This paper has been prepared by the EFRAG Secretariat for discussion at a public meeting of the EFRAG SRB. The paper does not represent the official views of EFRAG or any individual member of the EFRAG SRB or EFRAG SR TEG. The paper is made available to enable the public to follow the discussions in the meeting. Tentative decisions are made in public and reported in the EFRAG Update. EFRAG positions, as approved by the EFRAG SRB, are published as comment letters, discussion or position papers, or in any other form considered appropriate in the circumstances.

Q&A Platform update and categorisation of questions received

Cover Note

Objective

1 This session has three objectives. Firstly, to approve new batches of categorizations sent to SRB in advance of this meeting (paper 06-02 and paper 06-04 [late upload]).

2 Secondly, to review the proposed change of categorisation of ID 122 and ID 136 from 'explanation' (as originally suggested by EFRAG Secretariat and approved by SRB) to 'Implementation Guidance' (as now suggested by EFRAG Secretariat, following further research while drafting the Explanation).

3 Thirdly, to validate the changes based on comments provided by SRB members, ESMA and FISMA on the batch of explanations previously approved by SR TEG and submitted for written approval to SRB on 21 December 2023, so that a first list of Explanation can be released to the public as final (subject to English review).

Background

4 As of 17 January, EFRAG has received 229 questions, including 81 related to the cross-cutting, 50 to the environment, 44 to the social standards and 5 to the governance standards.

5 Approval of categorisations: As of 16 January 2024, SRB has approved three batches of categorisations, amounting to 75 questions.

6 Change of approved categorisation of ID 122: SRB categorised ID 122 as 'explanation' in its meeting of 15 December 2023. EFRAG Secretariat proposes to change categorisation to 'Implementation Guidance' as the answer requires guidance beyond explicit content that is in the ESRS and may benefit of public feedback (see Appendix 1).

7 Change of approved categorisation of ID 136: SRB categorised ID 136 as 'explanation' in its meeting of 23 November 2023. EFRAG Secretariat proposes to change categorisation to 'Implementation Guidance' as the answer requires guidance beyond explicit content that is in the ESRS and may benefit of public feedback (see Appendix 1).

8 Comments on explanations: In its meeting of 5 December 2023, SR TEG approved a first batch of ESRS Q&A Platform explanations, which were sent for written approval to SRB on 21 December 2023.

9 SRB members provided written comments to explanations ID32, ID33, ID39, ID43, ID58, and ID106. In addition, FISMA and ESMA also provided comments to explanations ID36, ID81, ID109, ID157, and ID162.

10 EFRAG Secretariat has addressed the comments in paper 06-03.

Questions for EFRAG SRB

11 Does the SRB approve the suggested question categorisations in document 06-02 and 06-04 [late upload]?

12 Does the SRB approve the change of categorisation of ID 122 and ID 136?

13 Does the SRB approve the changes to explanations in document 06-03, subject to further English review?

Next steps

14 SRB will discuss/approve new categorisations in a public SRB session in February 2024.

15 SRB will be requested to review the next batch of explanations approved by SR TEG in SR TEG meeting of 18 January.

Agenda Papers

16 In addition to this cover note, agenda papers for this session are:

(a) Agenda paper 06-02 – Batch of categorised questions

(b) Agenda paper 06-03 - Log of explanations

(c) Agenda paper 06-04 – Batch B of categorised questions [late upload]

Appendix 1: Suggested change of categorisation of ID 122 and ID 136

ID	Relevant ESRS	Question	Reasoning for suggesting change of category to 'Implementation Guidance'
122	ESRS 1 chapter 5.1 Reporting undertaking and value chain	As part of the materiality analysis it is necessary to identify all material upstream activities. My question is about when it is allowed to make a cut, as some considerations would clearly exceed the scope. Example: Among other activities a logistic company uses trucks to transport the goods. This naturally results in various environmental effects (e.g. co2-emission), but does the company now have to record the entire production of the truck? This would at once make all ESRS issues material.	Discussion in SR TEG revealed that there is diversity in practice; also, regulatory developments on this area are in progress. As such, the EFRAG Secretariat considers more appropriate to allow for public feedback on the question (as per EFRAG's due process carried out to develop IGs). The IG is expected to be very short.
136	ESRS E1 paragraph 48; ESRS E1 paragraph AR 43	Under which circumstances can reporting entities use Guarantees of Origin for biomethane (or green hydrogen certificates) to assess their emissions (market-based) under scope 1 as per ESRS E1 Paragraph 48 and AR 43?	The use of market-based mechanism for Scope 1 reporting is a topic where there is variety of practice. ESRS E1 paragraph AR43(e) in conjunction with the EU ETS MRV regulation opens it for activities under the EU ETS, but nothing is said for other activities. Allowing market-based approaches for Scope 1, is also a discussion topic for the proposed GHG Protocol revision (likely to cause controversy). For these reasons, it is proposed that any position from EFRAG on this issue should be subject to public scrutiny and feedback that the issuance of IG provides.

