

Mailing from ESRS Q&A Platform to Sustainability Reporting TEG

Cut-off date for questions processed by EFRAG secretariat: Please enter Mailing for: SRT Mailing type: c. cat. to be sent to SRT

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
436	1 - explanation question	n/a	Environment	Waste; preparation for reuse	What is the definition of "preparation for reuse"?	ESRS E5-5 paragraph 37, b, i	The term is defined in Waste Directive Art. 3.16 and means "preparing for re-use" means checking, cleaning or repairing recovery operations, by which products or components of products that have become waste are prepared so that they can be re-used without any other pre-processing;"	Chemicals	Preparer	Germany
707	1 - explanation question	ID 78	Environment	Scope 3, VC	For entities within the reporting company's value chain but not financially consolidated nor under operational control, how should their Scope 3 emissions be accounted for: Proportion: 100% of their total emissions or based on the reporting company's equity share? Reporting location: Lumped together under category 3.15 or disaggregated into specific Scope 3 categories?	ESRS E1 paras 44, 46, AR 46; ESRS 1 paragraph 62-67	Explanation will address the aspect of need for disaggregation or not along Scope 3 categories ("Lumped together under category 3.15 or disaggregated into specific Scope 3 categories?"), in case not sufficiently addressed in ID 78 and IG2 VC.	Professional Services	Preparer	Netherlands
818	1 - explanation question	n/a	Environment	Reduction target	If in 34(b) it SHALL be reported GHG emission reduction targets in total of CO2e and percentage, does that mean that 34(a) it is also both options 1)tonnes of CO2e and 2)percentage?	ESRS E5-5 Disclosure Requirement E1-4; 34(b); 34 (a) and AR24	ID 78: According to ESRS, when calculating the total GHG emissions, the principles, requirements and guidance provided by the GHG protocol should be considered. In the GHG protocol, there are different methods to use when deciding the organizational boundaries (equity share approach and control approach), which one should be used according to ESRS? GHG emission reduction targets shall be disclosed in absolute value (either in tonnes of CO2eq or as a percentage of the emissions of a base year) and, where relevant, in intensity value -> absolute value: compulsory and where needed intensity value as per 34a. 34b+ AR24 respects to the completeness of the target, which is nto encompassing all boundary needs to be charcaterized both in absolute and %.	Information Technology	Industry Group	Germany
823	1 - explanation question	n/a	Environment	Carbon credit	Does this apply strictly to « Carbon credits » (emitted by an independent carbon crediting standard such as Verra, Gold Standard)? Or does this paragraph also applies to avoided emissions or emissions reduction meeting the main criterias relating to carbon offsetting (Measurable, Verifiable, Permanence, Additionality) but that do not generate carbon credits stricto sensu (no registry / independent standard, but a real methodology verified by an independent third party and a regular control	ESRS E1 paragraph 53 ; ESRS Disclosure Requirement E1-7	It is not clear what paragraph question is referring to. GHG removals within own operations and value chain are covered in 56a). In 56b) related to reductions and removals outside value chain financed through the purchase of carbon credits (from recognised standards). Disclosures outside this scope should not be framed under 56(a) and (b).	Forestry	Other	France

