

Mailing from ESRs Q&A Platform to Sustainability Reporting Board

Mailing for:		SR Board		Mailing type:		a cat. to be sent to SRB				
Response ID	Category of question: * explanation * Imp.G * Amendment * out of scope * Rejection (secretariat proposal)	bundling of related questions (only applicable for implementation guidance and 5c already asked)	Allocation to E, S, G, x-cutting and others	Q&A Title (Secretariat)	Question asked (Secretariat)	ESRS reference (Secretariat)	Reason for categorisation	Main Sector	Stakeholder group	Country question coming from
41	1 - explanation question	n/a	x-cutting	Financial institutions own operations vs VC and metrics	What is the scope of insurance companies' own operations (under Solvency II) ? Do ESRs standards relate only to insurers' non-life insurance activities (fire, health, damage to vehicles, third party liability, assistance, legal expenses etc.), or also to investment activities? How should the sustainability report address insurance with profit participation ?	ESRS 1 chapter 5.1 Reporting undertaking and value chain	Sector-agnostic standards (knowledge upstream and downstream VC (Business relationships) para 63) No definition of own operations/ VC IG has not preempted the content of the future ESRs for financial institutions/insurance. Also set 1 is silent on treatment of investments except for cat 15 of GHG Scope 3	Insurance	Other	France
165	1 - explanation question	n/a	x-cutting	Tax matters in ESRs; entity-specific disclosures	GRI 207 standards refers to tax, is it correct to assume this as part of the business conduct? If yes is there any specific sub topic mapped to?	ESRS 1 paragraph 11.1 ESRS G1	no equivalent DR in ESRs ; entity specific disclosure and/or under para. 114 of ESRs 1	Professional Services	Other	Netherlands
186	1 - explanation question	n/a	Environment	Substances of (very high) concern	One of the requirements in the ESRs E2 Pollution Standard is to phase out substances of very high concern (SVHC). How can undertakings identify SVHC?	ESRS E2 paragraph 6: Disclosure Requirement E2-1 Updated Requirements ESRS 1 Appendix D and PPT of June 14th 2023 from the EC to EFRAG on Updated Requirements	Annex II references the legal source (REACH) that can be consulted for identifying the lists of substances (candidate, authorisation and restriction), and the authority (Agency / ECHA) responsible for managing such lists.	Not applicable	Other	France
204	1 - explanation question	n/a	x-cutting	Phase-in for first-time reporters	1. Companies that become "large undertakings" for the first time: 1 - Are the ESRs requirements applicable from the year they exceed the thresholds? 2 - Do they benefit from the Phase-in Requirements? 2		categorised as explanation as this question will be recurring. 1- Yes, the requirements are immediately applicable 2- Yes, there is a phase-in also for those undertakings that fall under the ESRs at a later date.	Information Technology	Preparer	Belgium
206	1 - explanation question	n/a	Environment	Climate-related targets	Is it an absolute requirement in paragraph 30 that 90-95% of GHG emission reduction needs to be performed before given the option to work with GHG Removals?	E1-4 paragraph 30	1) ESRs E1 paragraph 60 states " in the case where the undertaking discloses a net zero target in addition to the gross GHG emission reduction targets, it shall explain the scope, methodologies and framework applied and how the residual GHG emissions are intended to be neutralised" -> If it is a Net zero target, the target is expected to translate in approximately 90-95% of GHG emission reduction. 2) ESRs E1 paragraph 34 (b) : The GHG emission reduction target shall be gross targets (carbon credits, GHG removals NOT INCLUDED) -> You can not use the carbon credits to reach the 90/95% of reduction of the gross GHG emission reduction target	Information Technology	Preparer	Belgium
228	2a - implementation guidance (new)	n/a	Environment	Resource inflows	What resources/materials are relevant to report for a construction company?	ESRS E5-4 Resource inflows	(see also in connection with ID 239, ID 241)	Construction and Engineering	Other	Sweden
230	2a - implementation guidance (new)	n/a	Environment	Critical raw materials	What is the definition on "critical raw materials" in paragraph 30, "ESRS E5-4 - Resource inflows" for a construction company?	ESRS E5 paragraph 30	"Critical raw material" is not defined in ESRs. The options are either Amendment or an Illustrative Guidance. The EFRAG Secretariat suggests an Illustrative Guidance.	Construction and Engineering	Other	Sweden
241	2a - implementation guidance (new)	n/a	Environment	Resource inflows	How can "water and property, plant, ..." be seen as "resource inflows" under paragraph 30, under ESRs E5-4 for a construction company? How should these assets be reported?	ESRS E5 paragraph 30	(See also in connection with ID 228, ID 239)	Construction and Engineering	Other	Sweden
242	2a - implementation guidance (new)	n/a	Environment	Resource inflows	What is the definition on "Technical and biological materials" in paragraph 31 a) for a construction company?	ESRS E5 paragraph 31 a)	ESRS E5 does not define "technical and biological materials". An Implementation Guidance will allow to provide such definition and expose it for public feedback.	Construction and Engineering	Other	Sweden