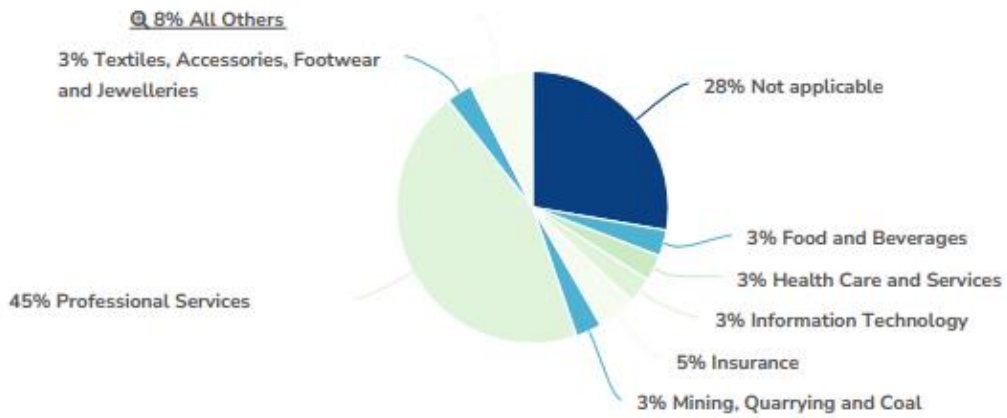
Appendix 2: Statistics of questions received as of 17 January 2024

Questions received per topic:

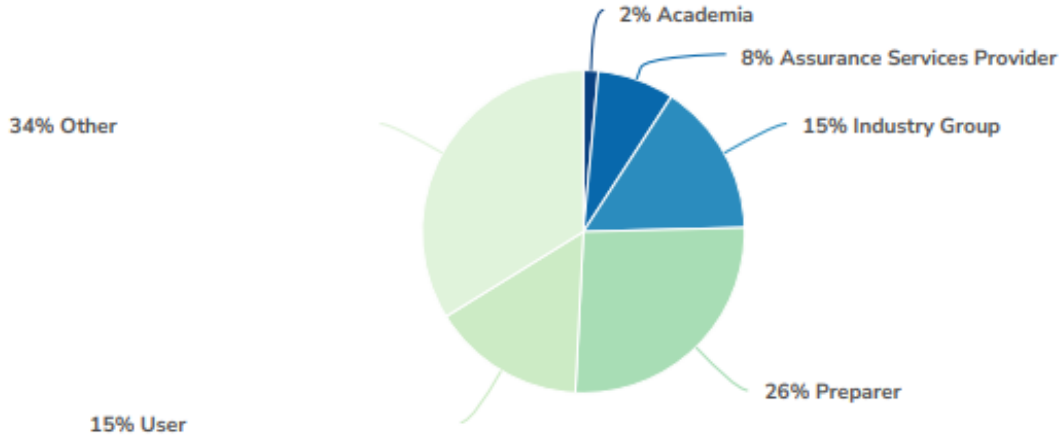
Question relating to	All questions
x-cutting	81
Environment	50
Social	44
Governance	5
XBRL	7
VSME	0
LSME	0
Other	42
not yet allocated to the above	0
Total	229

INTERNAL PROCESSING - Questions initially categorized by secretariat				
1 - explanation question				107
thereof: already drafted			85	
2a - implementation guidance (new)				16
2b - implementation guidance (addendum to existing one)				1
3 - amendment				1
4 - out-of-scope of EFRAG				21
5a -rejection: non-conclusive				3
5b - rejection: non-widespread				5
5c - rejection: not a technical ESRS Q&A Platform question				31
5d - rejection: already asked/answered				33
5e - rejection: on standards not yet Delegated Acts				0
5f - rejection: no (initial) answer provided				1
5g - rejection: other reasons				2
Under further analysis				8
Total				229

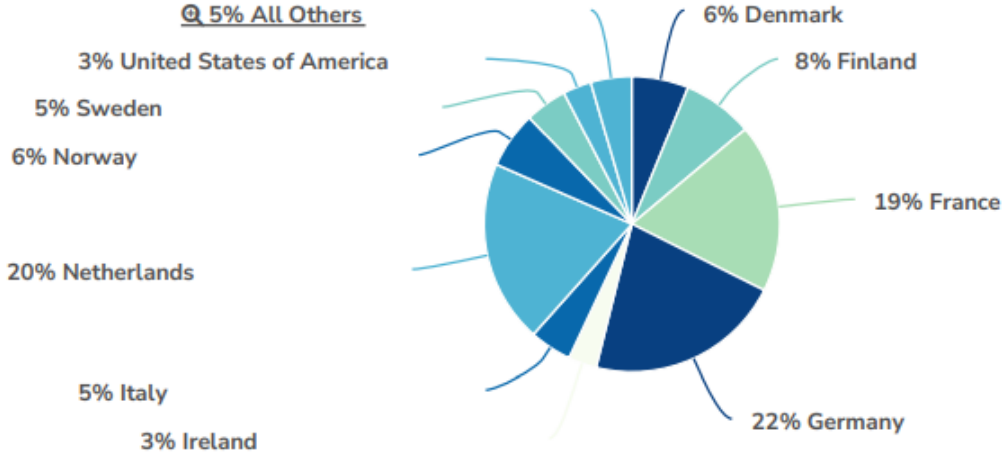
By sector:



By stakeholder:


2% Academia
8% Assurance Services Provider
15% Industry Group
34% Other
26% Preparer
15% User

By Country:


5% All Others
6% Denmark
3% United States of America
8% Finland
5% Sweden
6% Norway
19% France
20% Netherlands
5% Italy
22% Germany
3% Ireland