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FA NB – öffentliche SITZUNGSUNTERLAGE

Sitzung:	07. Sitzung FA NB / 23.06.2022 / 10:45 – 11:15 Uhr
TOP:	10 – Cross Cutting Standards_ESRS 2 (Survey 3A+1C)
Thema:	Ausgewählte Fragen des Konsultationsfragebogens „3A. <i>Adequacy of Disclosure Requirements – Cross cutting standards</i> “ (Abstimmen der Stellungnahme zum Standardentwurf ESRS 2)
Unterlage:	07_10a_FA-NB_ED ESRS 2_Präsi

ESRS 2 – GOV 1-5 Disclosures on governance



Governance-Konzept der ESRS

Trennung von Corporate Governance und Sustainability Governance

- ESRS G1 vs. ESRS 2.GOV1 – GOV5
- Konzeption fraglich, aufgrund:
 - Funktion / Verständnis von Corporate Governance
 - Sustainability Governance als Bestandteil von Corporate Governance
 - Dopplungen in den Angaben
 - Beeinträchtigung der Aussagekraft und Verständlichkeit
 - Komplexität

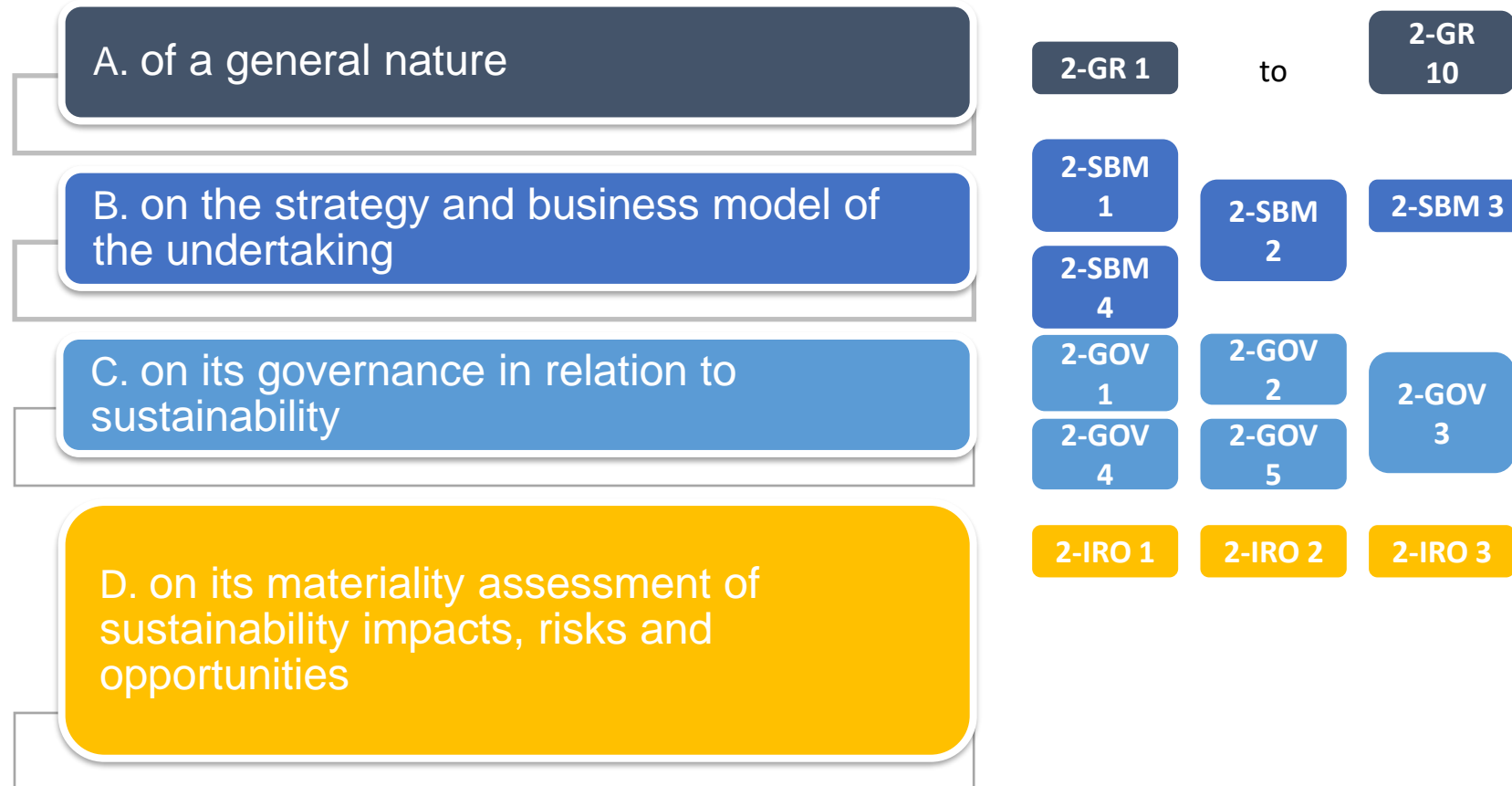
Vorgaben der CSRD (Entwurf aus April 2021)