1 - explanation 831 question	n/a	Environment	contractual instruments	Should percentage of contractual instruments be calculated in terms of electricity consumption, not in terms of Scope 2 GHG emissions?	ESRS E1-6 Application Requirements 45 (d)	AR 45 "apply the location-based and market-based methods to calculate Scope 2 GHG emissions and provide information on the share and types of contractual instruments" — is to be calculated based on activity and not on emissions	Not applicable	Assurance Services Provider	Japan
1 - explanation 836 question		Environment	Emission factors	Question 1: According to AR 39 b, the undertaking has to disclose emission factors used - does this refer to actual values or a list of all sources per emission category only? Question 2: According to AR 39 b, the most GWP according to the IPCC should be used. If some of the most suitable emission factors are only available with GWP using previous IPCC Assessment Reports than AR6, is it ok to use emission factors according to e.g. AR 5 for consistency?	ESRS E1 AR 39	Q1: "disclose the methodologies, significant assumptions and emissions factors used to calculate or measure GHG emissions accompanied by the reasons why they were chosen, and provide a reference or link to any calculation tools used" -> the undertaking needs to disclose the list of all resources regarding this article but the undertaking will use the actual values to report on it. Q2: If the undertaking explains why they are not using the most recent why, they could use it.	Professional Services	Preparer	Germany
1 - explanation 843 question	n/a	Environment	Calculation of rates of recyclable content in products and their packaging	How should this metric be calculated? What are examples of Capex and Opex allocated to the transition plan and are disclosures of the Taxonomy reporting relevant?	E5-5 paragraph 36 / AR 27	Different ways of calculating the indicators can be considered, so question makes sense. Research will be done into existing standards like ISO 14021, ISO 18604 and regulations (EU) to understand if answers are already provided in existing standards/regulations to this question. Further review and assessment when preparing the explanation may lead to the suggestion of re-categorising this question as an IG to gather public feedback.	Not applicable	Other	United Kingdom
1 - explanation 856 question	n/a	Environment	Capex, Opex and Taxonomy	What is the meaning and what to report in "transport of removed GHGs"?	E1-1 paragraph 16c	Example of Capex: install solar panel (investment). Example of opex: salary of someone hired for transition plan. Not all Taxonomy disclosure regarding investment are relevant (example banking). Example : bioenergy with CO2 capture and storage -> transport refers to the transportation of the CO2 as a gas through a pipeline infrastructure into the final storage reservoir.	Credit Institutions	Other	Norway
1 - explanation 873 question	n/a	Environment	transport of removed GHG	What is the meaning and what to report in "transport of removed GHGs"?	ESRS E1-7 AR57 (b)	"Biogenic emissions in Scope 3 do not have the same exclusion as in Scope 2. However, there may be different ways to consider flexibility into what will be a difficult item to quantify: it may be possible to exclude these emissions based on the materiality of information; the use of proxies can be used; it could be argued, that if originating from other energy emissions (Scope 3 category Fuel & Energy activities) connected to electricity (scope 2) the reasoning applied in Scope 2 extends."	Information Technology	Other	Germany
1 - explanation 882 question	n/a	Environment	biogenic emission	Can preparer state that data for biogenic emissions in Scope 3 is "not available" as it is specifically possible for Scope 2 biogenic emissions?	ESRS E1-6 AR45 e) and ESRS E1-6 AR46 j)		Construction and Engineering	Industry Group	Germany
1 - explanation 893 question	n/a	Environment	conversion factor	Which indicators to use to convert fossil fuels to kWh (gasoline, diesel, natural gas and air conditioning refrigerants). Why hybrid sink is requested in AR57 b if only biogenic and technological sink processes are classified?	ESRS E1-5	According to AR 32, the undertaking might consider the following " Annex II of the Fifth Assessment IPCC report"	Not applicable	Industry Group	Poland
1 - explanation 917 question	n/a	Environment	Hybrid sink	Why hybrid sink is requested in AR57 b if only biogenic and technological sink processes are classified?	ESRS E1-7 AR57 (b) , AR 62(b)	ESRS allows to disclose GHG removals and storage from hybrid sources (different from GHG protocol) + cfr ID 636 for definitions	Information Technology	Other	Germany

