

EFRAG-Konsultation „European Sustainability Reporting Standards“

Fragebogen

3A Adequacy of Disclosure Requirements- Cross cutting standards

**VORLÄUFIGER ARBEITSSTAND der BEURTEILUNG der ED ESRS
durch das DRSC**



3A. Adequacy of Disclosure Requirements – Cross cutting standards

For the purpose of the questions included in this section, respondents are encouraged to consider the following:

- when sharing comments on a given Disclosure Requirement, and as much as possible, reference to the specific paragraphs being commented on should be included in the written comments,
- in the question asked, for each ESRS, about the alignment with international sustainability standards, these include but are not limited to the IFRS Sustainability Standards and the Global Reporting Initiative Standards. Other relevant international initiatives may be considered by the respondents. When commenting on this particular question, respondents are encouraged to specify which international standards are being referred to.

A complete index of Disclosure Requirements and their corresponding Application Guidance can be found in Appendix I – Navigating the ESRS.

DR 2-GR 1 – General characteristics of the sustainability reporting of the undertaking

The undertaking shall give general information about (i) its sustainability report, and (ii) the structure of its sustainability statement.

The principle to be followed under this disclosure requirement is to give the necessary context of the sustainability reporting of the undertaking.

Q1: Please, rate to what extent do you think DR 2-GR 1 – General characteristics of the sustainability reporting of the undertaking

1/ Not at all 2/ To a limited extent with strong reservations, 3/ To a large extent with some reservations 4/ Fully 5/ No opinion 6/ Not applicable

	1	2	3	4	5	6
A. Requires relevant information about the sustainability			x			
B. Requires information that is relevant for all sectors (sector-agnostic only information)				x		
C. Can be verified / assured				x		
D. Meets the other objectives of the CSRD in term of quality of information			x			
E. Reaches a reasonable cost / benefit balance				x		
F. Is sufficiently consistent with relevant EU policies and other EU	x					
G. Is as aligned as possible to international sustainability standards given the CSRD			x			
H. Represent information that must be prioritised in first year of implementation				x		



I. Is well suited to be transformed in a digital reporting taxonomy that will avoid creating misunderstandings					x	
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For part E, please explain why costs would be unreasonable and / or what particular benefit this disclosure requirement offers

For part F, please specify what existing European sustainability reporting obligation you think the disclosure requirements misses to address adequately

Need for Integrated Reporting Option

- ESRS 1 ch. 6.2 provides three options to present ESRS-disclosures, none of these options allow for an integrated sustainability reporting approach
- In the **FA NB's letter to EFRAG of 29 March 2022** we emphasized the importance of an integrated reporting option as an integrated sustainability reporting approach stands for a connection and equal importance of financial and sustainability reporting, it stands for integration of sustainability matters throughout the organisation and down to the operational level of the entity; companies and stakeholders alike acknowledge the better understanding of the entity's strengths, weaknesses, opportunities, and threats through integrated reporting.
- As also laid out in our consultation survey 1A "Architecture" we would like to again **emphasize the need for an integrated reporting option** within ch. 6.2 of ESRS 1.

For part G, please explain how you think further alignment could be reached

Need for Integrated Reporting Option

- IFRS S1 allows for an integrated reporting; alignment through integrated reporting option within ch. 6.2 of ESRS 1

Please share any comment and suggestion for improvement you might have relating to the above questions, referring explicitly to the part of the question you are providing comment to

Comments to be included in Consultation Survey – Regarding Part A and D

See our comments regarding Part F

Need for Integrated Reporting Option

- ESRS 1 ch. 6.2 provides three options to present ESRS-disclosures, none of these options allow for an integrated sustainability reporting approach
- In the **FA NB's letter to EFRAG of 29 March 2022** we emphasized the importance of an integrated reporting option as an integrated sustainability reporting approach stands for a connection and equal importance of financial and sustainability reporting, it stands for integration of sustainability matters throughout the organisation and down to the operational level of the entity; companies and stakeholders alike acknowledge the better understanding of the entity's strengths, weaknesses, opportunities, and threats through integrated reporting.
- As also laid out in our consultation survey 1A "Architecture" we would like to again **emphasize the need for an integrated reporting option** within ch. 6.2 of ESRS 1.

Minor comment

- par 5(b) requires confirmation that reporting scope for *sustainability reporting* is identical to scope for *consolidated financial statements* (ESRS 1): according to ESRS 1 (para 63 ff.) reporting boundaries of sustainability reporting are different compared to financial reporting; therefore, clarification would be helpful that ESRS 2 par 5(b) addresses reporting entity (not reporting boundaries).

Regarding Part I

The answer to that question requires a detailed analysis. We understand that EFRAG has not yet considered in a final stage the digital guidance on the disclosure requirements. Without a dedicated discussion to be performed by EFRAG first we fail to give a proper assessment on the suitability of the specific disclosure requirement.



DR 2-GR 2 – Sector(s) of activity

The undertaking shall provide a description of its significant activities, headcount and revenue. The principle to be followed under this disclosure requirement is to allow an understanding of the distribution of the undertaking's activities by reference to a common sector definition.

Q2: Please, rate to what extent do you think DR 2-GR 2 – Sector(s) of activity

1/ Not at all 2/ To a limited extent with strong reservations, 3/ To a large extent with some reservations 4/ Fully 5/ No opinion 6/ Not applicable

	1	2	3	4	5	6
A. Requires relevant information about the sustainability				x		
B. Requires information that is relevant for all sectors (sector-agnostic only information)				x		
C. Can be verified / assured				x		
D. Meets the other objectives of the CSRD in term of quality of information				x		
E. Reaches a reasonable cost / benefit balance				x		
F. Is sufficiently consistent with relevant EU policies and other EU					x	
G. Is as aligned as possible to international sustainability standards given the CSRD					x	
H. Represent information that must be prioritised in first year of implementation				x		
I. Is well suited to be transformed in a digital reporting taxonomy that will avoid creating misunderstandings					x	

For part E, please explain why costs would be unreasonable and / or what particular benefit this disclosure requirement offers

For part F, please specify what existing European sustainability reporting obligation you think the disclosure requirements misses to address adequately

For part G, please explain how you think further alignment could be reached

Please share any comment and suggestion for improvement you might have relating to the above questions, referring explicitly to the part of the question you are providing comment to

Regarding Part A/D/E

- support for information on sector specific activities

Regarding Part I



The answer to that question requires a detailed analysis. We understand that EFRAG has not yet considered in a final stage the digital guidance on the disclosure requirements. Without a dedicated discussion to be performed by EFRAG first we fail to give a proper assessment on the suitability of the specific disclosure requirement.

ENTWURF



DR 2-GR 3 – Key features of the value chain

The undertaking shall describe its value chain.

The principle to be followed under this disclosure requirement is to provide an understanding of the value chain in which the undertaking operates, from the initial inputs into a product or service, in the upstream supply chain, to its downstream delivery to end-users, including ultimate disposal, recycling or reuse for physical products.