89	4 - out-of-scope of EFRAG	n/a	x-cutting	Reporting period	Which reporting period do we have to report for our first publication?	ESRS 1 chapter 6.1 reporting period	Art. 5 of the CSRD has the Transposition rules. Art 5 para (2) has the transposition rules for Art. 1 of the CSRD (sustainability reporting) stating that "for financial years starting on or after 1 January 2024 / 2025 / 2026" the measures shall apply	Textiles, Accessories, Footwear and Jewellery	User	France
2	5b - rejection: non-widespread	n/a	x-cutting	value chain and insurance	For Group holding, is a simplified core business value chain segmentation enough?	ESRS 1 chapter 5.1 Reporting undertaking and value chain	ESRS does not have a position to sign-off on a company specific fact pattern as the fact pattern is not known, depends on many details and will differ from (insurance) company to company; as the question is specific to the company fact pattern only it is also not considered to be widespread; sector-specific ESRs for insurance does not exist yet.	Insurance	Other	Italy
5d - rejection: already asked/answered	3	VCIG FAQ 5 and 6	x-cutting	Materiality in value chain only	Topic is not material for "own operations" but material for other segments, DR still due?	ESRS 1 chapter 5.1 Reporting undertaking and value chain	Question asked is answered by FAQ 5 and 6 of the VCIG confirming the answer given by the submitter	Insurance	Other	Italy
5d - rejection: already asked/answered	79	ESRS IG 3 Materiality Assessment chapter 3.6 and 3.7	x-cutting	Materiality assessment - Thresholds	According to paragraph 41, appropriate quantitative and/or qualitative thresholds should be used when determining which impacts, risks and opportunities are identified and addressed by the undertaking as material and to determine which sustainability matters are material for reporting purpose. What is seen as appropriate thresholds?	ESRS 1 paragraph 41	ESRS IG 3 Materiality Assessment provide a "deep dive" on setting thresholds for impact materiality and financial materiality respectively	Not applicable	Preparer	Sweden
5d - rejection: already asked/answered	179	ESRS IG 3 Materiality Assessment FAQ 23 + ESRS IG 3 Materiality Assessment par 124	x-cutting	(Impact) materiality and likelihood	Does likelihood apply on the residual risk (after mitigation) or on the raw/inherent risk (before mitigation)?	ESRS 1 paragraph 45; ESRS IG 3 Materiality Assessment FAQ 23	ESRS IG 3 FAQ 23: deals with gross/net for environmental impacts. "As a general principle, environmental impacts are considered gross on the materiality assessment." Probability therefore in principle applies also on the gross risk (references : draft ESRS IG 3 Materiality Assessment par 124 deals with probability and draft ESRS IG 3 Materiality Assessment FAQ 23 deals with gross/net risk -	Professional Services	Other	Norway
5d - rejection: already asked/answered	184	ESRS IG 3 Materiality Assessment chapter 3.5 and 4.3	x-cutting	materiality assessment and no due diligence process according to international instruments	What exactly does it mean that the materiality assessment of a negative impact is informed by the due diligence process? Are companies required to adopt the due diligence process of the OECD Guidelines for Multinational Enterprises when assessing double materiality?	ESRS 1 paragraph 45; ESRS IG 3 Materiality Assessment chapter 4.3	chapter 3.5 of the ESRS IG 3 Materiality Assessment states "The ESRs do not impose to put in place due diligence processes only for the purpose of reporting", and then clarifies saying "However, the outcome of undertaking's ongoing due diligence processes that are in place are generally useful to inform the materiality assessment.". Please update for final changes to ESRS IG 3 Materiality Assessment, if applicable.	Professional Services	Preparer	Germany
5f - rejection: no (initial) answer provided	194	n/a	Other	CapEx / OpEx in EU Taxonomy and ESRs	Are the definitions for CapEx and OpEx aligned with the EU Taxonomy definitions for CapEx and OpEx?	ESRS 2	Reasons for rejections (1) not conclusive (no background); (2) no ESRs reference provided - therefore not clear to which ESRs the question relates); (3) no answer provided; (4) out of scope of ESRs. ESRs 1 para. 113 requires to present in ESRs sustainability statement Art 8 Taxonomy Disclosure, so the definitions and concepts in the EU Taxonomy regulation apply for that disclosure.	Not applicable	Other	Denmark
5g - rejection: other reasons	230	n/a	Governance	bank loans and political contributions	political contributions: according to the standard, these include donations, loans, sponsorships, advances for services, or the purchase of tickets for fund-raising events and similar practices". Bank loans granted as part of a normal business relationship are not explicitly excluded. How to deal with?	ESRS G1-5	Reject- sector specification, it will be covered by ESRs Sector standards	Professional Services	Industry Group	France