: none"> <li>- No definitions: assurance/benchmarking difficult;</li> <li>- exact KPIs for net loss and net gain must be defined.</li> <li>- Misleading and confusing. Entities cannot disclose on “undefined” targets.</li> <li>- With regards to the approval of transition plans, disclosure of policy, targets and actions plans in line with regulatory frameworks should suffice.</li> <li>- AG 10 -AG 19 (Biodiversity and ecosystems-related specific application guidance on ESRS 2 Disclosure Requirements IRO 1 and IRO 2 on materiality assessment) physical and transition risks can be identified only for direct activities, with an important effort given the lack of consolidated standards and continuous evolution of the topic.</li> <li>- AG.19 defines systemic risks. Those systemic risks e.g., ecosystem collapse, have not been defined by relevant institutions and therefore not yet included in transition risks. Not for companies but should be assessed by the relevant authorities.</li> </ul> |             |   | <p>needed. Agree on adjusting definitions of target and metrics and AGs to align with governments targets and lack of definitions by authorities (not finalized).</p> <p>The Secretariat recommends moving DR E4-1 to the sector-specific level or apply a phase-in</p> |                              |                      |
| 5   | Better define the value chain framework   | Value Chain | Partially   | Agree with the need to provide  | To be aligned.               | No                   |

## Template 1.2 ESRS E4

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|-----|---|------|---|--|------------------------------|----------------------|
|     | <ul style="list-style-type: none"> <li>- The inclusion of the whole value chain is very complicated. Recommended a smaller scope of the value chain (which comprises companies' activities, upstream and downstream activities where the company plays an operational role).</li> <li>- Regarding the financial sector the value chain seems complicate.</li> </ul> |      |   | additional guidance and specify explicitly where what level of the value chain applies. Secretariat will evaluate and amend the draft where needed (subject to feasibility). |                              |                      |

### Q55: Please, rate to what extent do you think DR E4-2 – Policies implemented to manage biodiversity and ecosystems

| Q55 | Comment   | Type       | Already in TEG survey or ISSB/ GRI/TNFD alignment | EFRAG Secretariat comments   | EFRAG Secretariat conclusion | Issue paper needed ? |
|-----|---|------------|---|--|------------------------------|----------------------|
| 1   | <p>Granularity and lack of data</p> <ul style="list-style-type: none"> <li>- Current drafting of E4-2 is considered as too prescriptive. Undertakings should remain free to define the content of their policies. Suggestion the following wording for par 21 to 26-: "The undertaking shall describe its biodiversity policy, including its general objectives which may relate to:"</li> <li>- Paragraphs 22, 23 and 24 provide details on how to achieve the objectives listed in paragraph 21, these actions should be</li> </ul> | Complexity | Partially   | <p>Secretariat agrees that granularity and lack of data may be operational issues.</p> <p>DRs are being amended for simplification but E 4-2 reporting is important starting point as underlined by many stakeholders.</p> | Ongoing.                     | No                   |

Template 1.2 ESRS E4

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|-----|---|----------|---|---|------------------------------|----------------------|
|     | <p>moved to DR E4-4.</p> <ul style="list-style-type: none"> <li>- Uncertainty in the amount and availability of the needed information. High costs in collecting and reporting the information due to the high degree of granularity, which would not add value to stakeholders.</li> <li>- Risk that the amount to information blurs the relevance.</li> <li>- Descriptions are extensive but necessary.</li> <li>- From an investor’s point of view, available data currently is qualitative and not comparable.</li> </ul>   |          |   |   |                              |                      |
| 2   | <p>Clarify metrics and definitions</p> <ul style="list-style-type: none"> <li>- Need for precise definition of the materiality and how it might be quantified (with which tools; KPIs..).</li> <li>- term “biodiversity-friendly” should be defined and framed. A notion of DNSH would be welcomed.</li> <li>- Interactions between the impacts and risks in a global environment to be taken into account.</li> <li>- 21 (a) and (b): The distinction is not clear and should be redefined.</li> <li>- 21 (a): not five any possibility to postpone the metric computation, it is the very point of departure for any action. Avoid</li> </ul> | Glossary | No  | Secretariat will amend DR to add clarifications and definitions, where available. | Ongoing.                     | No                   |

Template 1.2 ESRS E4

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|-----|---|----------------|---|---|---------------------------------|----------------------|
|     | <p>that every company develops its own metric.</p> <ul style="list-style-type: none"> <li>- Companies could publish the flows of the products used in inputs (these data are used for diverse models that compute a biodiversity footprint).</li> <li>- Important definitions are missing in appendix A (full recovery, biodiversity friendly, ecological threshold, net gain, raw material of concern, at risk of extinction) and the no net loss approach seems insufficiently defined in the standard.</li> </ul>  |                |   |   |                                 |                      |
| 3   | <p>Operational aspects</p> <ul style="list-style-type: none"> <li>- Technical knowledge at company level may not be available in short term.</li> <li>- Valuation costs of the point of departure for the target-setting and policy will include a substantial part of training/awareness raising efforts for a lot of stakeholders in the company and its value chain. The benefits will be more felt in the Medium to Long Term.</li> <li>- The DR helps companies to make their dependencies on biodiversity clear and to figure out what can be done to put the transition plan into action.</li> </ul> | Implementation | Partially   | <p>Operational aspects are important and implementation readiness will improve over time.</p> <p>Simplification and clarifications on definitions are considered helpful. (2 and 4)</p> | No action.                      | No                   |
| 4   | <p>Better define the value chain</p> <ul style="list-style-type: none"> <li>- Information for parts of value chain is</li> </ul>  | Value chain    | Yes   | Agree with the need to provide additional guidance.   | To be aligned (as per comment). | No.                  |

Template 1.2 ESRS E4

| Q55 | - Comment  | Type                           | Already in TEG survey or ISSB/ GRI/TNFD alignment | EFRAG Secretariat comments   | EFRAG Secretariat conclusion    | Issue paper needed ? |
|-----|--|--------------------------------|---|--|---------------------------------|----------------------|
|     | <p>impossible (especially on downstream in the value chain: intermediate customers, customers across jurisdictions with different reporting requirements)</p> <ul style="list-style-type: none"> <li>- This links to added effort regarding the assurance.</li> <li>- First periods, consider a narrower value chain (companies' activities, upstream and downstream activities where the company plays an operational role).</li> </ul>   |                                |   | <p>Value chain framework is pervasive to all ESRS and addressed at level of ESRS.</p> <p>Secretariat to evaluate and amend draft where needed (subject to feasibility). Specify explicitly where what level of the value chain applies.</p>                    |                                 |                      |
| 5   | <p>Align with EU and international framework</p> <ul style="list-style-type: none"> <li>- Emphasize link with SDGs: materiality if reporting on relevant SDGs. SDGs 2, 6, 12, 14 and 15 can support undertakings. For sub-targets, can-requirement, not a must, for the sake of transparent SDG reporting.</li> <li>- Do not link disclosures to “targets of no net loss by 2030, net gain from 2030 and full recovery by 2050”, since they are not finalized.</li> <li>- Same EU Biodiversity Strategy 2030 or the Post-2020 Global Biodiversity Framework (1<sup>st</sup> Draft). Cannot disclose policies that are in line with these “undefined” targets.</li> <li>- Reservation on the fact that the</li> </ul> | EU and international alignment | Yes   | <p>Alignment is respected but EU and international frameworks including TNFD are not yet finalized: adjustments needed, e.g. on definitions.</p> <p>Linkage with SDGs to be aligned with other standards. ESRS E4 should not deal with SDGs any different.</p> | To be aligned (as per comment). | No                   |