Q3: Please, rate to what extent do you think DR 2-GR 3 – Key features of the value chain

1/ Not at all 2/ To a limited extent with strong reservations, 3/ To a large extent with some reservations 4/ Fully 5/ No opinion 6/ Not applicable

	1	2	3	4	5	6
A. Requires relevant information about the sustainability			x			
B. Requires information that is relevant for all sectors (sector-agnostic only information)				x		
C. Can be verified / assured				x		
D. Meets the other objectives of the CSRD in term of quality of information				x		
E. Reaches a reasonable cost / benefit balance			x			
F. Is sufficiently consistent with relevant EU policies and other EU					x	
G. Is as aligned as possible to international sustainability standards given the CSRD					x	
H. Represent information that must be prioritised in first year of implementation				x		
I. Is well suited to be transformed in a digital reporting taxonomy that will avoid creating misunderstandings					x	

For part E, please explain why costs would be unreasonable and / or what particular benefit this disclosure requirement offers

- support for information on key features of the value chain
- AG14 is too detailed when asking for information on “*the main groups of business relationships together with the related underlying contractual terms (including relevant rights and obligations)*”, often contractual terms are subject to confidentiality clauses

For part F, please specify what existing European sustainability reporting obligation you think the disclosure requirements misses to address adequately

For part G, please explain how you think further alignment could be reached

Please share any comment and suggestion for improvement you might have relating to the above questions, referring explicitly to the part of the

**question you are providing comment to**

Regarding Part A: see identical comments above (Part E)

- support for information on key features of the value chain
- AG14 is too detailed when asking for information on *“the main groups of business relationships together with the related underlying contractual terms (including relevant rights and obligations)”*, often contractual terms are subject to confidentiality clauses

Regarding Part I

The answer to that question requires a detailed analysis. We understand that EFRAG has not yet considered in a final stage the digital guidance on the disclosure requirements. Without a dedicated discussion to be performed by EFRAG first we fail to give a proper assessment on the suitability of the specific disclosure requirement.

ENTWURF



DR 2-GR 4 – Key drivers of the value creation

The undertaking shall describe how it creates value.

The principle to be followed under this disclosure requirement is to provide an understanding of the key drivers of value creation the undertaking is leveraging to contribute to the overall performance of the value chain it operates in taking account of the respective interests of all stakeholders.

Q4: Please, rate to what extent do you think DR 2-GR 4 – Key drivers of the value creation

1/ Not at all 2/ To a limited extent with strong reservations, 3/ To a large extent with some reservations 4/ Fully 5/ No opinion 6/ Not applicable

	1	2	3	4	5	6
A. Requires relevant information about the sustainability				x		
B. Requires information that is relevant for all sectors (sector-agnostic only information)				x		
C. Can be verified / assured				x		
D. Meets the other objectives of the CSRD in term of quality of information				x		
E. Reaches a reasonable cost / benefit balance				x		
F. Is sufficiently consistent with relevant EU policies and other EU					x	
G. Is as aligned as possible to international sustainability standards given the CSRD					x	
H. Represent information that must be prioritised in first year of implementation				x		
I. Is well suited to be transformed in a digital reporting taxonomy that will avoid creating misunderstandings					x	

For part E, please explain why costs would be unreasonable and / or what particular benefit this disclosure requirement offers

For part F, please specify what existing European sustainability reporting obligation you think the disclosure requirements misses to address adequately

For part G, please explain how you think further alignment could be reached

Please share any comment and suggestion for improvement you might have relating to the above questions, referring explicitly to the part of the question you are providing comment to

Regarding Part I

The answer to that question requires a detailed analysis. We understand that EFRAG has not yet considered in a final stage the digital guidance on the disclosure requirements. Without a dedicated discussion to be performed by EFRAG first we fail to give a proper assessment on the suitability of the specific disclosure requirement.



DR 2-GR 5 – Using approximations on the disclosure in relation to boundary and value chain

Following the principle on boundaries and value chain of ESRS 1 when the undertaking has used peer group information or sector data to approximate missing data due to impracticability, it shall disclose:

- (a) Its basis for preparation for the relevant disclosure and indicators, including the scope for which an approximation has been used; and
- (b) The planned actions to reduce missing data in the future.

Q5: Please, rate to what extent do you think DR 2-GR 5 – Using approximations on the disclosure in relation to boundary and value chain

1/ Not at all 2/ To a limited extent with strong reservations, 3/ To a large extent with some reservations 4/ Fully 5/ No opinion 6/ Not applicable

	1	2	3	4	5	6
A. Requires relevant information about the sustainability				x		
B. Requires information that is relevant for all sectors (sector-agnostic only information)				x		
C. Can be verified / assured				x		
D. Meets the other objectives of the CSRD in term of quality of information				x		
E. Reaches a reasonable cost / benefit balance			x			
F. Is sufficiently consistent with relevant EU policies and other EU					x	
G. Is as aligned as possible to international sustainability standards given the CSRD					x	
H. Represent information that must be prioritised in first year of implementation				x		
I. Is well suited to be transformed in a digital reporting taxonomy that will avoid creating misunderstandings					x	

For part E, please explain why costs would be unreasonable and / or what particular benefit this disclosure requirement offers

- Support for this concept,
- cost-benefit balance might not be reasonable if collection of information from peer group / sector data proves “impracticable” as well

For part F, please specify what existing European sustainability reporting obligation you think the disclosure requirements misses to address adequately

For part G, please explain how you think further alignment could be reached

Please share any comment and suggestion for improvement you might have relating to the above questions, referring explicitly to the part of the question you are providing comment to

Regarding Part I



The answer to that question requires a detailed analysis. We understand that EFRAG has not yet considered in a final stage the digital guidance on the disclosure requirements. Without a dedicated discussion to be performed by EFRAG first we fail to give a proper assessment on the suitability of the specific disclosure requirement.

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DR 2-GR 6 – Disclosing on significant estimation uncertainty

Following the principle of estimating under conditions of uncertainty in ESRS 1, the undertaking shall:

- (a) identify metrics it has disclosed that have a significant estimation uncertainty, disclose the sources and nature of the estimation uncertainties and the factors affecting the uncertainties, and
- (b) identify and disclose the sources of significant uncertainty and the factors affecting these sources of uncertainty when explanations of possible effects of a sustainability factor relate to possible future events about which there is significant outcome uncertainty.

Q6: Please, rate to what extent do you think DR 2-GR 6 – Disclosing on significant estimation uncertainty

1/ Not at all 2/ To a limited extent with strong reservations, 3/ To a large extent with some reservations 4/ Fully 5/ No opinion 6/ Not applicable

	1	2	3	4	5	6
A. Requires relevant information about the sustainability				x		
B. Requires information that is relevant for all sectors (sector-agnostic only information)				x		
C. Can be verified / assured				x		
D. Meets the other objectives of the CSRD in term of quality of information				x		
E. Reaches a reasonable cost / benefit balance				x		
F. Is sufficiently consistent with relevant EU policies and other EU					x	
G. Is as aligned as possible to international sustainability standards given the CSRD					x	
H. Represent information that must be prioritised in first year of implementation				x		
I. Is well suited to be transformed in a digital reporting taxonomy that will avoid creating misunderstandings					x	

For part E, please explain why costs would be unreasonable and / or what particular benefit this disclosure requirement offers

For part F, please specify what existing European sustainability reporting obligation you think the disclosure requirements misses to address adequately

For part G, please explain how you think further alignment could be reached

Please share any comment and suggestion for improvement you might have relating to the above questions, referring explicitly to the part of the question you are providing comment to

Regarding General Remark

Clarify wording of ESRS 2 par 24 as the intended difference of requirements (a) versus



(b) remains unclear. Since metrics also rely on estimations about future events it is unclear why this aspect has to be highlighted again in (b). Furthermore, the limitation to disclosures of uncertainty regarding metrics and possible effects of a sustainability factor seems unreasonable as uncertainty and estimations might be relevant for numerous disclosures in sustainability reports.

Regarding Part I

The answer to that question requires a detailed analysis. We understand that EFRAG has not yet considered in a final stage the digital guidance on the disclosure requirements. Without a dedicated discussion to be performed by EFRAG first we fail to give a proper assessment on the suitability of the specific disclosure requirement.

ENTWURF



DR 2-GR 7 – Changes in preparation and presentation

Following the principle on changes in preparation or presentation of ESRS 1, the undertaking shall explain changes in preparation and presentation by disclosing:

- (a) the description of the methodology used for the restatement,
- (b) the difference between the amount reported in the previous period and the revised comparative amount in case of quantitative metrics,
- (c) the reasons for the change in reporting policy, and
- (d) if it is impracticable to adjust comparative information for one or more prior periods, the undertaking shall disclose this fact and the reason why.

