

# Amended ESRS Exposure Draft July 2025 Public Consultation Survey

## 1. Introduction

1. EFRAG assumes that you give consent to publish your responses. Please select NO here if you do not want that your responses are made public.

YES, I accept that my response is made public

## 3. Part 1: Information about the respondent

2. 1. Please enter the following information:

Name : Jona  
Surname : Basha  
Name of organisation : Accountancy Europe

3. 2. Please enter your email

jona@accountancyeurope.eu

4. 3. Which of the following stakeholder types do you represent?

Other - please specify (required): Accountancy Europe unites 49 professional organisations from 35 countries that represent 1 million qualified accountants, auditors and advisors. Accountancy Europe is in the EU Transparency Register (No 4713568401-18)

4. Please disclose your company's revenue in EUR below (at group level, if applicable)

5. Please disclose your company's total assets in EUR size below (at group level, if applicable)

6. Preparers: Please select your company size by employees (at group level, if applicable)

5. 7. Country of headquarters

Belgium

8. Preparers: Is your company in scope for the preparation of ESRS sustainability statements under the CSRD (adopted in 2022)? [Companies in scope: over 250 employees, €50 million in net turnover, or €25 million in total assets]

9. Preparers: Did your company prepare a sustainability statement for Financial Year 2024?

10. Preparers: Does your company also prepare or intend to prepare a sustainability statement under IFRS S1/S2?

## 4. Part 2: General Feedback

2. 11. Clarifications and simplification of the Double Materiality Assessment (DMA) (ESRS 1 Chapter 3) and materiality of information as the basis for sustainability reporting

### Rationale for the changes

The Amendments have clarified the requirements in ESRS 1 Chapter 3 about materiality of information and simplified the DMA process. They are described in Lever 1 of simplification in the Basis for Conclusions (see BfC Chapter 4).

Link here to access the [Log of Amendments](#), ESRS 1, Chapter 3 if you would like to review the detailed Amendments and their rationale.

The Explanatory Memorandum (EM) which accompanies the EC Omnibus proposals (page 5) identified the following objective for this lever: "[the simplification] will provide clearer instructions on how to apply the materiality principle, to ensure that undertakings only report material information and to reduce the risk that assurance service providers inadvertently encourage undertakings to report information that is not necessary or dedicate excessive resources to the materiality assessment process".

### Description of the changes

To meet this objective, EFRAG has introduced the following changes which aim to strike a balance between simplification and the necessary robustness of the Double Materiality Assessment (DMA):

A new section presenting practical considerations for the DMA has been drafted, including the option of implementing either a bottom-up or top-down approach (Chapter 3.6 of ESRS 1)

More prominence has been given to materiality of information as a general filter and all the requirements are subject to it.

The relationship of impacts, risks and opportunities, and topics to be reported has been clarified (ESRS 1, paragraph 2 and 22)

It has been explicitly allowed to include information about non-material topics (ESRS 1, paragraph 108) if they are presented in a way that avoids obscuring material information. Emphasis is put on ESRS being a fair presentation framework, to reinforce the effectiveness of the materiality principle and avoid excessive documentation effort due to a compliance and checklist approach to the list of datapoints (DP); an explicit statement of compliance with ESRS is included in (ESRS 1, Chapter 2)

To avoid excessive detail in reported information, it has been clarified that all the disclosures can be produced either at topical level or at impacts, risks and opportunities (IRO) level, depending on the nature of the IROs and on how they are managed

The list of topics in AR 16 (now Appendix A) has been streamlined by eliminating the most detailed sub-sub-topic level and has now an illustrative only and non-mandatory status.

More emphasis has been put on the aggregation and disaggregation criteria for reporting information at the right level. Explanations have been provided with respect to the consideration of sites for the DMA and reported information, so as to avoid long lists of sites being included in the sustainability statement.

Please do not comment here in "Gross versus Net" as it is covered by the next question.

### Question

If you intend to provide feedback also on Part 3 of this questionnaire (at level of DR or paragraph), please note that by answering this question, you will not be allowed to include comments on Chapter 3 of ESRS 1 in Part 3, to avoid duplication of input. Your comments on Chapter 3 can only be provided here.

Do you agree that the proposed amendments have sufficiently simplified the DMA process, reinforced the information materiality filter and have succeeded in striking an acceptable balance between simplification and robustness of the DMA? Do you agree that the wording of Chapter 3 of ESRS 1 is sufficiently simplified?