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| Q55 | - Comment  | Type | Already in TEG survey or ISSB/ GRI/TNFD alignment | EFRAG Secretariat comments | EFRAG Secretariat conclusion | Issue paper needed ? |
|-----|--|------|---|----------------------------|------------------------------|----------------------|
|     | taxonomy still needs to be developed. Cannot assess the difficulties that preparers may face once reporting. |      |   |                            |                              |                      |

### Q56: Please, rate to what extent do you think DR E4-3 – Measurable targets for biodiversity and ecosystems

| Q56 | - Comment  | Type     | Already in TEG survey or ISSB/ GRI/TNFD alignment | EFRAG Secretariat comments   | EFRAG Secretariat conclusion | Issue paper needed ? |
|-----|--|----------|---|--|------------------------------|----------------------|
| 1   | <p>Clarify methodologies and definitions</p> <ul style="list-style-type: none"> <li>- Standardization of methodologies is not advanced on this topic. Implementation expected to be challenging and time-consuming.</li> <li>- Current drafting of E4-3 on Targets is too prescriptive. Undertakings should remain free to define the content of their targets. Suggestion of wording for par 31 to 34-: "The undertaking shall describe its biodiversity targets, which may relate to:".</li> <li>- Net loss is not a sector-agnostic target but is rather a global public policy target.</li> <li>- Currently there is no definitions of what exactly targets are for no net loss by 2030, net gain from 2030 and</li> </ul> | Glossary | No  | <p>Secretariat agrees and will propose to add definitions and clarifications. E4-1 to either be phased-in or move to the sector-specific level.</p> <p>Secretariat recommends adding the breakdown of geographic location. To consider: specification on ecological thresholds taken into account, when setting targets.</p> <p>Mitigation Hierarchy is helpful for users to understand the impacts of measures against material impacts, dependencies, risks and opportunities.</p> | Ongoing.                     | No                   |



Template 1.2 ESRS E4

| Q56 | - Comment   | Type | Already in TEG survey or ISSB/ GRI/TNFD alignment | EFRAG Secretariat comments | EFRAG Secretariat conclusion | Issue paper needed ? |
|-----|---|------|---|----------------------------|------------------------------|----------------------|
|     | <p>full recovery by 2050. It is difficult for undertakings to comply in a meaningful and comparable manner.</p> <ul style="list-style-type: none"> <li>- Breakdown by geographic location should be added and mandatory.</li> <li>- Flexibility in time horizon of interim targets, also considering the evolution of the current regulatory framework.</li> <li>- On (34.c): Biosphere integrity and planetary boundaries are measured at a scale not relevant to individual organizations operating in specific locations. It is not practical to provide more than a general alignment statement, which does not add much value for data users. This requirement should be removed.</li> <li>- On (35): The list of EU and national policies in scope of this disclosure should be provided. The detailed reporting requirement should be removed for companies which make a general statement that they comply with all related legislation.</li> <li>- AG 37: Targets related to raw materials shall follow the mitigation hierarchy ‘avoidance’ and “reduction and minimisation” before working on “biodiversity friendly production”.</li> </ul> |      |   |                            |                              |                      |

Template 1.2 ESRS E4

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|-----|---|--------------------------------|---|---|---------------------------------|----------------------|
|     | <p>What does biodiversity friendly production exactly mean?<br/>                     “Avoidance” can also lead to biodiversity friendly production.</p> <ul style="list-style-type: none"> <li>- The standard would require measurable targets that are not defined. A commitment/policy should be sufficient here, as artificial targets would damage undertakings' credibility.</li> </ul>  |                                |   |   |                                 |                      |
| 2   | <p>Operational aspects</p> <ul style="list-style-type: none"> <li>- The general difficulty in defining and presenting target in the absence of a common scientific methodology to support the identification of metrics;</li> <li>- In short term difficult to achieve results in terms of animal species, size of protected areas. In addition, an area is impacted by multiple entities.</li> <li>- First phase of implementation to require only qualitative information.</li> </ul> | Implementation                 | Partially   | <p>Operational aspects are important and implementation readiness will improve over time.</p> <p>Clarifications and alignment of definition will reduce the uncertainty on operational aspects.</p> | No action.                      | No                   |
| 4   | <p>Align with EU and international framework</p> <ul style="list-style-type: none"> <li>- EU Biodiversity Strategy 2030 or the Post-2020 Global Biodiversity Framework are not finalized.</li> <li>- EU taxonomy not finalized.</li> <li>- TNFD is work in progress.</li> </ul>   | EU and international alignment | Yes   | The Secretariat concurs that alignment is important, however, the EU and international frameworks including TNFD are not yet finalized: adjustments needed, e.g. on definitions.                    | To be aligned (as per comment). | No.                  |

## Template 1.2 ESRS E4

### Q57: Please, rate to what extent do you think DR E4-4 – Biodiversity and ecosystems action plans

| Q57 | - Comment   | Type           | Already in TEG survey or ISSB/GRI/TNFD alignment | EFRAG Secretariat comments   | EFRAG Secretariat conclusion | Issue paper needed ? |
|-----|---|----------------|--|--|------------------------------|----------------------|
| 1   | <p>Add definitions</p> <ul style="list-style-type: none"> <li>- The framework should be more precise on the success measurement of these actions and the timeline expected.</li> <li>- Annual report on the evolution of timeline realized versus expected should be mandatory.</li> <li>- Add requirements on allocated resources with a link to Taxonomy Capex &amp; Opex. This would increase comparability.</li> <li>- Suggest allowing companies to only disclose information on their action plans (without CAPEX) for the first year of application, and with capex from year 2.</li> <li>- Biodiversity is an area where scenarios are too complex to set up given the number of parameters to integrate. Less mature compared to climate.</li> <li>- Let companies report at their own maturity and provide for progressivity.</li> <li>- Reference in paragraph 40: reference to be changed from par. 36 to 37</li> </ul> | Clarifications | No   | <p>DR is being amended to add definitions and clarifications in metrics and AGs.</p> <p>Compensation will be removed from the Mitigation Hierarchy, as the concept is considered controversial regarding biodiversity and ecosystems.</p> <p>Requirements on Capex and Opex to be aligned across the environmental standards</p> | Ongoing.                     | No                   |

