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## Mining Quarrying and Coal Exposure Draft

### Cover Note

#### Objective

- 1 To approve to recommend to the EFRAG SRB the ESRS Mining Quarrying and Coal Exposure Draft.

#### Background

- 2 EFRAG is tasked by the CSRD to develop sector standard that will complement the requirements in sector agnostic ESRS. The first batch of draft sector standards will be delivered to the European Commission by November 2025, following a public consultation of four months. EFRAG has prioritised high impact sectors, starting from Oil and Gas and Mining Quarrying and Coal.
- 3 On 6 and 7 March 2023 EFRAG SR TEG approved to recommend to the SRB the Exposure Draft for ESRS Coal, Quarrying for issuance. On 14 March 2023 the EFRAG SRB agreed on the approach to adopt on sector materiality, deviating from the EFRAG SR TEG advice.
- 4 On 17 March 2023 EFRAG received the recommendation from the European Commission to deprioritise the work on sector ESRS to focus on implementation support. For this reason the EFRAG SRB did not complete the approval. In July the Delegated Act was issued enacting the ESRS Set 1, with some changes in the approach to materiality compared to the November 2022 EFRAG drafts.
- 5 The EFRAG SRB rediscussed the approach to sector materiality in a series of meetings between September 2023 and February 2024 and agreed to revise the approach to materiality.
- 6 The draft discussed in March 2023 was already the result of written consultation with the Sector community, EFRAG SR TEG and EFRAG SRB individual members.
- 7 The EFRAG Secretariat performed in 2023 a research on the reporting practices covering financial effects in the MQC sector and discussed with EFRAG SR TEG the opportunity to consult in the context of the MQC ED consultation specifically on the possible inclusion of these disclosures (See Agenda Paper 04.02 - common for OG and MQC).
- 8 The EFRAG Secretariat implemented the changes recommended by the EFRAG SRB in March 2023 and on 22 December 2023, shared its updated draft with the sector community to request feedback. The draft presented for approval today reflect the outcome of that this process.
- 9 EFRAG SR TEG approved the General approach to sector standards – consultation document on 8 May 2024. The approval was accompanied by a recommendation to EFRAG SRB to consult on whether some of the Disclosure Requirements in the draft sector ESRS

should always be mandatory, and if yes to ask to constituents which these Disclosure Requirements should be.

### **Main changes compared rev 3.1 (June 10)**

- 10 Alignment with the OG WP (overlaps with OG are highlighted in grey).
- 11 In addition, EFRAG Secretariat made several streamlining changes to the working paper: streamline the wording with respect to flaring and venting, tailings, clarification in the AR related to MQC 4. Closure of assets.
- 12 Additional consultations with sector communities were held in June to consult on the WP (3.1). The objective of the feedback request to Sector Community was to leverage to the maximum extent the expertise of stakeholders in sector community, identify red flags and main areas of concern, and report these findings back to the EFRAG SR TEG for further decisions. Following the feedback received, EFRAG Secretariat improved clarity of the draft and identified key areas of feedback that received divergent views.

### **Next steps**

- 13 The approval process for this ESRS Mining Quarrying and Coal Exposure Draft will be initiated with the TEG on the 3<sup>th</sup> July.
- 14 Following the approval, the Secretariat will finalise the basis for conclusions that will accompany this ED and draft the consultation questionnaire and field test procedures.
- 15 Written input of EFRAG SR TEG and SRB will be sought on the Basis for Conclusions and Consultation questionnaire in advance

### **Agenda papers**

- 16 In addition to this cover note, agenda papers for this session are:
  - Agenda paper 03-02 – ESRS Mining Quarrying and Coal – clean version
  - Agenda paper 03-03 – ESRS Mining Quarrying and Coal – mark up with the version presented on June,10