- governance aspects, *„including with regards to sustainability“*, aber auch:
- governance aspects *„with regards to sustainability“*
- Trilog: governance aspects *„with regard to sustainability“*

Erläuterung des Governance-Konzepts anhand ausgewählter EFRAG-Folien

Overview of ESRS 2

To set out the disclosure requirements of the undertaking's sustainability reporting that are of a cross-cutting nature. They are those:



Disclosure Requirements on sustainability governance (DR 2-GOV1 to DR 2-GOV5)

GOVERNANCE

DR 2-GOV1: **Roles and responsibilities** of the administrative, management and supervisory bodies

DR 2-GOV2: **Information** of administrative, management and supervisory bodies **about sustainability matters**

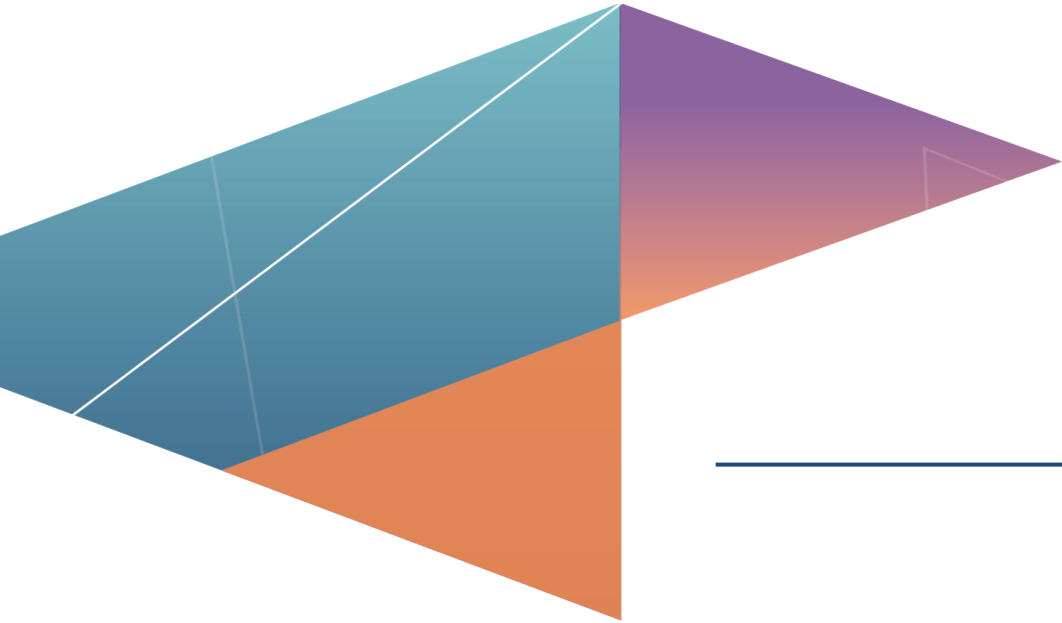
DR 2-GOV3: **Sustainability matters addressed** by the undertaking's administrative, management and supervisory bodies

DR 2-GOV4: Integration of sustainability strategies and performance in **incentive schemes**

DR 2-GOV5: Statement on **due diligence**



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Governance:

G1 Governance, risk management,
internal control

G2 Business conduct

[Draft] CSRD mandate on Governance sustainability matters

Governance as a separate category of sustainability matters

The Governance category (G) is broader than traditionally considered under the concept of 'governance'. The aim is to cover the full spectrum of relevant matters in order to report on sustainability aspects relating to the reporting undertaking itself, including but not limited to governance.