1 - explanation 929 question	n/a	Environment	NDA	1. To what extent are chemical distributors required to disclose transportation-related emissions within a product's carbon footprint? 2. Does the ESRS allow for alternative approaches to disclosing carbon footprint data when NDAs are in place with external partners?	ESRS E1-6	The reporter is providing info on the carbon footprint of its products to clients; it does not need to disaggregate the emissions by category in the PCF; the client can determine the footprint and, in particular, if it is material, the client undertaking shall report it; 2. if a breakdown for transportation category needs to be provided, the client company may also use estimates	Chemicals	Non-Governmental Organisation	Germany
1 - explanation 940 question	n/a	Environment	lifetime of assets	Can you provide a definition of "expected lifetime of its assets"? If an asset is both at acute and chronic physical risk: should the value of that asset be counted in both row 2 and 3 in the datapoints? This does result in double counting	E1 - IRO-1 - AR 11 (b)	The physical time of assets sometimes extends beyond its amortization period. The amortization period can be used as a minimum reference, but other values can and maybe should be used. E.g. an asset already amortized but still in use or producing, where critical for the company, there is likely a planning horizon for its continued use and expected refurbishment/upgrade, etc. There are also databases and expert estimates of lifetime of certain assets, which may be used. We will research these different options and their implications.	Professional Services	Preparer	Switzerland
1 - explanation 950 question	n/a	Environment	chronical and acute risk		E1-9	The undertaking shall not do double counting. We will check how it is done in XBRL. Could make sense to add both; otherwise apply proportionality or choose the most relevant one. The term facility/facilities is not defined in the glossary but is used frequently in the standard. We believe the term is used in different EU Directives and so research will be done to check if a definition is provided for the term there and if between different contexts the terms are compatible (Water, Waste, Chemicals) so a definitive reference can be provided.	Not applicable	Other	Netherlands
1 - explanation 957 question	n/a	Environment	Defintion of 'Facility'	Resource inflows are defined as "Resource that enters the undertaking's facilities", but what exactly is meant by "facilities"? Is it mandatory to set and disclose a Scope 3 target? If yes, is it necessary to have the target in the first year of reporting? Does the Scope 3 target have to be 1.5C aligned? What are, if any, the penalties for not having a 1.5C aligned Scope 3 target disclosed?	ESRS E5-4 paragraph 31		Construction and Engineering	User	Germany
2a - implementation 930 guidance (new) 5a -rejection: non- 896 conclusive	IG 5 Transition Plans n/a	Environment Environment	Scope 3 target Investments		ESRS E1-4, ESRS 2, 5,- Metrics and targets E1-16	ESRS E1 paragraph 34 (b): GHG emission targets shall be disclosed for Scope 1,2 and 3 GHG emissions either separately or combined. 34(e) focused on the compatibility of the target (might be combined) with limiting global warming to 1.5°. This question will be addressed as part of IG5 TP.	Machinery and Equipment	Preparer	United States of America
5d - rejection: already 595 asked/answered	ID 496	Environment	own operation; waste - demolition of buildings	When performing a demolition of a building for a client, the reporting undertaking is "waste producer" by law. Do these waste amounts have to be reported even though they are not generated in own operations?	ESRS E5-5 paragraph 37	[See ID 591] As a construction company (general contractor) in which scope do I have to disclose waste? Do I have to disclose the waste of the subcontractors that work for my project?	Construction and Engineering	Preparer	Germany
5d - rejection: already 708 asked/answered	ID 78, 804	Environment	Scope 3, VC	For an unconsolidated subsidiary (investment entity) outside the reporting company's value chain and control, how should its Scope 3 emissions be accounted for: Proportion: 100% of total emissions or based on the reporting company's equity share? Reporting: Lumped together under category 3.15 or disaggregated into specific Scope 3 categories based on emission sources?	ESRS E1-6; ESRS 1: section 5.1	Question will be addressed in explanations covering similar issues related to investment entities (ID 78, ID 804). <i>(ID 78: According to ESRS, when calculating the total GHG emissions, the principles, requirements and guidance provided by the GHG protocol should be considered. In the GHG protocol, there are different methods to use when deciding the organizational boundaries (equity share approach and control approach), which one should be used according to ESRS?; ID 804: Is an entity that qualifies as an Investment Entity as per IFRS 10 required to prepare a sustainability statement with the same consolidation scope as the financial statements?).</i>	Professional Services	Preparer	Netherlands

5d - rejection: already 709 asked/answered	ID 78	Environment	Scope 3, VC	Regarding the GHG emissions of entities where the reporting company has joint operational control with another entity: What portion of their emissions should be accounted for in Scope 3 emissions by the reporting company? 100% of their total GHG emissions, regardless of the extent of operational control by the reporting company; or a proportional share based on the extent of operational control by the reporting company?	ESRS E1-6; ESRS E1 Paras 46, AR40	ID 78 refers to the last version of IG 2 on VC which covers the different scenarios of Scope 3 reporting	Professional Services	Preparer	Netherlands
5d - rejection: already 791 asked/answered	IG 1 - FAQ 23; see also ID 790 and 515	Environment	inherent or residual risks; before or after mitigation activities	Does "before considering climate change mitigation/adaptation actions" also include actions that has already been implemented, or does it only refer to future actions?	ESRS E1-9 Paragraph 66 a and 67 a	contentious question - warrants an addition to IG 1 - FAQ 23 (gross/net) ID 515: When scoring impacts, should we consider residual risk or inherent risk? ID 790: Should mitigation measures already in place be taken into consideration while doing the financial materiality assessment?	Not applicable	Preparer	Sweden
5d - rejection: already 864 asked/answered	ID 367	Environment	Sectors disclosing on the DR on the composition of waste	If the ESRS E1-5 paragraph 38 is only to be disclosed by companies within NACE group A-H or L, why is the corresponding AR 33 then including operations not in high climate impact sectors?	ESRS E1-5 paragraph 38	Linked to ID 367 - the text has been amended. ID 367: Is there a typo in AR 33 when referring to 37 (a) and 38 (a) - (e)? ID 414: Should AR 48 (table for disaggregating total emissions) be interpreted as a mandate that all disclosers use the given table (as is suggested by the use of 'shall')? If so, could the meaning of the columns be more clearly specified?	Credit Institutions	Other	Norway
5d - rejection: already 926 asked/answered	ID 414	Environment	Formula	What is the formula to estimate last column of the AR48 table regarding Annual % Target / base year?	ESRS E1-6 AR48		Information Technology	Other	Germany
5d - rejection: already 942 asked/answered	ESRS Glossary	Environment	Definition of reuse (circular economy)	What is the meaning of reuse? Not a waste based on Glossary.	ESRS E5 para 37b(i)	Defined in ESRS Glossary.	Food and Beverages	Preparer	France