I partially agree and partially disagree

3. Provide comments below

We support making the "materiality of information" the principal focus of the assessment. However, we suggest:

- adding the objective of the DR to clarify why to report certain information. E.g. for financial effects, ESRS could mirror the ISSB standards, which add: "[...] for users to understand the financial effects of [...]"
- clarifying who the users are (particularly other users) and what types of decisions they make, as this would help determine relevance and users' objectives
- incorporating the chief decision-maker's/board's/management's considerations (ie. what are they looking at?)
- clarifying whether the relief in pa47 can be applied only for the identification of material IROs or all the elements of the assessment
- clarifying that the "unit of account" is IROs
- clarifying that "undue costs or effort should not be misused to omit material information
- clarifying that the relief in pa65 does not result in ignoring already available data in the company.

### Section 3.5 "Practical considerations"

Focusing on sustainability matters to determine material information is simpler in theory, but in practice material IROs will need to be disclosed anyway, particularly as Articles 19a/29a(2f and g) CSRD explicitly reference IROs. In addition, whilst the top-down approach to materiality intends to simplify, we suggest clarifying the intentions of the standard setter when allowing the assessment to remain at topical level when it is "evident" that a matter is or is not material. This in order to always make sure that no material information is omitted on IROs.

#### 4. 12. New guidance in ESRS 1 on how to consider remediation, mitigation and prevention actions in assessing materiality of negative impacts

##### *Rationale for the changes*

To address a frequent implementation question and an area of divergence in practice, new guidance has been introduced (ESRS 1 paragraphs 34 to 36 and Appendix C; Basis for Conclusions (BfC) Chapter 8) on how to consider implemented remediation, mitigation and prevention actions in the DMA (the so called "gross versus net" issue). The EFRAG SRB has prioritised the guidance on impacts, as in financial materiality there is already reporting experience which can be leveraged.

##### *Description of the changes*

Appendix C, which has the same authority as other parts of the Standard, illustrates how to perform the assessment, i.e. before or after the actions that have been taken and have reduced the severity of the impact. The new guidance specifies how to treat actions in DMA differentiating 'actual' from 'potential' impacts. It also differentiates the current reporting period from the future reporting periods (the latter is relevant as impacts of previous years that are material are also to be reported in the current period). For impacts that are assessed as material, the respective actions are reported (which also include policies implemented through actions). Actual impacts are assessed for materiality before the remediation actions in the reporting period when they occur, while in future periods they are not reported if fully remediated. For potential impacts, when the undertaking must maintain significant ongoing actions to contain severity and/or likelihood below the materiality level, the impact is assessed before the actions are reported. This provision has been introduced to deal with cases such as health and safety negative impacts in highly regulated industries.

##### *Key discussion points at EFRAG SRB level*

Some of the EFRAG SRB members consider the added guidelines excessively complex. The approach to disregard implemented actions when assessing materiality of potential impacts, if there are significant ongoing actions, has been the source of split views in the EFRAG SRB. The members that supported the inclusion of this provision considered that it would be inappropriate to conclude that due to the high level of prevention and mitigation standards in a sector, a given topic is not reported. On the contrary, other members think that this gross approach to potential impacts will result in excessive reporting.

##### *Question*

If you intend to provide feedback also on Part 3 of this questionnaire, please note that by answering this question, you will not be allowed to include comments on Paragraphs 34 to 36 and Appendix C of ESRS 1, in Part 3 to avoid duplication of input. Your comments on Paragraphs 34 to 36 and Appendix C of ESRS 1 can only be provided here.

Do you agree that the new guidelines clarify how to consider remediation, mitigation and prevention implemented actions in the DMA, contributing to more relevant and comparable reporting?

I partially agree and partially disagree

##### 5. Provide comments below

We suggest revising para34/35, and the respective guidance in Appendix C, which may be overly prescriptive and be interpreted as contradicting the main paragraph. In addition, we call for a similar guidance for risks and opportunities as well.

Moreover, we call for clarifications on:

- the approach to be adopted for potential impacts (ie before mitigation/prevention/remediation measures?)
- whether the cases in Appendix C are to be applied only for own operations or also the value chain
- distinction between positive impacts and actions, i.e. positive impact as a potential consequence of a positive action
- maintaining significant ongoing mitigation as it remains very judgemental and risks comparability.

Finally, when reviewing these proposals, EFRAG should consider the ISSB's TIG approach which emphasises ensuring that no material information is omitted when evaluating net considerations.

