

05-02 Second and third batch of categorisations approved by SRB [SR TEG meeting 18.01.2024].

Mailing from ESRS Q&A Platform to Sustainability Reporting Technical Expert Group

Mailing for:

SR TEG

Mailing type:

Re- sponse 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 part 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 aknowledge 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; ESRS G1	no equivalent DR in ESRS ; entity specific disclosure and/or under para. 114 of ESRS 1	Professional Services	Other	Netherlands
171	1 - explanation question	n/a	x-cutting	Meaning of administrative, management and supervisory bodies	Please clarify with examples what is meant by "administrative, management and supervisory bodies" as a collective vs. "management" & "management-level position" vs "senior executive management".	ESRS 2 paragraph 22 (a) and (d)	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.	Health Care and Services	Preparer	Sweden
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 paragraph 15 (b)	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- 1 - Do they benefit from the Phase-In Requirements? 2	ESRS 1 Appendix D and PPT of June 14th 2023 from the EC to EFRAG on Updated Requirements	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
214	1 - explanation question	n/a	Social	Resources to manage material impacts	When mentioning "material impacts" in paragraph 43 of S1-4, it is unclear if you mean "all" material impacts, or "Own Workforce" material impacts?	ESRS S1-4 paragraph 43; ESRS S1 paragraph AR48; ESRS S1 paragraph 1; ESRS 2 paragraph 60, 61; ESRS 2 paragraph 69; ESRS 2 paragraph AR23	ESRS S1 paragraph 43 is related to material impacts on the undertaking's own workforce (ESRS S1).	Information Technology	Preparer	Belgium

215	1 - explanation question	n/a	Social	Social Dialogue Global Percentage	Can you clarify the "global percentage, reported at the country level" in paragraph 63?	ESRS S1 paragraph 63; ESRS S1 paragraph AR 69, ESRS S1 paragraph AR 70	ESRS S1 paragraph AR69 clarifies that "for calculating the information required by paragraph 63(a), the undertaking shall identify in which EEA countries it has significant employment (i.e. at least 50 employees representing at least 10% of its total employees). For these countries it shall report the percentage of employees in that country which are employed in establishments in which employees are represented by workers' representatives." "Global" in that context means the country total, for each EEA country in which the undertaking has significant employment. ESRS S1 paragraph AR 70 also provides a template to present this information and specifies "EEA only."	Information Technology	Preparer	Belgium
217	1 - explanation question	n/a	Other	Prudential consolidation	Should an undertaking disclose the information in accordance with the requirements relating to prudential consolidation laid down in Part One, Title II, Chapter 2 of the Capital Requirements Regulation (EU) 575/2013? We couldn't understand this datapoint 51 (f)	ESRS 1 paragraph 62	the answer is no. The starting point is the financial reporting group, not the prudential regulation in CRR. Answer is based on ESRS 1 para 62	Credit Institutions	User	San Marino
243	1 - explanation question	n/a	Social	Reference Financial Statement		S1-6	ESRS S1-6 paragraph 50(f) requires a reference to the most representative number in the financial statements. As laid out in the Accounting Directive (Directive 2013/34/EU) Article 16(1)(h), the financial statements include the "average number of employees during the financial year."	Power Production and Energy Utilities	Industry Group	France
122	2a - implementation guidance (new)	n/a	x-cutting	Value chain - tier N	As part of the materiality analysis it is necessary to identify all material upstream activities. My question is about when it is allowed to make a cut, as some considerations would clearly exceed the scope. Example: Among other activities a logistic company uses trucks to transport the goods. This naturally results in various environmental effects (e.g. CO2-emission), but does the company now have to record the entire production of the truck? This would at once make all ESRS issues material.	ESRS 1 chapter 5.1 Reporting undertaking and value chain	Chapter 5.1 ESRS 1, ESRS E1 para 46, Section 2.2.2.3 and 2.4 of VCIG and FAQ 1 and FAQ 7 of the VCIG. The answer is in ESRS, and explained further in VCIG	Professional Services	Industry Group	Germany
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
239	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	[See also in connection with ID 228, ID 241] 'Critical raw material' is not defined in ESRS. The options are either an 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
54	4 - out-of-scope of EFRAG	n/a	Other	Audit	Who will be able to audit the content of the disclosed information?	none	the question relates to the audit provisions of the CSRD (chapter 8 of the accounting directive); they are beyond EFRAG's remit	Not applicable	Other	Luxembourg
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 Jewellerys	User	France
161	4 - out-of-scope of EFRAG	n/a	Other	audit of sustainability statement	Is there an auditors' template on Double materiality assessment?	ESRS 2	question is on the relationship auditor vs client and third party consultant; does not relate to ESRS reporting	Professional Services	Other	Netherlands