Template 1.2 ESRS E4

| Q57 | - Comment   | Type           | Already in TEG survey or ISSB/ GRI/TNFD alignment | EFRAG Secretariat comments  | EFRAG Secretariat conclusion            | Issue paper needed ? |
|-----|---|----------------|---|-----------------------------|---|----------------------|
|     | <ul style="list-style-type: none"> <li>- Par. 41. The undertaking shall describe how it has incorporated traditional knowledge and nature-based solutions into biodiversity and ecosystems-related actions and actions plan: it is not clear what is meant with traditional knowledge.</li> <li>- Point 42 (d) could add compensation (as an action within the mitigation strategy).</li> <li>- Every company should be able to report on this, taken into consideration that materiality can be used.</li> </ul>                                     |                |   |                             |   |                      |
| 2   | <p>Granularity</p> <ul style="list-style-type: none"> <li>- The list of requirements in E4-4, the Par 42 seems to be quite extensive. These 9 detailed content requirements about actions should be grouped and moved to AG with a "May" rather than a "shall". Application provisions could also be considered.</li> <li>- Too much detail of information for corporations that operate across different locations and jurisdictions where such biodiversity action plans are implemented.</li> <li>- Need a consolidation of information</li> </ul> | Simplification | Partially   | Already taken into account. | Draft are being amended to simplify DR. |                      |

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| Q57 | Comment   | Type            | Already in TEG survey or ISSB/ GRI/TNFD alignment | EFRAG Secretariat comments   | EFRAG Secretariat conclusion    | Issue paper needed ? |
|-----|---|-----------------|---|--|---------------------------------|----------------------|
|     | <p>and focus on material aspects.</p> <ul style="list-style-type: none"> <li>- Information should be limited to a few essential elements. Risk to lose relevance and priority of the information.</li> </ul>  |                 |   |  |                                 |                      |
| 3   | <p>Value chain</p> <ul style="list-style-type: none"> <li>- Difficulty to collect data for the whole value chain.</li> <li>- First periods consider a narrower value chain (which comprises companies' activities, upstream and downstream activities where the company plays an operational role).</li> <li>- Specific difficulties for financial sector.</li> </ul>         | Value Chain     | Yes   | <p>Since biodiversity and ecosystems-related impacts do generally occur across the value chain, ESRS E4 cannot focus on operations alone. Secretariat to evaluate and amend draft where needed (subject to feasibility). Specify explicitly where what level of the value chain applies.</p> | To be aligned (as per comment). | Yes                  |
| 4   | <p>Confidential info</p> <ul style="list-style-type: none"> <li>- Some of the information requested (e.g. allocation of resources), may be considered commercially sensitive and confidential. It should be exempt from disclosure. Disclosure of targets, policies, and transition plans should be sufficient to provide insights on commitments and performance.</li> </ul> | Confidentiality | Yes   | <p>In CSRD omission is possible only if member states have adopted the option to do so. So ESRS 1 is being amended to acknowledge that where member states have included this option, the undertaking can consider it. Not appropriate for Level 2 (ESRS) to take a different approach.</p>  | No action.                      | No                   |
| 5   | <p>Operational aspects</p> <ul style="list-style-type: none"> <li>- Detailed information on each activity and uncertainty in the availability of the information would exceed reporting feasibility, lead to high costs in collecting and reporting, and may</li> </ul>   | Implementation  | No  | <p>Operations aspects are important and implementation readiness will improve over time.</p>   | No change                       | No                   |

## Template 1.2 ESRS E4

| Q57 | - Comment   | Type                           | Already in TEG survey or ISSB/ GRI/TNFD alignment | EFRAG Secretariat comments   | EFRAG Secretariat conclusion | Issue paper needed ? |
|-----|---|--------------------------------|---|--|------------------------------|----------------------|
|     | <ul style="list-style-type: none"> <li>- also not add value for the user.</li> <li>- A deep and regular dialogue between preparers and users should be enhanced on this issue of biodiversity to define the relevant granularity of data in order to foster pro biodiversity investment decisions.</li> </ul>                                   |                                |   |  |                              |                      |
| 4   | Align with EU and international framework <ul style="list-style-type: none"> <li>- Standard seems far more ambitious than the TNFD. In this context, the application of this standard on biodiversity should be progressive and steady without overly detailed information.</li> <li>- Align with EU taxonomy that is not finalized.</li> </ul> | EU and international alignment | Yes   | Draft are being amended to ensure environmental standards and in particular ESRS E4 are aligned with v02 TNFD. ISSB is knowledge partner to TNFD. Cooperation with TNFD expected after the issuance of Set1. Similar to TCFD, it is to be expected that TNFD will be part of the emerging global baseline. | To be aligned.               | No.                  |

### Q58: Please, rate to what extent do you think DR E4-5 – Pressure metrics

| Q58 | - Comment   | Type     | Already in TEG survey or ISSB/ GRI/TNFD alignment | EFRAG Secretariat comments   | EFRAG Secretariat conclusion | Issue paper needed ? |
|-----|---|----------|---|--|------------------------------|----------------------|
| 1   | Clarify or add additional guidance <ul style="list-style-type: none"> <li>- The metrics of pressure regarding water use should have a reference to ESRS3 to facilitate</li> </ul> | Guidance | Partially   | Agree. DR is being amended to add definitions and clarifications in metrics and AGs. | Ongoing.                     | No                   |

Template 1.2 ESRS E4

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|-----|--|-------------|---|--|-------------------------------------|----------------------|
|     | <p>understanding/legibility. Same for pollution and ESRS 5.</p> <ul style="list-style-type: none"> <li>- Scope of metrics should follow evolution of the biodiversity footprint evaluation models.</li> <li>- Under methodologies AG 53, it would be good to add environmental DNA as a method to replace primary data which is often costly and complex to collect.</li> <li>- Change name of pressure metrics: not commonly used definitions.</li> <li>- Define the concepts, measurements and more guidance for methodologies. Unlike climate-related disclosures, there is no direct and mechanical link with pressure factors.</li> </ul> |             |   |  |                                     |                      |
| 2   | <p>Value chain</p> <ul style="list-style-type: none"> <li>- Uncertainty in the amount and availability of information with potentially high costs especially if full value chain</li> <li>- All performance metrics should also probably cover as a priority the undertaking's own operations and application provisions should be applied for these metrics along the value chain.</li> </ul>   | Value chain | Yes   | <p>Since biodiversity and ecosystems-related impacts do generally occur across the value chain, ESRS E4 cannot focus on operations alone. Secretariat to evaluate and amend draft where needed (subject to feasibility). Specify explicitly where what level of the value chain applies.</p> | To be aligned (as per the comment). |                      |
| 3   | Add definitions  | Framework   | Partially   | Agree. The draft is being amended  | Ongoing                             | Yes                  |