#### 6. 13. Improved readability, conciseness and connectivity of ESRS Sustainability Statements

##### *Rationale for the changes*

Starting with the input gathered from the first-time adopters, EFRAG has introduced several changes to support the production of more readable and concise sustainability statements, that are better connected with corporate reporting as a whole. This corresponds to Lever 2 of simplification in the Basis for Conclusions (BfC) (Chapter 4).

##### *Description of the changes*

EFRAG has clarified the flexibility that preparers have in preparing their statements. The Amendments describe the possibility of including an 'executive summary' at the beginning of the sustainability statement and have put greater emphasis on the use of appendices to separate more detailed information from key messages. The amendments have also clarified the concept of 'connected information', discouraging fragmentation and/or repetition of information (ESRS 1, Chapter 8).

##### *Question*

Do you agree that these proposed Amendments, when combined with the other changes in the Amended ESRS, provide an appropriate level of flexibility to support more relevant and concise reporting, as well as to promote better connectivity with corporate reporting as a whole?

I partially agree and partially disagree

##### 7. Provide comments below

We suggest reinstating the requirement to cross-reference with the financial statements in ESRS 1 pa114 as the proposed optionality impairs connectivity and contradicts Articles 19a/29a of the CSRD. This is key for regulators, investors, and other stakeholders. The current proposal hinders users' understanding of the connections of the 2 statements. Moreover, it creates divergence with the ISSB standards.

We appreciate the ESRS now allow for an Executive Summary, Appendices and sections with information material only to certain users. However, we call for clarifications on how to prepare them, including how to ensure fair presentation (of IROs) and avoid greenwashing. EFRAG could also provide an example of how and where in the sustainability statement these elements could be found, noting that if these elements are provided, they will be subject to the same (digitalisation, assurance) rules as the other part of the ESRS. Regarding Appendices, we call for clarifications as to what type of information would be best suited for an Appendix versus in the main body of the sustainability statement.

#### 8. 14. Restructuring of the architecture and interaction between ESRS 2 and Topical Standards

##### *Rationale for the changes*

The Amendments have restructured the architecture of ESRS, focusing on the interaction of ESRS 2 and topical standards. They have also modified the standard-setting approach for policies, actions and targets (PAT) to adopt a more principles-based and less prescriptive approach. These Amendments are described as Lever 3 in the Basis for Conclusions (BfC) (Chapter 4).

The Explanatory Memorandum (page 5) identified the following objective for this lever: simplify the structure and presentation of the Standards.

##### *Description of the changes*

To achieve this objective, EFRAG has implemented the following changes, which aim to strike an appropriate balance between (a) prescriptiveness of the requirements and preparation effort and (b) the users' need for relevant, faithful and comparable information:

Minimum Disclosure Requirements in ESRS 2 (renamed "General Disclosure Requirements") have been simplified but retained as 'shall' disclose.

A drastic reduction of 'shall' datapoints PAT has been achieved, sometimes reformulating them as Application Requirements ('ARs') to support more consistent application.

Topical specifications to GOV, SBM and IRO (Appendix C of ESRS 2) have been deleted, with a few exceptions maintained as separate Disclosure Requirements in topical standards (e.g. resilience in ESRS E1).

The requirement to disclose PAT for material IROs if adopted is maintained. But the requirement to disclose whether the undertaking plans to implement a PAT for material topics and timeline has been eliminated. The indication of which material topics are not covered by PAT is maintained.

The amendments have improved the connectivity between the disclosure of PAT and the description of IROs (now in ESRS IRO 2) to which they relate. They have also improved the ability to disclose information at a higher aggregation level than the material IROs, if this reflects the way IROs are managed.

##### *Question*

Do you agree that these proposed amendments strike an appropriate balance between (1) prescriptiveness of the requirements and preparation effort from the one hand, and (2) need for relevant and comparable information from the other?

I agree

##### 9. Please provide comments below

## 10. 15. Improved understandability, clarity and accessibility of the Standards

### *Rationale for the changes*

The Amendments have reorganised the content of the requirements, clearly separating the mandatory from the non-mandatory ones, and eliminating the “may” disclose provisions, which proved to be problematic to understand. These Amendments are described as Lever 4 in the Basis for Conclusions (BfC) (Chapter 4).

The Explanatory Memorandum (page 5) identified the following objective for this lever: simplify the structure and presentation of the Standards.

### *Description of the changes*

To achieve this objective, EFRAG has implemented the following changes:

“May disclose” datapoints have been all eliminated.