CSRD Article 19 b)

(c) specify the information that undertakings are to disclose about governance factors, including information about:

- (i)** the role of the undertaking's administrative, management and supervisory bodies, including with regard to sustainability matters, and their composition;
- (ii)** the business ethics and corporate culture, including anti-corruption and anti-bribery;
- (iii)** political engagements of the undertaking, including its lobbying activities;
- (iv)** the management and quality of relationships with business partners, including payment practices;
- (v)** the undertaking's internal control and risk management systems, including in relation to the undertaking's reporting process.

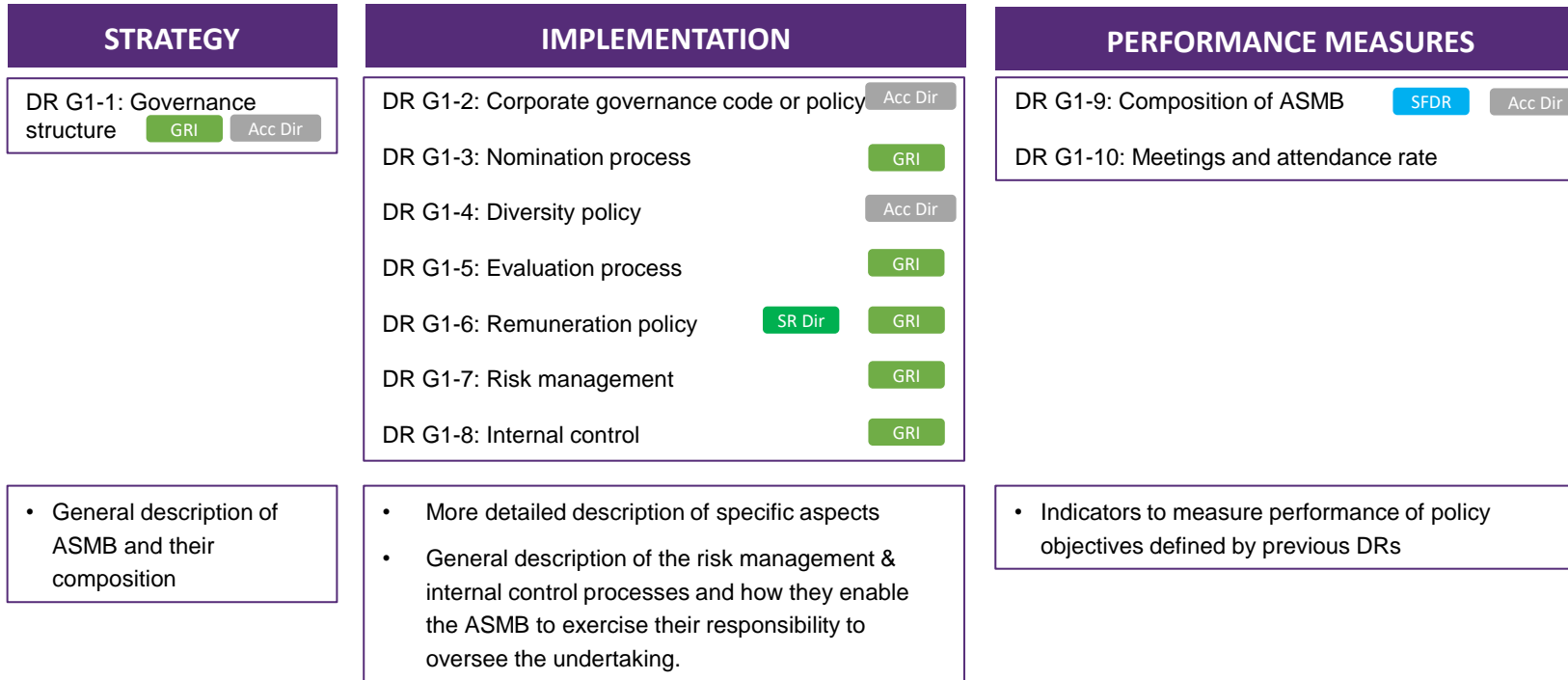
G1 Governance, risk management, internal control