Q7: Please, rate to what extent do you think DR 2-GR 7 – Changes in preparation and presentation

1/ Not at all 2/ To a limited extent with strong reservations, 3/ To a large extent with some reservations 4/ Fully 5/ No opinion 6/ Not applicable

	1	2	3	4	5	6
A. Requires relevant information about the sustainability				x		
B. Requires information that is relevant for all sectors (sector-agnostic only information)				x		
C. Can be verified / assured				x		
D. Meets the other objectives of the CSRD in term of quality of information				x		
E. Reaches a reasonable cost / benefit balance				x		
F. Is sufficiently consistent with relevant EU policies and other EU					x	
G. Is as aligned as possible to international sustainability standards given the CSRD requirements					x	
H. Represent information that must be prioritised in first year of implementation				x		
I. Is well suited to be transformed in a digital reporting taxonomy that will avoid creating misunderstandings or					x	

For part E, please explain why costs would be unreasonable and / or what particular benefit this disclosure requirement offers

For part F, please specify what existing European sustainability reporting obligation you think the disclosure requirements misses to address adequately

For part G, please explain how you think further alignment could be reached

Please share any comment and suggestion for improvement you might have relating to the above questions, referring explicitly to the part of the question you are providing comment to



Regarding Part I

The answer to that question requires a detailed analysis. We understand that EFRAG has not yet considered in a final stage the digital guidance on the disclosure requirements. Without a dedicated discussion to be performed by EFRAG first we fail to give a proper assessment on the suitability of the specific disclosure requirement.

ENTWURF



DR 2-GR 8 – Prior period errors

Following the principles on errors in ESRS 1, if applicable, the undertaking shall disclose the following for prior period errors:

- (a) the nature of prior period errors,
- (b) for each prior period disclosed, to the extent practicable, the amount of the corrections, and
- (c) if retrospective restatement is impracticable for a particular period, the circumstances that led to the impracticability and a description of how and when the error was corrected.

Q8: Please, rate to what extent do you think DR 2-GR 8 – Prior period errors

1/ Not at all 2/ To a limited extent with strong reservations, 3/ To a large extent with some reservations 4/ Fully 5/ No opinion 6/ Not applicable

	1	2	3	4	5	6
A. Requires relevant information about the sustainability				x		
B. Requires information that is relevant for all sectors (sector-agnostic only information)				x		
C. Can be verified / assured				x		
D. Meets the other objectives of the CSRD in term of quality of information				x		
E. Reaches a reasonable cost / benefit balance				x		
F. Is sufficiently consistent with relevant EU policies and other EU					x	
G. Is as aligned as possible to international sustainability standards given the CSRD requirements					x	
H. Represent information that must be prioritised in first year of implementation				x		
I. Is well suited to be transformed in a digital reporting taxonomy that will avoid creating misunderstandings or					x	

For part E, please explain why costs would be unreasonable and / or what particular benefit this disclosure requirement offers

For part F, please specify what existing European sustainability reporting obligation you think the disclosure requirements misses to address adequately

For part G, please explain how you think further alignment could be reached

Please share any comment and suggestion for improvement you might have relating to the above questions, referring explicitly to the part of the question you are providing comment to

Regarding Part I

The answer to that question requires a detailed analysis. We understand that EFRAG has not yet considered in a final stage the digital guidance on the disclosure requirements. Without a dedicated discussion to be performed by EFRAG first we fail to give a proper assessment on the suitability of the specific disclosure requirement.



DR 2-GR 9 – On other sustainability reporting pronouncements

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.

Q9: Please, rate to what extent do you think DR 2-GR 9 – On other sustainability reporting pronouncements

1/ Not at all 2/ To a limited extent with strong reservations, 3/ To a large extent with some reservations 4/ Fully 5/ No opinion 6/ Not applicable

	1	2	3	4	5	6
A. Requires relevant information about the sustainability				X		
B. Requires information that is relevant for all sectors (sector-agnostic only information)				X		
C. Can be verified / assured		X				
D. Meets the other objectives of the CSRD in term of quality of information				X		
E. Reaches a reasonable cost / benefit balance		X				
F. Is sufficiently consistent with relevant EU policies and other EU					X	
G. Is as aligned as possible to international sustainability standards given the CSRD					X	
H. Represent information that must be prioritised in first year of implementation				X		
I. Is well suited to be transformed in a digital reporting taxonomy that will avoid creating misunderstandings					X	

For part E, please explain why costs would be unreasonable and / or what particular benefit this disclosure requirement offers

Regarding Part E (see also explanations regarding Part C)

The sustainability reports prepared in accordance with ESRS are subject to audit procedures (limited assurance). ESRS 2 par. 27 asks undertakings to disclose if – within the ESRS sustainability report – they also report “in full or in part in accordance with” other sustainability standards. Since ESRS sustainability reports are subject to audit procedures (limited assurance) these procedures necessarily will have to include the verification of other standards. This will increase the audit costs that undertakings will have to bear.

In our view it needs to be clarified if ESRS 2 in fact indeed intends to extend the required audit procedures to other sustainability standards (thereby significantly increasing auditing costs). We strongly encourage EFRAG to clarify in ESRS 2.27 that it *does not extend* the audit procedures to other sustainability reporting pronouncements. EFRAG then will have to find a wording different to “in accordance with” and explain (e.g. in the BC) its rational behind ESRS 2.27.

For part F, please specify what existing European sustainability reporting obligation you think the disclosure requirements misses to



address adequately

For part G, please explain how you think further alignment could be reached

Please share any comment and suggestion for improvement you might have relating to the above questions, referring explicitly to the part of the question you are providing comment to

Regarding Part C (see also explanations regarding Part E)

The sustainability reports prepared in accordance with ESRS are subject to audit procedures (limited assurance). ESRS 2 par. 27 asks undertakings to disclose if – within the ESRS sustainability report – they also report “in full or in part in accordance with” other sustainability standards. Since ESRS sustainability reports are subject to audit procedures (limited assurance) these procedures necessarily will have to include the verification of other standards. This will increase the audit costs that undertakings will have to bear.

While auditing procedures are not critical (i.e. this disclosure is verifiable / assured) these additional auditing procedures are very costly.

We therefore like to point out that it is necessary to clarify whether in fact ESRS 2 intends to extend the required audit procedures to other sustainability standards (thereby significantly increasing auditing costs). We strongly encourage EFRAG to clarify in ESRS 2.27 that it *does not extend* the audit procedures to other sustainability reporting pronouncements. EFRAG then will have to find a wording different to “in accordance with” and explain (e.g., in the BC) its rationale behind ESRS 2.27.

Regarding Part I

The answer to that question requires a detailed analysis. We understand that EFRAG has not yet considered in a final stage the digital guidance on the disclosure requirements. Without a dedicated discussion to be performed by EFRAG first we fail to give a proper assessment on the suitability of the specific disclosure requirement.

ENTW



DR 2-GR 10 – General statement of compliance

The undertaking shall provide a statement of compliance with ESRS.

The principle to be followed under this disclosure requirement is to inform the users about the compliance with ESRS requirements, following mandated disclosure requirements complemented by entity-specific disclosures.