All the “shall disclose” datapoints are now in the main body of the standard (no more datapoints in AR) and mandatory application requirements are relocated below the DR to which they belong (and below each Chapter in ESRS 1), covering ‘how to disclose’ guidelines.

Language of the Standards has been improved for understandability, conciseness and consistency of ESRS.

### *Question*

Please focus your considerations only on the mandatory content of the Exposure Drafts. The following question covers the Non-mandatory Illustrative Guidance (‘NMIG’).

If you intend also to provide feedback on Part 3, when providing your comments, please refrain from duplicating the comments that you will provide at Standard or DR level.

Do you agree that these proposed amendments achieve the desired level of clarity and accessibility?

I agree

## 11. Provide comments below

We support these proposed changes and suggest the following comments to further improve the understandability of standards:

- deleting the last sentence of ESRS 1.59 (as it gives the impression that it is a relief)
- avoid using the old language “shall consider”. Particularly for GHG, we suggest rewording “should apply GHGP except when contradicts other provisions of ESRS”.

## 12. 16. Usefulness and status of “Non-Mandatory Illustrative Guidance” (NMIG)

As a result of the simplification process, part of the mandatory content in the 2023 Delegated Act has been moved to “Non-Mandatory Illustrative Guidance” (NMIG). NMIG does not address all the existing implementation questions on each standard. It simply gathers the content that:

- a) was in the Delegated Act
- b) is now deleted; and
- c) contributes to the overall datapoints reduction.

It contains ‘how to report’ guidelines (methodology) and examples of possible items to cover when disclosing in accordance with a mandatory datapoint, mainly for narrative PAT disclosures. Its content should not be understood as a list of items of information requiring justification when not reported, consistent with the fact that the previous datapoints are deleted. The legal status of the NMIG will be considered by the European Commission (EC) in due course. However, EFRAG recommends that the EC not include this content in the Delegated Act. On the one hand, NMIG contains helpful support material that may reduce the implementation questions. On the other hand, it could trigger additional efforts of analysis and/or have an ambiguous role as possible additional disclosure with entity-specific relevance if issued within the Delegated Act.

You are invited to provide your comments on the purpose of NMIG, if any.

You can access the NMIG at this [link](#).

Please select the NMIG you would like to comment on from the list below:

All

## 13. Provide comments below

We support the NMIG not being part of the ESRS DA. We suggest finalising this guidance at a later stage to incorporate guidance from feedback received from this consultation as well as the final DA after the EC’s revision and adoption. This would also give EFRAG time to allow for a full due process.

In addition, we suggest EFRAG clarifies the role (eg retire or supersede them) of the original supporting materials, eg the Q&As published for the original ESRS. It is important to bring order to the due process of this ecosystem by clarifying the difference between all the guidance both in terms of hierarchy of guidance and due process followed, particularly for updates of these documents. It would also be useful if EFRAG clarified in the future how the contents of the guidance are to be considered in cases when a company practice differs from the contents of the guidance. This clarification would ease audit conversations.

#### 14. 17. Burden reliefs and other suggested clarifications

##### *Rationale for the changes*

The Amendments introduced several horizontal reliefs (i.e. applicable across different requirements) that were suggested in the input gathered from preparers. They are expected to contribute substantially to the reduction in the overall reporting efforts, beyond the datapoints reduction. These Amendments are described as Lever 5 in the Basis for Conclusions (BfC) (Chapter 4).

The Explanatory Memorandum did not explicitly mention the reliefs, but the letter of the EC dated 5 May 2025 recommended including those foreseen in the ISSB's IFRS sustainability disclosure standards (IFRS S1 and S2). The Explanatory Memorandum nevertheless included the following objective (page 5): [the simplification] will also make any other modifications that may be considered necessary, considering the experience of the first application of ESRS. The revision will clarify provisions that are deemed unclear. It will improve consistency with other pieces of EU legislation.

##### *Description of the changes*

EFRAG has implemented the following changes:

The relief "undue cost or effort" has been introduced, including for the calculation of metrics.

A relief for lack of data quality has been introduced for metrics (ESRS 1 Paragraph 91), allowing to report a partial scope and disclosing actions to improve the coverage in future periods.

The systematic preference for direct data as input to the calculation of value chain metrics has been removed and undertakings may use direct data or estimates depending on practicability and reliability (ESRS 1, Paragraph 91).