G2 Business conduct

G1 Governance, risk management, internal control: Interaction with ESRS 2 (Governance disclosure requirements in cross-cutting)



G1 Governance, risk management, internal control: Overview



ESRS 2 – GOV 1-5 Disclosures on governance



Governance-Konzept der ESRS

Vorläufige Beurteilung

- Erfordernis von Angaben zu Corporate Governance *including* Sustainability Governance
- Vermeidung von Dopplungen innerhalb der ESRS
- Erforderliche Berücksichtigung sämtlicher europäischer Normen (Gesamtkonzept für Angaben zur Corporate Governance)
- Separate Behandlung von Governance-Aspekten wie Strategie, Risikomanagement / interne Kontrolle

Consultation Survey

- Part A / E: „Some reservations“ due to conceptual weakness (duplication)
- Part F (EU policies): „Not at all“
- Part G (alignment with international standards): not suggested

GOV 5 – Statement on due diligence

- Erfordernis, anhand eines sog. **mappings** die Einbindung der due-diligence-Elemente in der Nachhaltigkeitsberichterstattung darzustellen
- Kernelemente gem. ESRS 1, ch. 2.5:
 - (a) embedding due diligence in governance and organisation;*
 - (b) engaging with stakeholders;*
 - (c) identifying and assessing adverse impacts;*
 - (d) taking actions to address those adverse impacts; and*
 - (e) tracking the effectiveness of these efforts and communicating.*

ESRS 2 – GOV 1-5 Disclosures on governance



Governance-Konzept der ESRS

GOV 5 – AG55: mapping als Tabelle / Beispiel

Main aspect of sustainability due diligence	Relevant disclosures
<ul style="list-style-type: none">• Embedding due diligence in governance and organizations	
<ul style="list-style-type: none">• Engaging with stakeholders	
<ul style="list-style-type: none">• Identifying and assessing adverse impacts	
<ul style="list-style-type: none">• Taking action	
<ul style="list-style-type: none">• Tracking effectiveness and communicating	

Vorläufige Beurteilung des GOV5

- ESRS als Reporting Standards (typischerweise keine Vorgaben für Prozesse, vgl. ESRS 1, ch. 5.2)
- Dopplungen innerhalb der ESRS
- Konkretisierung erforderlich zur Anforderung des Mappings

Consultation Survey

- Part A / E: „strong reservations“
- Part F (EU policies): „Not at all“

ESRS 2.75 ff.

Liste von „non-material items“

- Rebuttable presumption (ESRS 1, ch. 2.2) bzgl. Wesentlichkeit
- Angabe, „*if and why certain mandatory disclosures are not material*“
- „a list“ of disclosure requirements (or groups of DR) that are not material for the undertaking
- Hinweis: keine entsprechende Vorgabe in IFRS S1

Consultation Survey

- Part A (relevance), D (objectives of CSRD), E (cost-benefit), F (EU policies) und G (alignment with international requirements): „not at all“

ESRS 2 – GOV 2 Information of administrative, management and supervisory bodies about sustainability matters



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ESRS 2.56

The undertaking shall describe the process by which the governance bodies of the undertaking, including the relevant committees are informed about:

(a) impacts, risks and opportunities as disclosed in line with the ESRS 2 Disclosure Requirements IRO, including results and effectiveness of policies, targets and actions adopted to address those impacts, risks and opportunities;

(b) the sustainability-related perspectives of stakeholders that have an interest in or are affected by the undertaking's activities;

(c) any other sustainability-related concern that may arise and would require the governance bodies' attention; and

(d) steps of due diligence standard processes that the undertaking is following on a mandatory and/or voluntary basis.