Template 1.2 ESRS E4

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|-----|--|----------------|---|------------------------------------|------------------------------|----------------------|
|     | <p>Add information on the quantification of:</p> <ul style="list-style-type: none"> <li>• Land Use</li> <li>• Invasive species</li> </ul> <p>The text is too focused on adaptation and not enough on risk mitigation Both of the notions should be integrated.</p> <p>Propose the following addition to paragraph 47, noting that the definitions of structural and functional connectivity come from the IUCN Connectivity Guidelines: <i>“If land-use or habitat change or degradation has been assessed by the undertaking as a material impact driver of biodiversity and ecosystem services loss, the undertaking shall report pressure metrics that pertain to land-use or habitat change or degradation. Land-use or habitat change or degradation can include ... changes in the spatial configuration of the landscape (e.g., fragmentation of habitats, changes in ecosystem structural connectivity (i.e. habitat permeability based on physical features and arrangements of habitat patches) or functional connectivity (eg how well genes, gametes, propagules or individuals move through land, freshwater and seascape)).”</i></p> |                |   | to add definitions and metrics.    |                              |                      |
| 4   | Importance and prioritization of pressure  | Prioritisation | No  | Agree. The DR is being prioritized | No action.                   | No                   |



Template 1.2 ESRS E4

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|-----|--|--------------------------|---|--|------------------------------|----------------------|
|     | <p>metrics</p> <ul style="list-style-type: none"> <li>- Pressure metric are essential for the identification of how the action of companies is influencing biodiversity both for entity and stakeholders decisions.</li> <li>- It is excellent and crucial that the pressure metrics include aspects of structural connectivity.</li> <li>- First focus for companies should be to report on the 5 pressures identified by IPBES (E45 alinea 46 – « but not limited to »). Mandatory and absolute priority.</li> <li>- Other measures should in a first period be reported on a voluntary basis by the companies.</li> <li>- This reporting requirement could change management behaviour and provide useful information.</li> </ul> |                          |   | <p>also in light of alignment with SFDR PAI. Simplification introduced by merging E4-5 and E4-6</p>  |                              |                      |
| 5   | <p>Operational challenges and phase-in</p> <ul style="list-style-type: none"> <li>- Performance measures on biodiversity and ecosystems (DRE4- 5 to DR E4- 10) are currently the subject of much ongoing work at international and EU level. Until those are finalized recommended a phasing-in approach. First phase of implementation only qualitative information.</li> <li>- Until methodologies not available: no</li> <li>- meaningful review of an undertaking's</li> </ul>   | Phase -in implementation | No  | <p>Prioritise DR due to its importance (4). Metrics already available shall be covered with no-phase in. Implementation readiness will improve over time. DRE4-5 and DR E4-6 to be merged for simplification purposes.</p> |                              |                      |

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|-----|--|--------------------------------|---|--|------------------------------|----------------------|
|     | <p>performance over time nor internal and peer comparison.</p> <ul style="list-style-type: none"> <li>- Limitations may include incompleteness of datasets, lag in responsiveness of the indicators that can obscure performance, and difficulty in communicating complex results.</li> <li>- The performance measurement pillar can then be included in a second set of standards (sector-specific).</li> </ul> |                                |   |  |                              |                      |
| 9   | <p>Alignment with EU and international framework</p> <ul style="list-style-type: none"> <li>- Uncertainties on intersections with regard to taxonomy reporting (substantial contribution) or principal adverse impacts in SFDR. Ensure alignment.</li> <li>- The metrics must be consistent with the TNFD metrics to ensure comparability and cost-effectiveness.</li> </ul>                                     | EU and international alignment | Yes   | <p>Draft are being amended to ensure environmental standards and in particular ESRS E4 are aligned with v02 TNFD. ISSB is knowledge partner to TNFD. Cooperation with TNFD expected after the issuance of Set1. Alignment with SFDR PAI and future EU taxonomy is factored in as a priority.</p> | To be aligned.               | No.                  |

Template 1.2 ESRS E4

Q59: Please, rate to what extent do you think DR E4-6 – Impact metrics

| Q59 | - Comment  | Type     | Already in TEG survey or ISSB/ GRI/TNFD alignment | EFRAG Secretariat comments  | EFRAG Secretariat conclusion | Issue paper needed ? |
|-----|--|----------|---|---|------------------------------|----------------------|
| 1   | <p>Add guidance and clarifications</p> <ul style="list-style-type: none"> <li>- The standard should clarify how a company can align itself with regulatory requirements both at EU and international level without having a double reporting burden</li> <li>- Clarify definitions according to Convention for Biological Diversity (CBD) at 3 levels: intraspecies diversity, interspecies diversity and diversity in the relations between species and their sites.</li> <li>- E4-5 refers to “condition, extent, and functioning” of ecosystems as a metric, this metrics is very context/local specific, and typically this type of data is not available or likely to be available in the 5–10-year timescale for reporting.</li> <li>- AG.46: Only recommendations, but no clear guidance results in a lack of comparability.</li> <li>- As regards to impacts metrics, the number of sensitive locations of the undertaking could be provided rather than a long description of the impacts. This description would have already</li> </ul> | Guidance | Partially   | DR is being amended to add definitions and clarifications in metrics and AGs. | Ongoing.                     | No                   |

Template 1.2 ESRS E4

| Q59 | - Comment  | Type        | Already in TEG survey or ISSB/ GRI/TNFD alignment | EFRAG Secretariat comments   | EFRAG Secretariat conclusion        | Issue paper needed ? |
|-----|--|-------------|---|--|-------------------------------------|----------------------|
|     | been provided under IRO materiality assessment in AG10 to 27 of ESRS E4.   |             |   |  |                                     |                      |
| 2   | <p>Value chain</p> <ul style="list-style-type: none"> <li>- Uncertainty in the amount and availability of information with potentially high costs especially if full value chain</li> </ul>  | Value chain | Yes   | <p>Since biodiversity and ecosystems-related impacts do generally occur across the value chain, ESRS E4 cannot focus on operations alone. Secretariat to evaluate and amend draft where needed (subject to feasibility). Specify explicitly where what level of the value chain applies.</p> | To be aligned (as per the comment). | Yes                  |
| 3   | <ul style="list-style-type: none"> <li>- Clarify definitions and review references</li> <li>- Regarding AG 71 references an indicator that measures the quality of ecosystems relative to a pre-determined reference state - it would be good to know what this reference state. Clarity would be welcomed.</li> <li>- Par.46: reference is made to paragraph 43, but should be paragraph 44;</li> <li>- Par 47. clarify application of this clause to marine habitats and associated specifics to be considered in the Appendix B;</li> <li>- Par 51 suggests that pressure metrics ... related to ... invasive species control and eradication shall be reported. The</li> </ul> | Glossary    | Partially   | Agree. The draft is being amended to add definitions and metrics.  | Ongoing                             | Yes                  |