Q10: Please, rate to what extent do you think DR2-GR 10 – General statement of compliance

1/ Not at all 2/ To a limited extent with strong reservations, 3/ To a large extent with some reservations 4/ Fully 5/ No opinion 6/ Not applicable

	1	2	3	4	5	6
A. Requires relevant information about the sustainability				x		
B. Requires information that is relevant for all sectors (sector-agnostic only information)				x		
C. Can be verified / assured				x		
D. Meets the other objectives of the CSRD in term of quality of information				x		
E. Reaches a reasonable cost / benefit balance				x		
F. Is sufficiently consistent with relevant EU policies and other EU					x	
G. Is as aligned as possible to international sustainability standards given the CSRD					x	
H. Represent information that must be prioritised in first year of implementation				x		
I. Is well suited to be transformed in a digital reporting taxonomy that will avoid creating misunderstandings					x	

For part E, please explain why costs would be unreasonable and / or what particular benefit this disclosure requirement offers

For part F, please specify what existing European sustainability reporting obligation you think the disclosure requirements misses to address adequately

For part G, please explain how you think further alignment could be reached

Please share any comment and suggestion for improvement you might have relating to the above questions, referring explicitly to the part of the question you are providing comment to

Regarding Part I

The answer to that question requires a detailed analysis. We understand that EFRAG has not yet considered in a final stage the digital guidance on the disclosure requirements. Without a dedicated discussion to be performed by EFRAG first we fail to give a proper assessment on the suitability of the specific disclosure requirement.



DR 2-SBM 1 – Overview of strategy and business model

The undertaking shall provide a concise description of its strategy and business model as a context for its sustainability reporting.

The principle to be followed under this disclosure requirement is to provide relevant contextual information necessary to understanding the sustainability reporting of the undertaking. It is therefore a reference point for other disclosure requirements.

Q11: Please, rate to what extent do you think DR 2-SBM 1 – Overview of strategy and business model

1/ Not at all 2/ To a limited extent with strong reservations, 3/ To a large extent with some reservations 4/ Fully 5/ No opinion 6/ Not applicable

	1	2	3	4	5	6
A. Requires relevant information about the sustainability				x		
B. Requires information that is relevant for all sectors (sector-agnostic only information)				x		
C. Can be verified / assured				x		
D. Meets the other objectives of the CSRD in term of quality of information				x		
E. Reaches a reasonable cost / benefit balance				x		
F. Is sufficiently consistent with relevant EU policies and other EU					x	
G. Is as aligned as possible to international sustainability standards given the CSRD					x	
H. Represent information that must be prioritised in first year of implementation				x		
I. Is well suited to be transformed in a digital reporting taxonomy that will avoid creating					x	

For part E, please explain why costs would be unreasonable and / or what particular benefit this disclosure requirement offers

For part F, please specify what existing European sustainability reporting obligation you think the disclosure requirements misses to address adequately

For part G, please explain how you think further alignment could be reached

Please share any comment and suggestion for improvement you might have relating to the above questions, referring explicitly to the part of the question you are providing comment to

Regarding General Remarks, Part A

AG28 states: "A specific narrative may be needed if the boundaries of the financial



reporting and the sustainability reporting are different and if it has an influence on the understanding of the undertaking's strategy and business model(s). In the latter case, reconciliation tables can be useful." An explanation or an example would be helpful on what kind of reconciliation table is expected for SBM aspects different between financial statement and sustainability report.

Regarding Part I

The answer to that question requires a detailed analysis. We understand that EFRAG has not yet considered in a final stage the digital guidance on the disclosure requirements. Without a dedicated discussion to be performed by EFRAG first we fail to give a proper assessment on the suitability of the specific disclosure requirement.

ENTWURF



DR 2-SBM 2 – Views, interests and expectations of stakeholders

An undertaking shall describe how the views, interests and expectations of its stakeholders inform the undertaking' strategy and business model.

The principle to be followed under this disclosure requirement is to provide an understanding of how stakeholders' views, interests and expectations are considered for the undertaking's decision and evolution of its strategy and business model.

Q12: Please, rate to what extent do you think DR 2-SBM 2 – Views, interests and expectations of stakeholders

1/ Not at all 2/ To a limited extent with strong reservations, 3/ To a large extent with some reservations 4/ Fully 5/ No opinion 6/ Not applicable

	1	2	3	4	5	6
A. Requires relevant information about the sustainability			x			
B. Requires information that is relevant for all sectors (sector-agnostic only information)				x		
C. Can be verified / assured				x		
D. Meets the other objectives of the CSRD in term of quality of information				x		
E. Reaches a reasonable cost / benefit balance				x		
F. Is sufficiently consistent with relevant EU policies and other EU					x	
G. Is as aligned as possible to international sustainability standards given the CSRD					x	
H. Represent information that must be prioritised in first year of implementation				x		
I. Is well suited to be transformed in a digital reporting taxonomy that will avoid creating misunderstandings					x	

For part E, please explain why costs would be unreasonable and / or what particular benefit this disclosure requirement offers

For part F, please specify what existing European sustainability reporting obligation you think the disclosure requirements misses to address adequately

For part G, please explain how you think further alignment could be reached

Please share any comment and suggestion for improvement you might have relating to the above questions, referring explicitly to the part of the question you are providing comment to

General Remark / regarding Part A evaluation



ESRS 2.SBM2 (par 38) requires disclosure regarding KEY stakeholders. We suggest including this reference in par 36 as well. To clarify (and align with par 38) that the undertaking shall describe the views, interests and expectations of its *KEY* stakeholders.

Regarding Part I

The answer to that question requires a detailed analysis. We understand that EFRAG has not yet considered in a final stage the digital guidance on the disclosure requirements. Without a dedicated discussion to be performed by EFRAG first we fail to give a proper assessment on the suitability of the specific disclosure requirement.

ENTWURF



DR 2-SBM 3 – Interaction of impacts and the undertaking' strategy and business model

The undertaking shall describe the interaction between its material impacts and its strategy and business model.

The principle to be followed under this disclosure requirement is to provide an understanding of material impacts on people and the environment and the adaptation of its strategy and business model to such material sustainability impacts.

Q13: Please, rate to what extent do you think DR 2-SBM 3 – interaction of impacts and the undertaking' strategy and business model

1/ Not at all 2/ To a limited extent with strong reservations, 3/ To a large extent with some reservations 4/ Fully 5/ No opinion 6/ Not applicable

	1	2	3	4	5	6
A. Requires relevant information about the sustainability		x				
B. Requires information that is relevant for all sectors (sector-agnostic only information)				x		
C. Can be verified / assured				x		
D. Meets the other objectives of the CSRD in term of quality of information				x		
E. Reaches a reasonable cost / benefit balance		x				
F. Is sufficiently consistent with relevant EU policies and other EU					x	
G. Is as aligned as possible to international sustainability standards given the CSRD					x	
H. Represent information that must be prioritised in first year of implementation				x		
I. Is well suited to be transformed in a digital reporting taxonomy that will avoid creating					x	

For part E, please explain why costs would be unreasonable and / or what particular benefit this disclosure requirement offers

For part F, please specify what existing European sustainability reporting obligation you think the disclosure requirements misses to address adequately

For part G, please explain how you think further alignment could be reached

Please share any comment and suggestion for improvement you might have relating to the above questions, referring explicitly to the part of the question you are providing comment to



Regarding Part A and E

The concept of this disclosure requirement (SBM 3) within the ESRS sustainability report is not convincing: disclosure of interaction of all material impacts with the SBM of an undertaking is likely to result in a duplication of the information provided on each material impact in accordance with (other) ESRS. For example, IRO 2 which requires a description of the outcome of the assessment processes by describing – among others – the actual and potential, negative and positive impacts. This seems to duplicate the requirement in ESRS 2.41(a). EFRAG needs to make sure that duplication is avoided.

Regarding Part I

The answer to that question requires a detailed analysis. We understand that EFRAG has not yet considered in a final stage the digital guidance on the disclosure requirements. Without a dedicated discussion to be performed by EFRAG first we fail to give a proper assessment on the suitability of the specific disclosure requirement.

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DR 2-SBM 4 – Interaction of risks and opportunities and the undertaking' strategy and business model

The undertaking shall describe the interaction between its material risks and opportunities and its strategy and business model.