Undertakings may exclude from the calculation of metrics their activities that are not a significant driver of IROs (ESRS 1, Paragraph 90) and may exclude joint operations on which they do not have operational control when calculating environmental metrics other than climate (ESRS 1, paragraph 60).

Disclosure about resilience is now limited to risks only and limited to qualitative information only (ESRS 2, Paragraph 24 and ESRS E1, Paragraph 21).

When disclosing financial effects, the information on investments and plans is now limited to those that are already announced (ESRS 2, AR 16 Paragraph 23(b)).

A new relief for acquisitions (disposals) of subsidiaries has been introduced (ESRS 1 Chapter 5.4) allowing to include (exclude) the subsidiary starting from the subsequent (from the beginning of the) period.

From October 2024 to February 2025, several implementation issues were identified in the EFRAG ESRS Appendix dedicated to the Q&A implementation platform (Chapter of Basis for Conclusions (BfC)). These issues have now been addressed by clarifying the corresponding provisions.

Following the EC representatives' recommendation, EFRAG did not include additional relief for commercial sensitive information, pending the changes of level 1 regulation, where this issue is being considered.

##### *Question*

EFRAG considered how to improve consistency with other pieces of regulation. Considering what can be achieved in these Amendments (as opposed to what requires modification by the other regulation) EFRAG gave priority to the SFDR regulation. Please refer to question 28 if you intend to comment on this aspect. Other selected changes to enhance consistency are described in the Log of Amendments for each standard.

Please note that some of the reliefs described above go beyond the ones in IFRS S1 and S2 described in question 21 below. As interoperability with IFRS S1 and S2 is specifically addressed in question 21 should be commented upon there. Please also refrain here from comments on the options proposed for quantitative financial effects, as question 17 is specifically dealing with them.

Do you agree that these proposed Amendments provide sufficient relief and strike an acceptable balance between (a) responding to the stakeholders' demands for burden reliefs and (b) preserving the transparency needed to achieve the objectives of the EU Green Deal, as well as interoperability with the ISSB's IFRS S1 and S2?

I partially agree and partially disagree

##### 15. Please provide comments below

We propose clarifying: (1) how are the reliefs related to each -other and work together? (eg undue cost&effort vs practicability, GHG emissions reliefs vs all metrics); (2) what are practical illustrations of a general principle?

We note that the cost-benefit analysis will better determine the burden reduction following these proposals.

On #1 we suggest extending the relief to all disclosures, not simply those of pa87. In addition, we suggest this principle is better aligned with the ISSB wording (both in the main text of the standard and Basis for Conclusions), which we find very clear.

EFRAG could also consider examples on how to exercise judgement on the "undue cost&effort" relief, particularly for impact in order to avoid misunderstanding and misusing this relief (e.g. if difficult, is that then undue effort?) Moreover, it will help prevent assurance challenges (when has the preparer struck the right balance between providing useful information vs "cost & effort").

On #4, we appreciate the relief in pa90. However, we suggest EFRAG clarifies the situations/conditions where it would be appropriate to use this relief (ie. an activity should not be excluded if part of the business driving the IRO eg a small site producing carbon emissions from manufacturing).

On the other hand, we suggest deleting the relief in pa92 of ESRS 1 as it creates confusion (new operational boundaries?). We call for clarifications on how to deal with joint operations generally before creating reliefs.

We appreciate #7 is pragmatic, even though it temporarily impairs connectivity with financial statements and creates a divergence with the ISSB standards. However, we call for clarifications on operations held for sale meeting the definition of discontinued operations (eg. when revenue and all other financial items are excluded from continued operations, should they also be excluded from the calculation of metrics?)

##### 16. 18. Relief for lack of data quality on metrics (ESRS 1 paragraph 92)

Amended ESRS have introduced the 'undue cost or effort' relief for all the elements of the reporting, from the identification of material IROs to the calculation of metrics (paragraph 89 of ESRS 1), in line with IFRS S1 and S2, extending it to all metrics. In addition, paragraph 92 of ESRS 1 has introduced a provision applicable both to metrics in own operations and in upstream and downstream value chain. This allows an undertaking to report metrics with a partial scope of calculation, when there are no reliable direct or estimated data to be used in the calculation. This relief does not exempt an undertaking from providing a disclosure, but it allows to disclose a calculation that includes only a partial scope. When using this relief, the undertaking shall disclose actions undertaken to improve the coverage of its calculation in next periods. This transparency is expected to provide sufficient incentive to improve the data quality and achieve a more complete scope in the calculation of the metrics. Accordingly, no time limit is included for the use of the relief. On this point, some EFRAG SRB members, while supporting the relief, considered it essential to include a time limit.