Template 1.2 ESRS E4

| Q59 | - Comment   | Type | Already in TEG survey or ISSB/ GRI/TNFD alignment | EFRAG Secretariat comments | EFRAG Secretariat conclusion | Issue paper needed ? |
|-----|---|------|---|----------------------------|------------------------------|----------------------|
|     | <p>current wording is more relevant to “control measures” rather than pressure metrics. This paragraph does not align with metrics recommendations provided in the AG65 (Appendix B). Recommend aligning the content and approach of these two paragraphs.</p> <ul style="list-style-type: none"> <li>- Additional information in Appendix B (AG46-55) is supposed to provide further guidance about pressure drivers metrics (which are also defined in ESRS E1-3, 5 – climate change, pollution, etc.), but this is not the case.</li> <li>- Several paragraphs in this range refer to some other numbered paragraphs but it is unclear where they sit (Example: AG 51. To align with ecological thresholds per paragraph 33(c), ....). This reference could not be found in this document. A critical review of included references would be beneficial.</li> <li>- 55.a: Data on population size is generally not available for most species or locations and is unrealistic to request from companies. We recommend removing this unclear</li> </ul> |      |   |                            |                              |                      |

Template 1.2 ESRS E4

| Q59 | Comment  | Type                     | Already in TEG survey or ISSB/ GRI/TNFD alignment | EFRAG Secretariat comments  | EFRAG Secretariat conclusion       | Issue paper needed ? |
|-----|--|--------------------------|---|---|------------------------------------|----------------------|
|     | <p>metric.</p> <ul style="list-style-type: none"> <li>- 55.b: Data is generally not available for most ecosystems and still under assessment by organizations like the IUNC. It is not realistic to expect companies to report on this. We recommend removing this unclear metric.</li> </ul>  |                          |   |   |                                    |                      |
| 4   | <p>Importance and prioritization of impact metrics</p> <ul style="list-style-type: none"> <li>- Impact metrics are key in identifying if the actions taken are actually working and are leading to the proclaimed goals/results. Key point of credibility.</li> </ul>  | Prioritisation           | Yes   | Agree. The DR is being prioritized also in light of alignment with SFDR PAI. Simplification introduced by merging E4-5 and E4-6.  | No action.                         | No                   |
| 5   | <p>Operational challenges and phase-in</p> <ul style="list-style-type: none"> <li>- Performance measures on biodiversity and ecosystems (DR 5 to DR 10) are currently the subject of much ongoing work at international and EU level. Until those are finalized recommended a phasing-in approach. First phase of implementation only qualitative information.</li> <li>- Until methodologies not available: no meaningful review of an undertaking's performance over time nor internal and peer comparison.</li> <li>- Limitations may include incompleteness of datasets, lag in responsiveness of the</li> </ul> | Phase -in implementation | No  | Respondents indicated need to prioritize this DR due to its importance. Metrics already available shall be covered with no phase-in. Implementation readiness will improve over time. DR-5 and DR-6 to be merged for simplification purposes. | To be aligned (as per the comment) |                      |

Template 1.2 ESRS E4

| Q59 | - Comment  | Type                           | Already in TEG survey or ISSB/ GRI/TNFD alignment | EFRAG Secretariat comments   | EFRAG Secretariat conclusion        | Issue paper needed ? |
|-----|--|--------------------------------|---|--|-------------------------------------|----------------------|
|     | <p>indicators that can obscure performance, and difficulty in communicating complex results.</p> <p>- The performance measurement pillar can then be included in a second set of standards (sector-specific).</p>  |                                |   |  |                                     |                      |
| 6   | <p>Burden</p> <p>- High costs especially for companies with multi-countries operations. Too much info and blurred results for reporting.</p> <p>- Not sure benefits outweigh costs</p> <p>- From an investor’s point of view, the currently available data is too granular and hence hard to use (for example the number of breeding fertile birds of a specie of interest).</p>   | Burden                         | No  | Cost-benefit analysis is being carried out and preliminary results indicate that the cost of assurance is overall reasonable but depends on the number of value-chain layers to be considered. Need to consider value chain beyond first tier is a general principle in CSRD and international frameworks. | No action.                          | No.                  |
| 7   | <p>Alignment with EU and international framework</p> <p>- Uncertainties on taxonomy that is still work in progress.</p> <p>- Important to wait for other international frameworks (TNFD, IPBES, CDSB, GRI 304 is undergoing a revision; ISO TS 331), in order to ensure compatibility of European standards with international ones.</p> <p>- The metrics must be consistent with the TNFD metrics to ensure comparability and cost-effectiveness.</p> | EU and international alignment | Yes   | Draft are being amended to ensure environmental standards and in particular ESRS E4 are aligned with v02 TNFD. ISSB is knowledge partner to TNFD. Cooperation with TNFD expected after the issuance of Set1. Alignment with SFDR PAI and future EU taxonomy is factored in as a priority.                  | To be aligned (as per the comment). | No.                  |

## Template 1.2 ESRS E4

**Q60: Please, rate to what extent do you think DR E4-7 – Response metrics**

| Q60 | Comment   | Type                           | Already in TEG survey or ISSB/ GRI/TNFD alignment | EFRAG Secretariat comments  | EFRAG Secretariat conclusion   | Issue paper needed ? |
|-----|---|--------------------------------|---|---|--------------------------------|----------------------|
| 1   | <p>Alignment with EU and International Standards: TNFD; ISSB</p> <ul style="list-style-type: none"> <li>- The metrics must be consistent with the TNFD, to avoid: i) creating significant amount of additional time and resource ii) create confusion, and iii) make it harder to compare company by company, sector by sector.</li> <li>- The key standard for alignment is ISSB that does not (yet) cover this topic.</li> <li>- Important to wait for other international frameworks (TNFD, IPBES, CDSB, GRI 304 is undergoing a revision; ISO TS 331), in order to ensure compatibility.</li> <li>- Alignment with 5 IBPES pressure metrics in order to be integrated to the existing biodiversity footprint models; this topic should be aligned to the impact measurement part.</li> <li>- Alignment with EU taxonomy not yet developed.</li> </ul> | EU and international alignment | Yes   | <p>Alignment is considered and is essential.</p> <p>The EFRAG Secretariat recommends deleting the DR and add provision in E4-2 to E4-4 to measure progress.</p> | To be aligned (as per comment) | No                   |
| 2   | <p>Granularity</p> <ul style="list-style-type: none"> <li>- Information required has a high level of granularity, for each site. Collecting information is expensive and of little</li> </ul>   | Granularity                    | Yes   | The EFRAG Secretariat recommends deleting the DR and add provision in E4-2 to E4-4 to measure progress.   | To be aligned (as per comment) | No                   |