The principle to be followed under this disclosure requirement is to provide an understanding of material risks and opportunities related to sustainability matters that originate from or are connected to the undertaking' strategy and business model and the adaptation of its strategy and business model to such material risks and opportunities.

Q14: Please, rate to what extent do you think DR 2-SBM 4 – interaction of risks and opportunities and the undertaking' strategy and business model

1/ Not at all 2/ To a limited extent with strong reservations, 3/ To a large extent with some reservations 4/ Fully 5/ No opinion 6/ Not applicable

	1	2	3	4	5	6
A. Requires relevant information about the sustainability		x				
B. Requires information that is relevant for all sectors (sector-agnostic only information)				x		
C. Can be verified / assured				x		
D. Meets the other objectives of the CSRD in term of quality of information				x		
E. Reaches a reasonable cost / benefit balance		x				
F. Is sufficiently consistent with relevant EU policies and other EU					x	
G. Is as aligned as possible to international sustainability standards given the CSRD					x	
H. Represent information that must be prioritised in first year of implementation				x		
I. Is well suited to be transformed in a digital reporting taxonomy that will avoid creating misunderstandings					x	

For part E, please explain why costs would be unreasonable and / or what particular benefit this disclosure requirement offers

For part F, please specify what existing European sustainability reporting obligation you think the disclosure requirements misses to address adequately

For part G, please explain how you think further alignment could be reached

Please share any comment and suggestion for improvement you might have relating to the above questions, referring explicitly to the part of the question you are providing comment to

Regarding Part A and E

The concept of this disclosure requirement (SBM 3) within the ESRS sustainability report



is not convincing: disclosure of interaction of all material impacts with the SBM of an undertaking is likely to result in a duplication of the information provided on each material impact in accordance with (other) ESRS. For example, IRO 2 which requires a description of the outcome of the assessment processes by describing – among others – the actual and potential, negative and positive impacts as well as sustainability-related financial risks and opportunities (ESRS 2.77(a)i and ii). This seems to duplicate the requirement in ESRS 2.41(a). EFRAG needs to make sure that duplication is avoided.

Regarding Part I

The answer to that question requires a detailed analysis. We understand that EFRAG has not yet considered in a final stage the digital guidance on the disclosure requirements. Without a dedicated discussion to be performed by EFRAG first we fail to give a proper assessment on the suitability of the specific disclosure requirement.

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DR 2-GOV 1 – Roles and responsibilities of the administrative, management and supervisory bodies

The undertaking shall provide a description of the roles and responsibilities of its governance bodies and management levels with regard to sustainability matters.

The principle to be followed under this disclosure requirement is to provide an understanding of the distribution of sustainability-related roles and responsibilities throughout the undertaking's organisation, from its administrative, management and supervisory bodies to its executive and operational levels, the expertise of its governance bodies and management levels on sustainability matters, and the sustainability-related criteria applied for nominating and selecting their members.

Q15: Please, rate to what extent do you think DR 2-GOV 1 – Roles and responsibilities of the administrative, management and supervisory bodies

1/ Not at all 2/ To a limited extent with strong reservations, 3/ To a large extent with some reservations 4/ Fully 5/ No opinion 6/ Not applicable

	1	2	3	4	5	6
A. Requires relevant information about the			x			
B. Requires information that is relevant for all sectors (sector-agnostic only information)				x		
C. Can be verified / assured				x		
D. Meets the other objectives of the CSRD in term of quality of information				x		
E. Reaches a reasonable cost / benefit balance			x			
F. Is sufficiently consistent with relevant EU policies and other EU	x					
G. Is as aligned as possible to international sustainability standards given the CSRD	x					
H. Represent information that must be prioritised in first year of implementation				x		
I. Is well suited to be transformed in a digital reporting taxonomy that will avoid creating					x	

For part E, please explain why costs would be unreasonable and / or what particular benefit this disclosure requirement offers

This answer regards part A and E of the question:

Generally, we agree that undertakings should provide detailed information about its governance structure, composition, processes and the governance bodies in general as well as with regard to sustainability matters. We find it important that both, general governance information and information with regards to sustainability matters are provided.

These requirements are laid out in ESRS 2, ESRS G1 and G2. The resulting disclosures will allow stakeholders to assess how sustainability matters are integrated in the overall governance structure of an undertaking. At the same time this approach supports the



transformation towards addressing / considering sustainability matters throughout the undertaking (from the operational level to the governance bodies). We therefore support this integrative approach.

However, this integrative approach towards governance disclosures is not reflected in the structure of the ESRS. ESRS 2-G1 requires governance disclosures “with regard to sustainability matters”. ESRS G1 requires similar disclosures (governance structure/composition). In our opinion it is essential to avoid duplication of disclosures. While we acknowledge that ESRS G1.AG 4 asks undertakings to consider the information provided in ESRS 2-G1 and to avoid duplication it would be more reasonable to integrate disclosures on governance with regard to sustainability matters into the disclosures on general governance structure. By providing these information jointly the undertakings would provide a more coherent picture of their governance and avoid duplication of governance aspects (e.g. roles and responsibilities in general and – separately – with regard to sustainability; competencies in general vs. sustainability-related expertise etc.).

Independent of an integrated approach, these requirements for governance disclosures should be aligned regarding the specific wording to assure that similar requirements are worded similarly and not raise questions about a possible different meaning (e.g., ESRS 2.52: mandate, roles, responsibilities, structure of administrative, management and supervisory bodies vs. ESRS G1.14: structure of governance body, roles and key responsibilities of each committee).

Furthermore, the governance structure will depend on the size of the undertaking. The disclosures required (ESRS 2.GOV1.52) expands to employees at the operational level. This is specified in AG39 which refers to sustainability-related responsibilities “cascaded down onto the management level senior executives and other key staff at operational level”. To assure adequate and comprehensive coverage of the sustainability matters all the way up to the governance bodies it might not be appropriate (depending on the companies’ size) to provide information down to the operational level as this might result in information overload.

For part F, please specify what existing European sustainability reporting obligation you think the disclosure requirements misses to address adequately

There are various requirements regarding governance in the European legislation. The development of the CSRD could have provided an opportunity to develop an overarching governance concept for European companies. Instead, the current proposals result in various, parallel requirements with various scopes. For example, Article 20 of the Accounting Directive (Corporate governance statement for listed undertakings) will still co-exist with similar requirements within ESRS. Other EU legislation like the Shareholder rights Directive addresses corporate governance issues as well (e.g., remuneration policies). Furthermore, forthcoming legislation like the Corporate Sustainability Due Diligence Directive includes aspects that ESRS incorporate in their requirements (e.g., Due Diligence process).

As a result, the requirements for governance (reporting) are manifold and partly overlap with ESRS. Therefore, ESRS is not aligned with other EU governance reporting requirements with regard to governance.

For part G, please explain how you think further alignment could be reached



We have only considered the ISSB proposals (IFRS S1) which address sustainability matters only. We agree, however, that the concept of ESRS is different (including governance aspects in general and with regard to sustainability-matters) and therefore an alignment is not intended.

We expect undertakings providing the governance information according to ESRS to generally be in line with IFRS S 1(para 12 et seq) on governance.

Please share any comment and suggestion for improvement you might have relating to the above questions, referring explicitly to the part of the question you are providing comment to

For part H:

See our answer to prioritisation of disclosure requirements. In our opinion, cross-cutting-standards are to be prioritised.

For part I:

The answer to that question requires a detailed analysis. We understand that EFRAG has not yet considered in a final stage the digital guidance on the disclosure requirements. Without a dedicated discussion to be performed by EFRAG first we fail to give a proper assessment on the suitability of the specific disclosure requirement.

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

The undertaking shall describe how its governance bodies are informed about sustainability matters.

