

This paper has been prepared by the EFRAG Secretariat for discussion at a public meeting of EFRAG SR TEG. The paper forms part of an early stage of the development of a potential EFRAG position. Consequently, 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.

## **[Draft] TNFD-ESRS correspondence mapping**

### **Cover note**

#### **Objective**

1. The purpose of this EFRAG SR TEG session is to approve the [draft] TNFD-ESRS correspondence mapping jointly developed by EFRAG Secretariat and TNFD Secretariat.

#### **Background**

2. The CSRD requires that in adopting the Delegated Acts the European Commission shall to the greatest extent possible take account of the work of global standard-setting initiatives. In addition, ESRS should contribute to convergence of global standards to reduce the risk of inconsistent reporting requirements for undertakings that operate globally.
3. EFRAG and TNFD have worked closely together to ensure continuous exchange in the development of the ESRS environmental standards and the TNFD recommendations. In December 2023, EFRAG and TNFD signed a Memorandum of Understanding (MoU), highlighting the importance of advancing corporate sustainability assessment and reporting to address nature-related issues, reflecting their shared commitment to enhance corporate transparency related to nature, including biodiversity and ecosystems. As part of this MoU, EFRAG also officially became the twentieth knowledge partner of the TNFD.
4. This [draft] mapping helps entities understand the commonalities between the TNFD recommended disclosures and the ESRS. It lists the ESRS disclosure requirements that map to the ones recommended by TNFD, supporting preparers planning to disclose on both.
5. The mapping demonstrates a notable level of consistency between TNFD disclosure recommendations and ESRS and points at differences, where relevant.
6. This [draft] mapping was reviewed taken into consideration comments provided by SR TEG on 18 January 2024. Among others, SR TEG advised to frame the mapping as a “correspondence table” instead of an “interoperability table”, so to not imply that the referenced TNFD and ESRS disclosures are necessarily equivalent or interchangeable, and to further review the mapping keeping the current granularity level of the table. It was also recommended to hold an educational session on TNFD for SR TEG members and concluded that interviews with European preparers committed to adopt TNFD would be held to get insights on their reporting experience.
7. The revised [draft] version of the mapping includes some adjustments in the lists of ESRS corresponded to TNFD recommended disclosures and highlights in more detail the type of differences (e.g. in scope or granularity) that exist among referenced TNFD and ESRS disclosures, as shown in the column ‘Comment for publication’ of the correspondence table in Part 2. Part 1, the accompanying document to the correspondence table, was edited to

adjust the language used when referring to the level of correspondence between TNFD and the ESRS, reflecting the advice provided by the SR TEG.

### Informal feedback received on the [draft] mapping

8. In March and April 2024, EFRAG and TNFD conducted informal bilateral calls with eight preparers that are also TNFD early adopters to gather practical feedback on the [draft] ESRS-TNFD correspondence mapping. The preparers were from the following sectors: Oil and Gas Services, Electric Utilities & Power Generators, Apparel, Accessories & Footwear, Financial Institutions, and Commercial Banks and based in the following countries: France, Spain, Germany, Italy and the Netherlands.
9. The EFRAG secretariat had also an informal call with select SR TEG members to gather additional feedback in March and organised a working session with interested SR TEG members on 8 April.
10. Stakeholders consulted highlighted that further understanding of the existing nature-related standards and frameworks and of the similarities among them is needed. Consequently, they welcomed and acknowledged the value of the mapping exercise being developed.
11. Preparers consulted showed a different level of maturity in their implementation or preparation of the TNFD (and the environmental ESRS). The priority for all was in preparing to meet the ESRS requirements, including performing gap analysis to understand where further data gathering is required. The level of adoption of TNFD varied, most preparers being in their early stages and expecting increased efforts to fully meet TNFD recommendations over the coming years. Only a few had started to implement the LEAP approach, considered helpful but also complex. Some of the challenges mentioned in relation to ESRS and TNFD adoption related to the identification of relevant metrics, the identification and tracking of IRO-aspects throughout the value chain and the location-specificity of biodiversity-related disclosures.
12. SR TEG members and preparers consulted welcomed the additional level of detail in the column 'Comment for publication' of the draft correspondence table (Part 2) highlighting the differences among the corresponding disclosures, which helps ESRS preparers identify incremental aspects to disclose to fully meet TNFD recommendations. Some stakeholders further mentioned that a clear indication of the percentage of TNFD recommendations that would be met by disclosing the relevant ESRS would be helpful, too (this is something EFRAG is not proving through this mapping). Some stakeholders commented on the directionality of the mapping used, suggesting that mapping the disclosures the other way round (listing the TNFD disclosures that correspond to the ESRS) would be helpful for preparers to better leverage TNFD to inform ESRS reporting (to be considered for future work). No further specific comments or suggestions were received on the accompanying document (Part 1).

#### **Question for EFRAG SR TEG/SRB**

13. Does EFRAG SR TEG approve the documents 04-02 and 04-03 (subject to final editorial editing and formatting)?

### Next steps

14. This [draft] TNFD-ESRS Correspondence Table (Part 1 and 2) will be subject to the SRB's approval and subsequently released (after final editorial editing and formatting).

15. Additional work to leverage and identify synergies with the TNFD framework and guidance like the LEAP approach, e.g. in relation to sector standards, will be explored.

**Agenda papers**

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

- (a) Agenda paper 04-02 – [Part 1: Accompanying document to the correspondence table];
- (b) Agenda paper 04-03 – [Part 2: Correspondence Table].