Template 1.2 ESRS E4

| Q60 | Comment   | Type    | Already in TEG survey or ISSB/ GRI/TNFD alignment | EFRAG Secretariat comments  | EFRAG Secretariat conclusion   | Issue paper needed ? |
|-----|---|---------|---|---|--------------------------------|----------------------|
|     | use to investors who will find it difficult to use.   |         |   |   |                                |                      |
| 3   | <p>Missing Definitions. Lack of methodologies and metrics.</p> <ul style="list-style-type: none"> <li>- The definition of relevant indicators for biodiversity is not stabilised as this notion depends on very complex notions following the definition of biodiversity in Convention for Biological Diversity (CBD). Long way to go before ensuring a science-based approach on this subject.</li> <li>- The amount of data required is impossible to sustain for an annual reporting as it is an extensive and site-specific information.</li> <li>- This type of performance disclosure makes sense if it is based on common metrics that make performance comparable to each other. To date, there is no methodology acquired to aggregate site-based impact\performance data at corporate level.</li> </ul> | Missing | Partially   | The EFRAG Secretariat recommends deleting the DR and add provision in E4-2 to E4-4 to measure progress. | To be aligned (as per comment) | No                   |
| 4   | <p>Lack of clarity and additional Guidance needed.</p> <ul style="list-style-type: none"> <li>- Performance measures on Biodiversity and ecosystems are currently the object of ongoing collective work at the</li> </ul>   | Missing | Partially   | The EFRAG Secretariat recommends deleting the DR and add provision in E4-2 to E4-4 to measure progress. | To be aligned (as per comment) | No                   |

Template 1.2 ESRS E4

| Q60 | Comment  | Type            | Already in TEG survey or ISSB/ GRI/TNFD alignment | EFRAG Secretariat comments  | EFRAG Secretariat conclusion   | Issue paper needed ? |
|-----|--|-----------------|---|---|--------------------------------|----------------------|
|     | <p>time of the drafting of this Standard. That is why the disclosure requirements proposed are mostly principles-based. This results in recommendations, but no clear guidance that means lack of comparability.</p> <ul style="list-style-type: none"> <li>- Clarify how a company can align itself with regulatory requirements both at EU and international level without having a double reporting burden.</li> <li>- 4-7 on response metrics should be located under E4-4 on actions as it requires the list of actions undertaken or planned.</li> </ul> |                 |   |   |                                |                      |
| 5   | <p>Postpone</p> <ul style="list-style-type: none"> <li>- Suggestion of postponement in the issue of the standard. Disclosure similar to climate-related disclosures, but subject is not as mature in terms of concept, methodology and data availability.</li> <li>- As DR is referring to a regulatory framework not yet defined, recommend a postponement in the issue of the standard.</li> </ul>   |                 |   | The EFRAG Secretariat recommends deleting the DR and add provision in E4-2 to E4-4 to measure progress. | To be aligned (as per comment) |                      |
| 6   | Should be addressed at sector level  | Sector Specific | No  | The EFRAG Secretariat recommends deleting the DR and add provision in E4-2 to E4-4 to measure progress. | To be aligned (as per comment) | No                   |

## Template 1.2 ESRS E4

**Q61: Please, rate to what extent do you think DR E4-8 – Biodiversity-friendly consumption and production metrics**

| Q61 | Comment   | Type          | Already in TEG survey or ISSB/ GRI/TNFD alignment | EFRAG Secretariat comments  | EFRAG Secretariat conclusion   | Issue paper needed ? |
|-----|---|---------------|---|---|--------------------------------|----------------------|
| 1   | <p>Lack of definitions and need of clarifications</p> <ul style="list-style-type: none"> <li>- The term « biodiversity-friendly consumption » should be defined and framed.</li> <li>- Linkage to EU taxonomy not (yet) defined – clarification/definition necessary.</li> <li>- Better located with other requirements on sustainable products and responsible supply chains. This raises the question of the structure of the ESRS and the lack of a standard on these 2 topics.</li> <li>- Clarify that DR should not be optional in case the undertaking is connected to material impacts on biodiversity.</li> </ul> | Missing       | Yes   | <p>Definitions are not available and have limited applications only for few sectors.</p> <p>The Secretariat recommends moving to sector-specific standards.</p>                                   | To be aligned (as per comment) | No                   |
| 2   | <p>Issues with third party certifications</p> <ul style="list-style-type: none"> <li>- Reservations on exercise of verification /assurance subject to the development of a proper methodology, the knowledge of the reviewers.</li> <li>- Third party certification schemes are not available for all raw materials.</li> </ul>   | Certification | Yes   | <p>The issues of third-party certifications are noted. To be considered when developing the sector-specific standards.</p> <p>The Secretariat recommends moving to sector-specific standards.</p> | To be aligned (as per comment) | No                   |

Template 1.2 ESRS E4

| Q61 | Comment   | Type            | Already in TEG survey or ISSB/ GRI/TNFD alignment | EFRAG Secretariat comments   | EFRAG Secretariat conclusion   | Issue paper needed ? |
|-----|---|-----------------|---|--|--------------------------------|----------------------|
|     | <p>Review the requirements regarding third-party certifications in general: entities should have standards in place that align with external frameworks and are therefore of certifiable quality.</p> <ul style="list-style-type: none"> <li>- The verification should be based on the currently recognised bio labels.</li> <li>- Certification systems do not have the same level of recognition at international level.</li> <li>- Third-party certification schemes are widely used and accepted, so in principle there should be no additional cost from disclosing this information</li> <li>- For the sake of costs and effort, a pressure to externally certify activities via audits would have significant impact on businesses.</li> </ul> |                 |   |  |                                |                      |
| 3   | <p>Competition sensitive</p> <ul style="list-style-type: none"> <li>- 60 (a) and (b) on the volume and percentage production and supply of raw material, it can be competition sensitive business information which should not be disclosed.</li> <li>-</li> </ul>  | Confidentiality | Partially   | In CSRD omission is possible only if member states have adopted the option to do so. So ESRS 1 is being amended to acknowledge that where member states have included this option, the undertaking can consider it. Not appropriate for Level 2 (ESRS) to take a different approach. | No action                      | No                   |
| 4   | Sector specific   | Sector specific | Partially   | The Secretariat recommends moving to sector-specific standards.  | To be aligned (as per comment) | No                   |

Template 1.2 ESRS E4

| Q61 | Comment   | Type            | Already in TEG survey or ISSB/ GRI/TNFD alignment | EFRAG Secretariat comments   | EFRAG Secretariat conclusion   | Issue paper needed ? |
|-----|---|-----------------|---|--|--------------------------------|----------------------|
|     | <ul style="list-style-type: none"> <li>- Applicable to very limited sectors and mainly to biomass production\consumption (as it refers to raw material traceable to mill or to plantation). It fails to be relevant for all sectors.</li> </ul>   |                 |   |  |                                |                      |
| 5   | <p>Burden</p> <ul style="list-style-type: none"> <li>- Difficulty to find certified raw material worldwide. Any additional data to be collected under challenging conditions which are out of the control of the entity and, on top, need to be assured, add significant reporting burden.</li> </ul> | Burden          | No  | Noted. The Secretariat recommends moving to sector-specific standards.   | To be aligned (as per comment) |                      |
| 6   | <p>Deprioritise</p> <ul style="list-style-type: none"> <li>- Not a priority. Open door to greenwashing: a company reporting on small-scale actions instead of implementing a serious action plan.</li> </ul>  | Phase-in        | No  | Noted. The Secretariat recommends moving to sector-specific standards. It is recommended to move the DR to set 2, sector specific. | To be aligned (as per comment) |                      |
| 7   | <p>Should be addressed at sector level</p> <ul style="list-style-type: none"> <li>- DR applicable to very limited sectors and mainly to biomass production\consumption (as it refers to raw material traceable to mill or to plantation). It fails to be relevant for all sectors.</li> </ul>         | Sector Specific | No  | Noted. The Secretariat recommends moving to sector-specific standards. It is recommended to move the DR to set 2, sector specific. | To be aligned (as per comment) | No                   |