The principle to be followed under this disclosure requirement is to provide an understanding of how governance bodies and management level senior executives are informed about sustainability-related facts, decisions and/or concerns that are within their responsibility so that they can effectively perform their duties in that respect.

Q16: Please, rate to what extent do you think DR 2- GOV 2 – Information of administrative, management and supervisory bodies about sustainability matters

1/ Not at all 2/ To a limited extent with strong reservations, 3/ To a large extent with some reservations 4/ Fully 5/ No opinion 6/ Not applicable

	1	2	3	4	5	6
A. Requires relevant information about the			x			
B. Requires information that is relevant for all sectors (sector-agnostic only information)				x		
C. Can be verified / assured				x		
D. Meets the other objectives of the CSRD in term of quality of information				x		
E. Reaches a reasonable cost / benefit balance			x			
F. Is sufficiently consistent with relevant EU policies and other EU	x					
G. Is as aligned as possible to international sustainability standards given the CSRD requirements	x					
H. Represent information that must be prioritised in first year of implementation				x		
I. Is well suited to be transformed in a digital reporting taxonomy that will avoid creating					x	

For part E, please explain why costs would be unreasonable and / or what particular benefit this disclosure requirement offers

This answer refers to part A and part E:

We are in favour of this disclosure requirement. We are concerned, however, about the specific requirement in para 56(c) / (d).

(c) requires reporting about “any other sustainability-related concern that may arise and would require the governance bodies’ attention”; this is in addition to the impacts, risks and opportunities disclosed in line with ESRS 2 (ESRS 2.GOV2.56(a)). Apart from “risks” as identified under ESRS it is unclear which “other concerns” EFRAG expects to be presented under ESRS 2.GOV2.56(c). There should at least be specific examples as to what is meant (in addition to risks that are being reported). A general requirement regarding “any other” matter that “may arise” is not 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”. We therefore suggest EFRAG to consider deleting this wording in para 56(c)/(d) if it cannot be demonstrated that relevant information (i.e. material information) result from this requirement.

(d) “the steps of the due diligence standard processes that the undertaking follows on a mandatory and/or voluntary basis”: unclear whether this DR relates to information about the due diligence process itself or about the process of how the governance bodies are informed about the due diligence processes. The first case would not fit here; in the second case it seems to be an undue vague requirement to inform about “the due diligence standard processes”.

For part F, please specify what existing European sustainability reporting obligation you think the disclosure requirements misses to address adequately

There are various requirements regarding governance in the European legislation. The development of the CSRD could have provided an opportunity to develop an overarching governance concept for European companies. Instead, the current proposals result in various, parallel requirements with various scopes. For example, Article 20 of the Accounting Directive (Corporate governance statement for listed undertakings) will still co-exist with similar requirements within ESRS. Other EU legislation like the Shareholder rights Directive addresses corporate governance issues as well (e.g., remuneration policies). Furthermore, forthcoming legislation like the Corporate Sustainability Due Diligence Directive includes aspects that ESRS incorporate in their requirements (e.g., Due Diligence process).

As a result, the requirements for governance (reporting) are manifold and partly overlap with ESRS. Therefore, ESRS is not aligned with other EU governance reporting requirements with regard to governance.

For part G, please explain how you think further alignment could be reached

We have only considered the ISSB proposals (IFRS S1) which address sustainability matters only. We agree, however, that the concept of ESRS is different (including governance aspects in general and with regard to sustainability-matters) and therefore an alignment is not intended.

We expect undertakings providing the governance information according to ESRS to generally be in line with IFRS S 1(para 12 et seq) on governance.

Please share any comment and suggestion for improvement you might have relating to the above questions, referring explicitly to the part of the question you are providing comment to

For part H:

See our answer to prioritisation of disclosure requirements. In our opinion, cross-cutting-standards are to be prioritised.

For part I:

The answer to that question requires a detailed analysis. We understand that EFRAG has not yet considered in a final stage the digital guidance on the disclosure requirements. Without a dedicated discussion to be performed by EFRAG first we fail to give a proper



assessment on the suitability of the specific disclosure requirement.

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DR 2-GOV 3 – Sustainability matters addressed by the undertaking’s administrative, management and supervisory bodies

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

The principle to be followed under this disclosure requirement is to provide information on whether the administrative, management and supervisory bodies were adequately informed of the material sustainability-related impacts, risks and opportunities arising or developing during the reporting period. Equally what information and matters it actually spent time addressing, and whether it was able to fulfil its roles and responsibilities, as defined in its mandate and described under DR 2-GOV 1.

Q17: Please, rate to what extent do you think DR 2- GOV 3 – Sustainability matters addressed by the undertaking’s administrative, management and supervisory bodies

1/ Not at all 2/ To a limited extent with strong reservations, 3/ To a large extent with some reservations 4/ Fully 5/ No opinion 6/ Not applicable

	1	2	3	4	5	6
A. Requires relevant information about the			x			
B. Requires information that is relevant for all sectors (sector-agnostic only information)				x		
C. Can be verified / assured				x		
D. Meets the other objectives of the CSRD in term of quality of information				x		
E. Reaches a reasonable cost / benefit balance			x			
F. Is sufficiently consistent with relevant EU policies and other EU	x					
G. Is as aligned as possible to international sustainability standards given the CSRD		x				
H. Represent information that must be prioritised in first year of implementation				x		
I. Is well suited to be transformed in a digital reporting taxonomy that will avoid creating					x	

For part E, please explain why costs would be unreasonable and / or what particular benefit this disclosure requirement offers

This answer refers to part A and part E:

We are in favour of this disclosure requirement. We recommend, however, to specify that the undertaking should provide a description of “key” sustainability matters.

Furthermore, we are concerned about the specific requirements according to AG47. ESRS 2.GOV3.AG47 refers to the specific matters that the government bodies consider. These



include sustainability matters “as well as other issue of critical importance”. Naturally, the government bodies address many matters of critical importance. Therefore, the requirement needs to be specified here. A “catch-it-all” requirement that could result – due to the unspecified wording – in the requirement to report about any and all critical aspects that the governing bodies addressed should be avoided.

Last but not least we understand that – especially considering AG46 – details of the discussions and decisions of the governing bodies are not required to be disclosed. AG46 states “It is not required to necessarily disclose the detailed results of such discussions and decisions.” We find this clarification in AG46 important to ensure that undertakings are not required to disclose sensitive information. We believe the disclosure level required in GOV3 to be comparable with information that – for instance – the supervisory body currently provides about their activities throughout the reporting period. We suggest including the clarification directly within GOV3.

For part F, please specify what existing European sustainability reporting obligation you think the disclosure requirements misses to address adequately

There are various requirements regarding governance in the European legislation. The development of the CSRD could have provided an opportunity to develop an overarching governance concept for European companies. Instead, the current proposals result in various, parallel requirements with various scopes. For example, Article 20 of the Accounting Directive (Corporate governance statement for listed undertakings) will still co-exist with similar requirements within ESRS. Other EU legislation like the Shareholder rights Directive addresses corporate governance issues as well (e.g., remuneration policies). Furthermore, forthcoming legislation like the Corporate Sustainability Due Diligence Directive includes aspects that ESRS incorporate in their requirements (e.g., Due Diligence process).

As a result, the requirements for governance (reporting) are manifold and partly overlap with ESRS. Therefore, ESRS is not aligned with other EU governance reporting requirements with regard to governance.

For part G, please explain how you think further alignment could be reached

We have only considered the ISSB proposals (IFRS S1) which address sustainability matters only. We agree, however, that the concept of ESRS is different (including governance aspects in general and with regard to sustainability-matters) and therefore an alignment is not intended.

We expect undertakings providing the governance information according to ESRS to generally be in line with IFRS S 1(para 12 et seq) on governance.

