

Cover Note

ESRS E1 – list of comments and changes to the draft

Background

- 1 EFRAG ran a public consultation on 13 ESRS Exposure Drafts (EDs) from the end of April 2022 to the 8 of August 2022.
The comments received are available at the following link: [News - EFRAG](#).
- 2 EFRAG run a number of outreach events with different stakeholders from different countries in June and July 2022.
- 3 The consultation was structured in two different Surveys:
 - (a) Survey 1 covers the general approach to the standards, contents of ESRS 1 and prioritisation/phasing-in and it also includes one question per each of the other 12 ESRS EDs;
 - (b) Survey 2 covers the detailed content of 12 ESRS EDs (excluding ESRS 1), with a number of sub-questions covering different aspects per each disclosure requirement.
- 4 EFRAG SRB received a presentation of the comments received in a joint meeting with the EFRAG SR TEG on 8 September. The document used for this presentation can be found [here](#).
- 5 EFRAG has outsourced the analysis of comments received in the public consultation to an external consultant. Their report will be made publicly available in due course. A draft of the report for Survey 1 has been made available the EFRAG Secretariat to allow to progress in the subsequent analysis.

Purpose of this session

- 6 To discuss and approve the proposed detailed course of action to address the comments from the public consultation, including identification of topics that need to be further discussed (with the support of issue papers and SR TEG discussions) before a specific change to the standard is actually defined and agreed upon.

EFRAG Secretariat assessment and recommended course of actions per each question in Survey 1

- 7 The EFRAG Secretariat has conducted an assessment of the comments received in the public consultation. **Agenda Paper 06-02** presents the outcome of this assessment. Per each comment the papers document the proposed course of action, with the following wording conventions:
 - (a) No action: the EFRAG Secretariat acknowledges the comment, however does not consider necessary or appropriate to propose a change to the standards in order to accommodate the comment/reservation/suggestion. The reasons for this are explained in the column 'EFRAG Secretariat comments'.
 - (b) To be discussed: the EFRAG Secretariat considers that, due to different views that exist between different categories of stakeholders or due to the low support rate of this question in the statistics from the consultation or due to the complexity of the topic, a dedicated technical discussion is needed before a change to the draft standards can be defined in detail and agreed upon. In this case the column 'Issue paper needed?' shows in which Issue paper the topic will be covered. The issue

papers will be presented at future SR TEG/SRB meetings (some of them have been already discussed in SR TEG/SRB at this stage).

- (c) To be aligned: the EFRAG Secretariat proposes to modify the text of the standard as illustrated in the column 'EFRAG Secretariat comments'.
- (d) To be considered: the EFRAG Secretariat proposes to consider this suggestion when finalizing the standard (differently from 'to be aligned', here the comment doesn't allow to immediately identify the change but further consideration is needed, without triggering a SRB discussion as the point is not as complex or controversial as it would be for the 'To be discussed').
- (e) Ongoing: the assessment/change to the standards is in progress.

EFRAG Secretariat assessment and recommended course of actions per each disclosure requirement (Survey 2)

- 8 The EFRAG Secretariat has conducted an assessment of the individual disclosure requirements for each standard based on the feedback received to date, including the results of the public consultation. **Agenda Paper 06-03** presents the outcome of this assessment together with recommendations on the categorisation of the disclosure requirements for aspects such as sector-specificity and phase- in together with possible recommendations or operational complexity. The template includes a column 'Always material'. This is a preliminary assessment of whether the DR could be considered eligible (and on which basis) for a list of mandatory items, should the SRB finally decide that the materiality approach should include a list of mandatory items per each standard.

Agenda Papers

- 9 **Agenda Paper 06-02** covers the respective questions in Survey 1 (only questions where open comments were provided).
- 10 **Agenda Paper 06-03** covers the respective questions in Survey 2 (only questions where open comments were provided).

Questions to SR TEG members and observers

- 11 With regard to **transition plans**: i) Do you agree that we should clarify and describe **how alignment with limiting global warming to 1.5°C shall be demonstrated** (i.e. reduction target aligned with contraction or sectoral decarbonisation 1.5 scenarios); ii) Do you agree that quantitative **locked-in emissions** only to be disclosed at sector agnostic level for high emissions sectors and , for the rest of sectors, only qualitative assessment; more guidance to be provided in sector-specific standards
- 12 With regard to **policies**:
- i) Do you agree with the decision not to mandatorily separate mitigation and adaptation policies? ;
 - ii) Do you agree that we should redraft ESRS 1 Par 97d to **reference to major legal requirements and third party standard of conduct**, if relevant.
- 13 With regard to **targets**: i) Do you consider that **target timelines in 5-years rolling period** do not provide enough flexibility?; ii) Do you agree with the conclusions of the granualiry issue paper (presented to the SRT meeting on 15th September) on **decarbonization levers**?
- 14 With regard to **Resources & Connectivity**: do you agree that we should limit the disclosure and connectivity to **significant amounts**?
- 15 With regard to Energy: do you agree that **details of energy consumption from non renewable sources** should be limited to energy intensive sectors?
- 16 With regard to **GHG emissions**:
- i) do you consider that scope 1&2 and 3, where relevant, lead to include **scope 3 as mandatory for sector-agnostic**?;
 - ii) do you agree with the simplification option so **merge E1-7 to 10 in 1 DR** to reduce the number of disclosure requirements?;
 - iii) do you agree with removing mandatory requirement on the presentation of **scope 3 in 5 mega categories**?
- 17 Do you agree to **remove optional Avoided emissions** as a disclosure?.
- 18 With regard to **Potential financial effects**: i) do you agree with phase-in and providing more guidance to foster comparability?; ii) do you consider that we should add the **list of assets and business activities at physical risks**?
- 19 Other related to ESRS 1 (for discussion with ESRS 1 feedback): To clarify in ESRS 1 that there are **no obligation to perform** but only to disclose: if the undertaking has no policy, target, action plans, resources, removals, carbon credits, it shall only state that. Optional requirement means that the undertaking must not disclose if it does not have, for example, policies or targets. In relation to KPIs, the undertaking shall disclose the datapoint and may provide either zero, a precise amount or an amount potentially with comments on the approximations/uncertainties/limitation of scope for the ESRS requirements.
- 20 Do you have any other comments regarding this assessment (ie templates in agenda papers 06-02 and 06-03)?