## Template 1.2 ESRS E4

**Q62: Please, rate to what extent do you think DR E4-9 – Biodiversity offsets**

| Q62 | Comment  | Type     | Already in TEG survey or ISSB/ GRI/TNFD alignment | EFRAG Secretariat comments   | EFRAG Secretariat conclusion        | Issue paper needed ? |
|-----|--|----------|---|--|-------------------------------------|----------------------|
| 1   | <p>Conceptual problems, missing definitions and immature framework (certification)</p> <ul style="list-style-type: none"> <li>- Offsetting should not be possible regarding biodiversity. Differently from carbon, when ecosystems are destroyed this is location specific.</li> <li>- No definition of net-zero for biodiversity as opposed to carbon.</li> <li>- Clarify purpose of reporting: is offset considered a performance indicator?</li> <li>- How the comparability between companies will be applied? Off-set is the last option to be considered (only when avoidance, minimization and restorations fail to be applied). The interpretation of figures varies significantly with the size companies and with the sensitivity of the areas where they operate.</li> <li>- Risk of green washing e certifications in absence of certification like systems.</li> <li>- Complicated to verify and establish the real impact of the actions implemented.</li> </ul> | Missing  | No  | <p>Agree that DR requires definitions and concepts that are currently not mature.</p> <p>The Secretariat recommends deleting E4-9.</p> | To be aligned (as per the comment). | No                   |
| 2   | <p>Deprioritise</p> <ul style="list-style-type: none"> <li>- It is important to incentivise companies to invest in off-sets but it should not be prioritised given immature framework.</li> </ul>  | Postpone | No  | Agree that DR requires definitions and concepts that are currently not mature.   | To be aligned (as per the comment). | No                   |

Template 1.2 ESRS E4

| Q62 | Comment  | Type     | Already in TEG survey or ISSB/ GRI/TNFD alignment | EFRAG Secretariat comments  | EFRAG Secretariat conclusion        | Issue paper needed ? |
|-----|--|----------|---|---|-------------------------------------|----------------------|
|     | <ul style="list-style-type: none"> <li>- Prioritization would not be possible in first years but only when information is available (i.e permit requirements)</li> <li>- DR to be deprioritised (not mature as climate off-sets)</li> <li>- E4-9 could be covered by an application provision and/or could be considered as sector-specific as market practice is still limited.</li> <li>- No optionality of DR, if prioritized it shall be mandatory.</li> </ul> |          |   | The Secretariat recommends deleting E4-9.   |                                     |                      |
| 3   | <p>Alignment with TNFD is questioned</p> <ul style="list-style-type: none"> <li>- Metric shall align with TNFD that is not yet finalised and does not provide guidance on off-sets.</li> </ul>   | Missing  | Partially   | <p>Agree that alignment with international and EU objectives is a must. As TNFD does not provide guidance on offsets.</p> <p>The Secretariat recommends deleting E4-9.</p>        | To be aligned (as per the comment). | No                   |
| 4   | <p>Clarify certain notions</p> <ul style="list-style-type: none"> <li>- identify the characteristics that qualify “ecosystem mitigation projects” as relevant in order to compensate for a company's negative impacts on biodiversity and ecosystems;</li> <li>- Explicitly require that negative impacts and compensation projects are presented gross.</li> </ul>  | Glossary | Yes   | <p>Agree on adjusting definitions of target and metrics. As requires definitions and concepts that are currently not mature.</p> <p>The Secretariat recommends deleting E4-9.</p> | To be aligned (as per the comment). | No.                  |

## Template 1.2 ESRS E4

**Q63: Please, rate to what extent do you think DR E4-10 – Financial effects from biodiversity-related impacts, risks and opportunities**

| Q63 | Comment   | Type    | Already in TEG survey or ISSB/GRI/TNFD alignment | EFRAG Secretariat comments  | EFRAG Secretariat conclusion   | Issue paper needed ? |
|-----|---|---------|--|---|--------------------------------|----------------------|
| 1   | <p>Lack of data and methodology</p> <ul style="list-style-type: none"> <li>- Potential financial impacts might not be available/feasible for all material aspects. Risk and opportunities should be assessed, but the monetary quantification should be a secondary step in the requirement hierarchy and bear the possibility to provide insight into non-financial effects.</li> <li>- On (67), the disclosure requirement is broad and generic while effects are not well known or established: scenarios have not yet been developed for biodiversity and nature loss as is the case for climate. The scope is too broad, and it should be removed until better external alignment on scenarios is available or more detailed guidance and standardization of methodology is provided.</li> <li>- DR similar to climate-related disclosures, but not as mature in terms of concept, methodology and data availability.</li> <li>- E4-10 is not clear (no Application Guidelines), probably because it is not mature enough as market practice.</li> <li>- Projection models and methods should be listed.</li> <li>- Unlike the climate standard, in this DR the</li> </ul> | Missing | Partially  | <p>Agree that methodologies and definitions are not yet available and to improve quality characteristics the DR could be moved to set 2. As per the issues paper, this would allow for maturity of reporting practices to emerge before specifying what is needed in the sector-specific standards.</p> | To be aligned (as per comment) | Yes                  |



Template 1.2 ESRS E4

| Q63 | Comment  | Type            | Already in TEG survey or ISSB/ GRI/TNFD alignment | EFRAG Secretariat comments  | EFRAG Secretariat conclusion   | Issue paper needed ? |
|-----|--|-----------------|---|---|--------------------------------|----------------------|
|     | <ul style="list-style-type: none"> <li>financial indicators are not defined, and any application guidance is provided.</li> <li>Timelines may not always coincide with the time frames of the financial planning of companies, since this is a forecast information. Risk to jeopardize the quality of financial information provided over different time horizons.</li> </ul>         |                 |   |   |                                |                      |
| 2   | <p>Clarify metrics and definitions</p> <ul style="list-style-type: none"> <li>The market size of products at risk may not be a relevant metric, as products at risk generate risks on the undertaking's turnover, not directly on market size. It should be replaced by turnover based on products at risk if relevant.</li> </ul>   | Glossary        | No  | Agree   | Ongoing.                       | No                   |
| 3   | <p>Operational aspects and verification</p> <ul style="list-style-type: none"> <li>Due to lack of info, companies would rely on approximation and estimation procedures, which makes these data difficult to be verified by auditors.</li> <li>Investors will also have a hard time using this data to its fullest potential since they are not comparable between sectors.</li> </ul> | Implementation  | Partially   | <p>Agree that DR would be more pertinent at sector specific level to allow for adapted methodologies.</p> <p>Recommend moving to sector specific Set 2. Feasible to be more precise in providing guidance on how to disclose and apply disclosure without phase-in.</p> | To be aligned (as per comment) | No                   |
| 4   | Move to sector specific  | Sector specific | No  | Recommend moving to sector specific Set 2. Feasible to be more  | To be aligned (as per comment) | No.                  |