Please share any comment and suggestion for improvement you might have relating to the above questions, referring explicitly to the part of the question you are providing comment to

For part H:

See our answer to prioritisation of disclosure requirements. In our opinion, cross-cutting-standards are to be prioritised.

For part I:



The answer to that question requires a detailed analysis. We understand that EFRAG has not yet considered in a final stage the digital guidance on the disclosure requirements. Without a dedicated discussion to be performed by EFRAG first we fail to give a proper assessment on the suitability of the specific disclosure requirement.

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DR 2-GOV 4 – Integration of sustainability strategies and performance in incentive schemes

The undertaking shall provide a description of the integration of sustainability strategies and performance in incentive schemes.

The principle to be followed under this disclosure requirement is to provide an understanding of how members of the administrative, management and supervisory bodies are incentivised to properly manage the undertaking's sustainability impacts, risks and opportunities and, along with other employees, to take steps towards implementing the sustainability strategy of the undertaking.

Q18: Please, rate to what extent do you think DR 2- GOV 4 – Integration of sustainability strategies and performance in incentive schemes

1/ Not at all 2/ To a limited extent with strong reservations, 3/ To a large extent with some reservations 4/ Fully 5/ No opinion 6/ Not applicable

	1	2	3	4	5	6
A. Requires relevant information about the				x		
B. Requires information that is relevant for all sectors (sector-agnostic only information)				x		
C. Can be verified / assured				x		
D. Meets the other objectives of the CSRD in term of quality of information				x		
E. Reaches a reasonable cost / benefit balance				x		
F. Is sufficiently consistent with relevant EU policies and other EU	x					
G. Is as aligned as possible to international sustainability standards given the CSRD		x				
H. Represent information that must be prioritised in first year of implementation				x		
I. Is well suited to be transformed in a digital reporting taxonomy that will avoid creating					x	

For part E, please explain why costs would be unreasonable and / or what particular benefit this disclosure requirement offers

For part F, please specify what existing European sustainability reporting obligation you think the disclosure requirements misses to address adequately

There are various requirements regarding governance in the European legislation. The development of the CSRD could have provided an opportunity to develop an overarching governance concept for European companies. Instead, the current proposals result in various, parallel requirements with various scopes. For example, Article 20 of the Accounting Directive (Corporate governance statement for listed undertakings) will still co-exist with similar requirements within ESRS. Other EU legislation like the Shareholder rights Directive addresses corporate governance issues as well (e.g., remuneration policies). Furthermore, forthcoming legislation like the Corporate Sustainability Due Diligence Directive includes aspects that ESRS incorporate in their requirements (e.g., Due Diligence



process).

As a result, the requirements for governance (reporting) are manifold and partly overlap with ESRS. Therefore, ESRS is not aligned with other EU governance reporting requirements with regard to governance.

For part G, please explain how you think further alignment could be reached

We have only considered the ISSB proposals (IFRS S1) which address sustainability matters only. We agree, however, that the concept of ESRS is different (including governance aspects in general and with regard to sustainability-matters) and therefore an alignment is not intended.

We expect undertakings providing the governance information according to ESRS to generally be in line with IFRS S 1(para 12 et seq) on governance.

Please share any comment and suggestion for improvement you might have relating to the above questions, referring explicitly to the part of the question you are providing comment to

For part H:

See our answer to prioritisation of disclosure requirements. In our opinion, cross-cutting-standards are to be prioritised.

For part I:

The answer to that question requires a detailed analysis. We understand that EFRAG has not yet considered in a final stage the digital guidance on the disclosure requirements. Without a dedicated discussion to be performed by EFRAG first we fail to give a proper assessment on the suitability of the specific disclosure requirement.



DR 2-GOV 5 – Statement on due diligence

The undertaking shall disclose its general assessment regarding how it embeds the core elements of due diligence.

Q19: Please, rate to what extent do you think DR 2- GOV 4 – Integration of sustainability strategies and performance in incentive schemes GOV 5 – Statement on due diligence

1/ Not at all 2/ To a limited extent with strong reservations, 3/ To a large extent with some reservations 4/ Fully 5/ No opinion 6/ Not applicable

	1	2	3	4	5	6
A. Requires relevant information about the		x				
B. Requires information that is relevant for all sectors (sector-agnostic only information)				x		
C. Can be verified / assured				x		
D. Meets the other objectives of the CSRD in term of quality of information				x		
E. Reaches a reasonable cost / benefit balance		x				
F. Is sufficiently consistent with relevant EU policies and other EU	x					
G. Is as aligned as possible to international sustainability standards given the CSRD					x	
H. Represent information that must be prioritised in first year of implementation				x		
I. Is well suited to be transformed in a digital reporting taxonomy that will avoid creating					x	

For part E, please explain why costs would be unreasonable and / or what particular benefit this disclosure requirement offers

For part F, please specify what existing European sustainability reporting obligation you think the disclosure requirements misses to address adequately

For part G, please explain how you think further alignment could be reached

Please share any comment and suggestion for improvement you might have relating to the above questions, referring explicitly to the part of the question you are providing comment to

This answer refers to part A:

We consider Due Diligence processes essential for the integration of sustainability related matters in the undertaking's business activities and for its sustainability reporting. However, we do not believe that GOV5 provides meaningful information about the due diligence process in asking undertakings to provide a "mapping that reconciles the main aspects of sustainability due diligence to the relevant disclosures in its sustainability statements".

In evaluating the requirements in ESRS 1 (including Appendix C: Explanations on sustainability due diligence) we believe that ESRS should not describe / prescribe the due



diligence process (see ESRS 1 ch. 2.5, App. C). Especially Appendix C defines and lays out due diligence processes. Since the appendices are an integral part of the ESRS it could appear as though the ESRS are extending their area of responsibility. In our understanding other European legislation (e.g., Corporate Sustainability Due Diligence Directive) describes due diligence measures and defines the expectations regarding acceptable due diligence.

The concept of “mapping” due diligence disclosures across ESRS within the requirement of GOV5 seems very vague and rudimentary (incl. the example in AG55). For undertakings to point out the various due diligence relevant aspects throughout ESRS seems overly burdensome and to duplicate many disclosures throughout the sustainability reporting.

For part H:

See our answer to prioritisation of disclosure requirements. In our opinion, cross-cutting-standards are to be prioritised.

For part I:

The answer to that question requires a detailed analysis. We understand that EFRAG has not yet considered in a final stage the digital guidance on the disclosure requirements. Without a dedicated discussion to be performed by EFRAG first we fail to give a proper assessment on the suitability of the specific disclosure requirement.

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DR 2-IRO 1 – Description of the processes to identify material sustainability impacts, risks and opportunities

The undertaking shall provide a description of its processes to identify its sustainability impacts, risks and opportunities and assess which ones are material.

The principle to be followed under this disclosure requirement is to provide information on (i) how the undertaking is organising its identification and assessment and (ii) what is in the scope of its identification and assessment of sustainability matters.

Q20: Please, rate to what extent do you think DR 2-IRO 1 – Description of the processes to identify material sustainability impacts, risks and opportunities

1/ Not at all 2/ To a limited extent with strong reservations, 3/ To a large extent with some reservations 4/ Fully 5/ No opinion 6/ Not applicable

	1	2	3	4	5	6
A. Requires relevant information about the				X		
B. Requires information that is relevant for all sectors (sector-agnostic only information)				X		
C. Can be verified / assured				X		
D. Meets the other objectives of the CSRD in term of quality of information				X		
E. Reaches a reasonable cost / benefit balance				X		
F. Is sufficiently consistent with relevant EU policies and other EU					X	
G. Is as aligned as possible to international sustainability standards given the CSRD requirements					X	
H. Represent information that must be prioritised in first year of implementation				X		
I. Is well suited to be transformed in a digital reporting taxonomy that will avoid creating					X	

For part E, please explain why costs would be unreasonable and / or what particular benefit this disclosure requirement offers

For part F, please specify what existing European sustainability reporting obligation you think the disclosure requirements misses to address adequately

For part G, please explain how you think further alignment could be reached

Please share any comment and suggestion for improvement you might have relating to the above questions, referring explicitly to the part of the question you are providing comment to

Regarding Part H:



See our answer to prioritisation of disclosure requirements. In our opinion, cross-cutting-standards are to be prioritised.

