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Public Consultation on EDs Draft European sustainability reporting standards (ESRS)

Objective

- 1 The objective of this session is;
 - (a) to provide a progress report on the preparation of the public consultation of the Exposure Drafts on the first set of draft ESRS;
 - (b) to discuss on the cover note to be published with the Exposure Drafts on the first set of draft ESRS;
 - (c) to discuss and agree the public consultation period and to consult the EFRAG Administrative Board supported by its Due Process Committee if there is a deviation of the Sustainability Reporting Due Process Procedures,
 - (d) to have an initial discussion on the questions to be raised in the public consultation
 - (e) to discuss and provide directions on the outreach activities including outreach events during the public consultation

Background and context

- 2 In order to meet the tight and ambitious deadlines for the first set of draft ESRS, EFRAG following the request of Commissioner McGuinness in May 2021 has swiftly started the work on the preparation of draft European sustainability reporting standards (ESRS) in project mode undertaken by the PTF-ESRS from June 2021. In parallel also following the request of the Commissioner, EFRAG undertook the governance reform to integrate the Sustainability reporting pillar in its structure with a target deadline of 31 March for the new structure to be in place. The EFRAG Sustainability Reporting Board (EFRAG SRB) was appointed by the EFRAG General Assembly on 1 March and the EFRAG Sustainability Reporting TEG (EFRAG SR TEG) will be appointed by the EFRAG SRB in the current meeting.
- 3 With the main elements of the governance structure in place, the transition from the project work undertaken by the PTF-ESRS to the permanent structure has started.
- 4 The ambitious deadlines for submitting the first set of draft ESRS to the European Commission can only be met if the public consultation on the Exposure Drafts of the first set of draft ESRS as prepared by the PTF- ESRS is launched as soon as possible on the basis of the PTF-ESRS proposed EDs under the oversight and responsibility of the EFRAG SRB. This launch is aimed to take place before the end

of April. This is outlined in the draft cover note that will accompany the Exposure Drafts of the first set of draft ESRS.

- 5 The EFRAG SRB and the ERAG SR TEG will discuss the Exposure Drafts of the first set of draft ESRS and form their own views during the public consultation period in the beginning of which a detailed handover by the PTF- ESRS to the EFRAG SRB and EFRAG SR TEG will take place. Together with the input and results from the public consultation, the EFRAG SRB supported by the EFRAG TEG will agree the final first set of draft ESRS to be submitted to the European Commission. The EFRAG SRB is fully responsible for the final draft ESRS.
- 6 It is also proposed for the public consultation to take the accelerated option possibility included in the Sustainability Reporting Due Process Procedures. The EFRAG Administrative Board supported by its Due Process Committee needs to be consulted in this respect. A public consultation period of 90 days is proposed, 30 days shorter than the minimum public consultation period of 120 days. The shorter public consultation period is needed to meet the envisaged deadlines.
- 7 The Exposure Drafts of the first set of draft ESRS will be accompanied by a cover note including series of questions. Both will be discussed and agreed by the EFRAG SRB. The cover note contains the following elements:
 - (a) Part I- The context and the process
 - (b) Part II- The 7 key features of the exposure drafts
 - (c) Part III- Objectives and practical aspects of the public consultation
 - (d) Part IV- Consultation questions
 - (e) Appendices (under development)
- 8 In parallel with the public consultation a number of issues need still to be progressed:
 - (a) Finalisation and publication of Bases for Conclusions in relation to the Exposure Drafts
 - (b) Cost- benefit analysis: a public call for tender has been issued with as deadline 28 April with as aim to assist EFRAG in the cost-benefit analysis which need to accompany the first set of draft-ESRS. The interim report will be presented to and discussed by the EFRAG permanent bodies.
 - (c) Digital guidance to publish the ESRS compliant information in an ESAP-compatible digital format
- 9 During the public consultation outreach activities will take place. The EFRAG SRB supported by the EFRAG SR TEG will give direction for these outreach events and activities.

Questions for the EFRAG SRB

- 10 Do you agree with the public consultation period of 90 days ending 31 July 2022 (on which the EFRAG Administrative Board supported by its Due Process Committee will be consulted)?
- 11 Do you agree with the structure of the cover note to accompany the Exposure Drafts for the first set of draft ESRS? Do you have suggestions on the contents?
- 12 Do you agree with the structure of the questions for public consultation? Do you have suggestions on the contents?
- 13 What are your directions for the outreach activities and outreach events?

Agenda Papers

- 14 In addition to this cover note, agenda papers for this session are:
- (a) Agenda paper 05-02 – Cover note to accompany the public consultation
 - (b) Agenda paper 05-03 – Draft questions for the public consultation
 - (c) Agenda paper 05-04 – Outreach activities including Outreach events