187	4 - out-of-scope of EFRAG	n/a	Other	holding and subsidiary reporting	What are the rules to define the reporting undertaking if a subsidiary is obliged to report according to the CSRD rules while the holding on top is not due to its legal form (foundation). Is the subsidiary obliged to report on subordinate subsidiaries which are not consolidated in its financial statements but in the statements of its holding?	ESRS 1 chapter 5.1	Question related to Article 29a (1) of the accounting directive not to ESRS	Mining, Quarrying and Coal	Industry Group	Germany
202	4 - out-of-scope of EFRAG	n/a	Other	Sustainability statement and official language of the Union	What are acceptable languages for the sustainability statement (and the materiality assessment)?	ESRS 1	As sustainability statements are part of the management report the applicable is not an ESRS but a question related to the Accounting directive	Professional Services	Other	Netherlands
209	4 - out-of-scope of EFRAG	n/a	Other	Third country parent and reporting of EU subsidiaries	When third-country undertakings report to exempt subsidiaries pursuant to Articles 19a(9) and 29a(8) of the Accounting Directive, and when Union undertakings report pursuant to Article 48i of the Accounting Directive, where and how shall the 'consolidated sustainability reporting' be published?	ESRS 1, section 8; Annex II, 'sustainability statement' definition	very relevant question; must be discussed with the Commission how to respond to that; you cannot have exempt subsidiaries if you do not report?	Chemicals	User	Switzerland
210	4 - out-of-scope of EFRAG	n/a	Other	Third country parent and reporting of EU subsidiaries	When third-country undertakings publish consolidated sustainability reporting to exempt subsidiaries pursuant to Articles 19a(9) and 29a(8) of the Accounting Directive, and when Union undertakings report consolidated sustainability reporting pursuant to Article 48i of the Accounting Directive, how shall they meet financial disclosure requirements if they lack a matching financial consolidation?	ESRS 1 section 9.2; DRs that concern financial information throughout the ESRS	very relevant question; must be discussed with the Commission how to respond to that; agree also link to ID 209 please	Chemicals	User	Switzerland
216	4 - out-of-scope of EFRAG	n/a	Other	Phase-in thresholds	In case of a consolidated sustainability reporting in accordance to new article 48i in 2013/34/EU (defined by 2022/2464) the thresholds for ESRS phase-ins / exemptions are applicable based on the number of employees of each individual undertaking included in the consolidated report, and not based on the consolidated number of employees, correct?	Appendix C, phase in requirements on ESRS E1-6, ESRS S1	Question related to Article 48i of the Accounting Directive not ESRS	Electronics and electrical equipment	User	Germany
222	4 - out-of-scope of EFRAG	n/a	Other	Modification of size criteria for large undertakings and groups	Can the EFRAG please clarify the eligibility requirements for Non-EU companies given the recent update to eligibility requirements for EU companies?	ESRS 1	question is on the change of size criteria and their application date; could also be rejected as no answer is given	Not applicable	Other	Netherlands
232	4 - out-of-scope of EFRAG	n/a	Other	no financial consolidation; size criteria	Does a group of companies that as a whole meets the size thresholds to report have to create a consolidated sustainability report even if that group does not financially / legally consolidate?	ESRS 2, 1.5.; ESRS 1, 66	Question relates to when a group needs to prepare consolidated financial statements and a consolidated management report; the answer is not given in ESRS	Electronics and electrical equipment	Industry Group	Belgium
233	5a - rejection: non-conclusive	n/a	Other	Definition of all DR and datapoints	Dear all, wouldn't be possible to update the xls ESRS datapoints with clear definitions?	Disclosure Requirement E1-5 and S1-1 et seq.	ESRS have been developed based on DR and datapoints with a comprehensive set of defined terms together with application guidance supporting the implementation of the respective standards and IG; a general request to provide definitions and more explanations is not helpful and close to impossible to fulfill; it has to be noted that definitions are based on terms that again request their definition creating an endless ask for recurring definition of the definitions; this has to be acknowledged resulting in the unavoidable need to end the recurring cycle somewhere	Health Care and Services	Industry Group	France
232	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	EFRAG is not in 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
281	5b - rejection: non-widespread	n/a	x-cutting	Materiality - at what point in time to consider value chain	When doing the materiality assessment should value chain be considered from the outset or should own operations be considered first subsequently value chain be integrated?	ESRS 1 3.3 Double materiality, paragraph 42.	We do not expect the question of whether (a) to assess own operations first and then VC or (b) both together at the same time is widespread; also we notice that ESRS do not prescribe behavior and thus would be agnostic to which of the two approaches should be taken in theory it may be easier to understand your own IROs before considering that of the VC but again ESRS do not prescribe	Pharma and Biotechnology	Industry Group	Thailand

1	5d - rejection: already asked/answered	ESRS IG 3 Materiality Assessment FAQ 23	x-cutting	Gross or net (impact) materiality	Shall preparers use an inherent (gross) or residual (net) perspective?	ESRS 1 chapter 3.4 "Impact Materiality"	Answer in FAQ 23 of the ESRS IG 3 Materiality Assessment	Insurance	Other	Italy
3	5d - rejection: already asked/answered	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
79	5d - rejection: already asked/answered	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
179	5d - rejection: already asked/answered	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
184	5d - rejection: already asked/answered	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
212	5d - rejection: already asked/answered	ESRS IG 2 Value chain chapter 2.3	x-cutting	JV and associates - share of information / value chain	What share of information shall be reported from joint arrangements and associates when they are included in a reporting undertaking's reporting boundary and how shall this share be calculated?	ESRS 1, paragraph 67; ESRS E1 paragraph 46	(also see ID 211 - related question!) in rejection please note that JA and associates are not in the reporting boundary as the reporting entity is the group which is the parent and subs. SEE ALSO SECTION 2.3 OF VCIG.	Chemicals	User	Switzerland
213	5d - rejection: already asked/answered	ESRS IG 2 Value chain chapter 2.3	x-cutting	JV and associates - share of information / value chain	How is materiality to be considered by a reporting undertaking when determining whether to include joint arrangements and associates in its reporting boundary?	ESRS 1, section 5.1	please refer to chapter 2.3 of ESRS IG 2 Value chain. Only in reporting boundary (for some E standards) if ops control. Otherwise NOT. But may be part of VC	Chemicals	User	Switzerland
194	5f - rejection: no (initial) answer provided	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
230	5g - rejection: other reasons	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 it?	ESRS G1-5	Reject- sector specification, it will be covered by ESRS Sector standards	Professional Services	Industry Group	France