Hinweis im Fragebogen zu Part A: „Apart from “risks” as identified under ESRS which other concerns does EFRAG expect to be presented under ESRS 2.GOV2.56(c)? There should be specific examples as to what is meant. A general requirement regarding “any other” matter that “may arise” does not seem specific enough. Also, it is important to be consistent on the materiality-concept: risks / concerns that have been identified as “non material” should not be required to be reported on via additional “catch-it-all-requirements”.

ESRS 2 – GOV 3 Sustainability matters addressed by the undertaking's administrative, management and supervisory bodies



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ESRS 2.58

The undertaking shall provide a description of the sustainability matters that were addressed by its administrative, management and supervisory bodies during the reporting period.

ESRS 2.AG47

In selecting and describing such specific matters, the undertaking shall consider those sustainability matters that relate to the governance body's responsibilities, as included in its mandate and described in ESRS 2 Disclosure Requirement GOV 1, as well as any other issue of critical importance.

Hinweis im Fragebogen zu Part A:

- Konkretisierung: shall provide a description of „key“ sustainability matters
- Konkretisierung der Formulierung „as well as any other issue of critical importance“, um Bezug zu Nachhaltigkeit hervorzuheben

ESRS 2 – SBM 2 Views, interests and expectations of stakeholders



ESRS 2.38

The disclosure required shall include the following information:

- (a) a summarised description of the undertaking's key stakeholders and their views, interests and expectations as analysed during the undertaking's own materiality assessment process; and*
- (b) a description of how the strategy and business model(s) of the undertaking are impacted by these views, interests and expectations.*

- Entsprechend des Konzepts der ESRS: umfassende Informationen über Ansichten, Interessen und Erwartungen der key stakeholder / Einbindung der key stakeholder (vgl. auch AG30)
- Frage an den FA NB: (Wie wird die Prüfbarkeit der Aussagen u.a. zu Ansichten, Interessen und Erwartungen von Stakeholdern beurteilt Fragebogen Part C. Can be verified/assured)?
- Vorschlag im Fragebogen: „3/ To a large extent with some reservations“

ESRS 2 – SBM 2 Views, interests and expectations of stakeholders



ESRS 2.AG30

The undertaking shall provide a summarised description of the interests, views and expectations of its relevant key stakeholders [...]. For each category of relevant key stakeholders identified by the undertaking, it shall cover in particular:

- (a) their current views of the undertaking's strategy and business model(s);*
- (b) the recent evolution of these views; and*
- (c) based on this description of the interests, views and expectations of each category of relevant key stakeholders, the undertaking shall disclose:*
 - i. if, how and what steps it has taken to amend its strategy and business model(s) to address interests, views and expectations;*
 - ii. what are the further steps which are considered and in what time line; and*
 - iii. to what extent these steps are likely to modify the relationship with and views of stakeholders.*

ESRS 2 – GR 9 On other sustainability reporting pronouncements



ESRS 2.27

The undertaking shall disclose if it also reports in full or in part in accordance with generally accepted sustainability reporting pronouncements of other standard setting bodies and non-mandatory guidance including sector specific, in addition to its report prepared according to ESRS. It shall disclose if such reporting is included in its sustainability statements.

- Formulierung anzupassen, um zu verdeutlichen, dass sich Pflicht zur prüferischen Durchsicht nicht auf Richtigkeit der Aussage bezieht, ob ein Unternehmen „***in accordance*** with generally accepted sustainability pronouncements of other standard setting bodies... „ berichtet hat
- Hinweis im Fragebogen zu Part C (verifiable / assurance) aufgenommen: „*The sustainability reports prepared in accordance with ESRS are subject to audit procedures (limited assurance). It is questionable whether GR 9 extends the audit requirement to limited assurance regarding other sustainability reporting standards (e.g. IFRS S). ESRS 2.27 should clarify that it does not extend the audit procedures to other sustainability reporting pronouncements.*”



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