Template 1.2 ESRS E4

| Q63 | - Comment   | Type                           | Already in TEG survey or ISSB/ GRI/TNFD alignment | EFRAG Secretariat comments  | EFRAG Secretariat conclusion    | Issue paper needed ? |
|-----|---|--------------------------------|---|---|---------------------------------|----------------------|
|     | <ul style="list-style-type: none"> <li>- DR to focus on the market size of products and services related to biodiversity savings. To ensure comparability, KPI should rather be included in the sector-specific standards when relevant.</li> <li>- Specific guidelines are needed to support companies in reporting information and estimating the economic impact related to biodiversity. Criteria and thresholds are needed uniformly within the same sector.</li> </ul>                      |                                |   | precise in providing guidance on how to disclose and apply disclosure without phase-in.   |                                 |                      |
| 5   | <p>Align with EU and international framework</p> <ul style="list-style-type: none"> <li>- DR mentions EU Taxonomy but it does not make any reference to TNFD. This is main the main international framework that is going to provide a risk management and disclosure framework for organisations to report and act on nature-related risks. TNFD framework is scheduled to be released in 2023 and currently TNFD proposes that implementation should be after 5 years, i.e. by 2028.</li> </ul> | EU and international alignment | Yes   | Alignment is respected but EU and international frameworks including TNFD are not yet finalized. Recommend moving to sector specific Set 2 to be more precise in providing guidance on how to disclose and apply disclosure without phase-in. | To be aligned (as per comment)  | No                   |
| 6   | <p>Deprioritise</p> <ul style="list-style-type: none"> <li>- As the main international regulatory framework on this field is not yet defined, strongly recommended a</li> </ul>   | Phase-in                       |   | Recommend moving to sector specific Set 2 to be more precise in providing guidance on how to disclose and apply disclosure without phase-in.  | To be aligned (as per comment). | No                   |

Template 1.2 ESRS E4

| Q63 | - Comment   | Type | Already in TEG survey or ISSB/ GRI/TNFD alignment | EFRAG Secretariat comments | EFRAG Secretariat conclusion | Issue paper needed ? |
|-----|---|------|---|----------------------------|------------------------------|----------------------|
|     | <p>postponement. The standard should clarify how a company can align itself with regulatory requirements both at EU (Taxonomy) and international level (TNFD) without having a double reporting burden.</p> <ul style="list-style-type: none"> <li>- Due to lack of methodology and issue with timer horizons (in 1) , introduce a phase-in solution on qualitative information. climate standard.</li> </ul> |      |   |                            |                              |                      |

Other comments related to Annex A and B across Q 54-63

|   | Comment  | Type     | Already in TEG survey or ISSB/ GRI/TNFD alignment | EFRAG Secretariat comments  | EFRAG Secretariat conclusion        | Issue paper needed ? |
|---|--|----------|---|---|-------------------------------------|----------------------|
| 1 | <p>Clarification and Glossary</p> <p><b>Appendix A: defined terms</b></p> <ul style="list-style-type: none"> <li>- Deforestation – It would be advisable to use FAO definition for deforestation <a href="https://www.fao.org/3/i8661en/i8661en.pdf">https://www.fao.org/3/i8661en/i8661en.pdf</a> page 6.</li> <li>- Key Biodiversity Areas – The Key Biodiversity areas should be defined by national legislation not by NGO</li> </ul> <p><b>Appendix B: Application guidance</b></p> | Glossary | No  | DRs are being amended to add definitions and clarifications in metrics and AGs (covering all E4 DRs). | To be aligned (as per the comment). | No                   |

Template 1.2 ESRS E4

|  | Comment   | Type | Already in TEG survey or ISSB/ GRI/TNFD alignment | EFRAG Secretariat comments | EFRAG Secretariat conclusion | Issue paper needed ? |
|--|---|------|---|----------------------------|------------------------------|----------------------|
|  | <ul style="list-style-type: none"> <li>- AG 11.C – As biodiversity is local it should be possible to use national databases which in many case are more relevant than global databases</li> <li>- AG.19 The risks mentioned in this point (physical and transition) are extremely wide and could be difficult even for large companies to disclose, impossible for small and medium sized enterprises.</li> <li>- AG 10-30 covering “Biodiversity and ecosystems-related specific application guidance on ESRS 2 Disclosure Requirements IRO 1 and IRO 2 on materiality assessment”<br/>under tools it should be added IUCN STAR -Species Threat Abatement and Recovery (STAR) Metric   IUCN, IBAT - Integrated Biodiversity Assessment Tool (IBAT) (ibat-alliance.org, and under freshwater - Aqueduct   World Resources Institute (wri.org) For all tools their effectiveness depends on local level data that feeds through the model, which needs to be maintained and linked.</li> <li>- In AG 15 names the IUCN Red List of Threatened Species, this list also contains species that are not threatened (listed as least concern). It could be</li> </ul> |      |   |                            |                              |                      |

Template 1.2 ESRS E4

|  | Comment   | Type | Already in TEG survey or ISSB/ GRI/TNFD alignment | EFRAG Secretariat comments | EFRAG Secretariat conclusion | Issue paper needed ? |
|--|---|------|---|----------------------------|------------------------------|----------------------|
|  | <p>added in the category of vulnerable, endangered etc. Others will be data deficient (but possible very threatened).</p> <ul style="list-style-type: none"> <li>- AG 26. The timescale used (&lt; 1 year 1-3 years, &gt; 3 years) for speed of impact is too short at least for boreal forest, in order to notice effect change in bio-diversity the reasonable scale is 10 years.</li> <li>- AG44-75 – Overall, and reporting against these metrics will require major cost additional resource and capacity needs to both collect the necessary data and also to then report the data consistently, accurately and reliably. The focus of the reporting needs to be on the actions businesses are taking and not back-facing metrics.</li> <li>- AG44-75 – refer to material impact drivers without (i.) providing clarification on what is materials and (ii.) at what level are the material impact driver metrics to be applied (i.e. at each and every location where the impact may occur or at a higher corporate level where the impact has been identified as material by the company. Risk that the amount to information blurs the relevance.</li> </ul> |      |   |                            |                              |                      |