Regarding Part I:

The answer to that question requires a detailed analysis. We understand that EFRAG has not yet considered in a final stage the digital guidance on the disclosure requirements. Without a dedicated discussion to be performed by EFRAG first we fail to give a proper assessment on the suitability of the specific disclosure requirement.

ENTWURF



DR 2-IRO 2 – Outcome of the undertaking’s assessment of material sustainability impacts risks and opportunities as identified by reference to and in compliance with sector-agnostic and sector-specific level ESRS

The undertaking shall provide a description of the outcome of its assessment processes by reference to mandatory disclosures under ESRS.

The principle to be followed under this disclosure requirement is to give a clear statement of sustainability matters, as addressed by all ESRS, that are material for the undertaking, and to give relevant explanations on (i) how the undertaking related to the material impacts, risks and opportunities identified by its assessment, (ii) when the undertaking has or will put in place initiative to modify its strategy and business model, in order to reduce or eliminate the risk or to benefit from the opportunity and/or in order to prevent and mitigate negative material impacts and enhance positive material impacts (see DR 2-SBM3 and 4), why this was the case and (iii) if and why certain mandatory disclosures are not material under the undertaking’ specific facts and circumstances and therefore disclosed as such.

Q21: Please, rate to what extent do you think DR 2-IRO 2 – Outcome of the undertaking’s assessment of material sustainability impacts risks and opportunities as identified by reference to and in compliance with sector-agnostic and sector-specific level ESRS

1/ Not at all 2/ To a limited extent with strong reservations, 3/ To a large extent with some reservations 4/ Fully 5/ No opinion 6/ Not applicable

	1	2	3	4	5	6
A. Requires relevant information about the	x					
B. Requires information that is relevant for all sectors (sector-agnostic only information)				x		
C. Can be verified / assured				x		
D. Meets the other objectives of the CSRD in term of quality of information	x					
E. Reaches a reasonable cost / benefit balance	x					
F. Is sufficiently consistent with relevant EU policies and other EU	x					
G. Is as aligned as possible to international sustainability standards given the CSRD	x					
H. Represent information that must be prioritised in first year of implementation				x		
I. Is well suited to be transformed in a digital reporting taxonomy that will avoid creating					x	

For part E, please explain why costs would be unreasonable and / or what particular benefit this disclosure requirement offers

See general remarks with the FA NB’s general disapproval regarding the concept of a non-material items list.

Since we do little benefit in providing an extensive non-material-items list the costs will



significantly outweigh the benefits.

For part F, please specify what existing European sustainability reporting obligation you think the disclosure requirements misses to address adequately

For part G, please explain how you think further alignment could be reached

Please share any comment and suggestion for improvement you might have relating to the above questions, referring explicitly to the part of the question you are providing comment to

General remarks regarding the rebuttable presumption concept and the resulting “non-material-items-list”

We disapprove of the concept to prepare a non-material-items-list. The materiality assessment in line with ESRS results in material and – according to the understanding of information quality within ESRS – hence relevant information. These information were determined to provide meaningful information to the stakeholders considering impact as well as financial materiality. Any additional information, by definition, are not material and conceal the material information. The disclosure of non-material information and explanations of that evaluation not only adds to the burden of the undertakings it also adds to information overload, reduces clarity and understandability of sustainability reports. The focus of stakeholders should be directed to material items.

As we understand one argument brought forward supporting the relevance of information about non-material items is that stakeholders wish to better understand the undertakings approach in differentiating between material and non-material items. We therefore suggest limiting the disclosure of non-material items to a few non-material items. This will provide stakeholders with some indications on where the undertaking drew the line between material and non-material information. These should be limited to few information and according explanations, rather than including a whole list of items.

Furthermore, we understand the overarching concept to be the rebuttable presumption that the DR defined in the ESRS are generally material for all undertakings. We, however, believe that there are numerous DR that are rather sector-specific than sector-agnostic. Identifying those would significantly reduce the burden for undertakings and increase understandability of sustainability reports. If there were, however, information that – according to the concept of ESRS – should be provided by any undertaking irrelevant of their industry, sector or size, these information should be clearly marked and the reasoning should be provided.

Regarding Part H:

See our answer to prioritisation of disclosure requirements. In our opinion, cross-cutting-standards are to be prioritised.

Regarding Part I:

The answer to that question requires a detailed analysis. We understand that EFRAG has not yet considered in a final stage the digital guidance on the disclosure requirements. Without a dedicated discussion to be performed by EFRAG first we fail to give a proper assessment on the suitability of the specific disclosure requirement.



DR 2-IRO 3 – Outcome of the undertaking’s assessment of material sustainability impacts risks and opportunities that are not covered by and ESRS (entity-specific level)

The undertaking shall provide a description of the outcome of its assessment process in relation to material impacts, risks and opportunities that are not addressed under mandatory disclosure and require entity-specific disclosure.

The principle to be followed under this disclosure requirement is to provide information (i) about all material impacts, risks and opportunities of the undertaking resulting from the undertaking’s specific facts and circumstances for which relevant disclosure requirements do not exist, and (ii) when the undertaking has or will put in place initiatives to modify its strategy and business model, in order to reduce or eliminate the risk or to benefit from the opportunity and/or in order to prevent and mitigate negative material impacts and enhance positive material impacts (see DR 2-SBM 3 and 4), about such impacts, risks and opportunities. For each sustainability matter in the scope of sustainability reporting, the undertaking shall assess which material impacts, risks and opportunities are not covered by ESRS and shall give rise to entity-specific disclosure.

Q22: Please, rate to what extent do you think DR 2-IRO 2 3– Outcome of the undertaking’s assessment of material sustainability impacts risks and opportunities that are not covered by and ESRS (entity-specific level) as identified by reference to and in compliance with sector-agnostic and sector-specific level ESRS

1/ Not at all 2/ To a limited extent with strong reservations, 3/ To a large extent with some reservations 4/ Fully 5/ No opinion 6/ Not applicable

	1	2	3	4	5	6
A. Requires relevant information about the				x		
B. Requires information that is relevant for all sectors (sector-agnostic only information)				x		
C. Can be verified / assured				x		
D. Meets the other objectives of the CSRD in term of quality of information				x		
E. Reaches a reasonable cost / benefit balance				x		
F. Is sufficiently consistent with relevant EU policies and other EU					x	
G. Is as aligned as possible to international sustainability standards given the CSRD					x	
H. Represent information that must be prioritised in first year of implementation				x		
I. Is well suited to be transformed in a digital reporting taxonomy that will avoid creating					x	

For part E, please explain why costs would be unreasonable and / or what particular benefit this disclosure requirement offers

For part F, please specify what existing European sustainability reporting obligation you think the disclosure requirements misses to



address adequately

For part G, please explain how you think further alignment could be reached

Please share any comment and suggestion for improvement you might have relating to the above questions, referring explicitly to the part of the question you are providing comment to.

Regarding Part H:

See our answer to prioritisation of disclosure requirements. In our opinion, cross-cutting-standards are to be prioritised.

Regarding Part I:

The answer to that question requires a detailed analysis. We understand that EFRAG has not yet considered in a final stage the digital guidance on the disclosure requirements. Without a dedicated discussion to be performed by EFRAG first we fail to give a proper assessment on the suitability of the specific disclosure requirement.

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