If you intend to provide feedback also on Part 3 of this questionnaire, please note that by answering this question, you will not be allowed to include comments on paragraph 92 of ESRS 1 in Part 3 to avoid duplication of input. Your comments on paragraph 92 of ESRS 1 can only be provided here.

Do you agree that the proposed relief for lack of data quality on metrics strikes an acceptable balance between providing the necessary flexibility for preparers and avoiding undue loss of information?

I agree

##### 17. Please provide comments below

We suggest the ESRS better align with the ISSB on this matter instead of explaining the efforts to improve the data quality of metrics with a partial scope of calculation, it provides qualitative information relating to the IROs associated with the respective metric.

In addition, this exceptions risks providing less useful data for users. Therefore, we suggest as a minimum companies explain why certain data is missing (ideally also the plan to improve the data) as this provides transparency.

In addition, we suggest EFRAG clarifies what is meant by "partial metric" in order to avoid obscuring material information or the reporting of a metric that does not meet the qualitative characteristics of information.

Lastly we invite EFRAG to explain why the relief of ESRS 1 pa91 is not available for Scope 3.



## 18. 19. Relief for anticipated financial effects

### *Rationale for the changes*

Preparers' feedback to the public call for input indicated that disclosing quantitative information for financial effects is particularly challenging. This includes issues of lack of mature methodologies and being commercially sensitive (refer to Basis for Conclusions (BfC) Chapter 7). Suggested solutions included the IFRS corresponding relief (IFRS S1 paragraph 37), the deletion of the requirement to report quantitative information, or to report them only on a voluntary basis. The EFRAG SRB is specifically seeking input that would support the determination of the most appropriate relief.

### *Description of the changes*

The Amended ESRS currently includes two possible options, which would apply to all topics, including climate (DR E1-11):

a) Option 1 requires an undertaking to disclose both qualitative and quantitative information but allows omission of quantitative information under certain conditions. Option 1 is substantially aligned with the IFRS relief, despite the fact that it includes some differences compared to it: under Option 1, as in the IFRS relief, the undertaking need not provide quantitative information when it is not able to measure separately the financial effect of a specific topic (or IRO) or when the level of uncertainty is so high that the resulting information would not be useful. Differently from the IFRS relief, Option 1 specifies that the undertaking may use the relief when there is no reasonable and supportable information derived from its business plans to be used as input in the calculation of anticipated long-term financial effects. Different from the IFRS relief, the undertaking cannot omit quantitative information when it does not have the skills, capabilities or resources to provide that quantitative information, as this part of the relief was considered not compatible with the entities that are expected to be in scope of the Amended ESRS.

b) Option 2 limits the requirement to qualitative information only, and leaves companies to choose to report quantitative information on a voluntary basis, without having to meet any conditions. This option is not aligned with the treatment in IFRS S1 and S2.

Some of the EFRAG SRB members noted that Option 2 would result in undue loss of information important for investors and would fail to provide the correct incentive to build more mature methodologies and reporting practices. Other members, on the contrary, supported the inclusion of Option 2.

### *Question*

If you intend to provide feedback also on Part 3 of this questionnaire, please note that by answering this question, you will not be allowed to include comments on paragraph 23 of ESRS 2 in Part 3 to avoid duplication of input. Your comments on that paragraph can only be provided here.

Please select from the alternatives below the one that represents your view:

I agree with Option 1

## 19. Please provide the rationale for your preference and suggestions for improvements (if any)

We support option 1 as it:

- enables connectivity with the financial statements
- provides useful information to users
- helps better understand the risks & opportunities management for companies
- increases the credibility of the PATs, and
- better aligns with the ISSB standards.

## 20. 20. ESRS E1: Disclosures on Anticipated Financial Effects

The content of the disclosure requirements on Anticipated Financial Effects (formerly E1-9 now E1-11) has been significantly reduced. Several datapoints are still included, which are considered necessary for investors and lenders to be able to assess the undertaking's exposure to transition and physical risk, including for lenders to be able to meet either supervisory expectations or sector specific disclosure requirements. This question focuses on paragraphs 40 (a) to (d), 41 (a) to (f) and 42 of ESRS E1 and aims at collecting feedback on the feasibility of the remaining datapoints.

If you intend to provide feedback also on Part 3 of this questionnaire, please note that by answering to this question, to avoid duplication of input, you will not be allowed to include comments on DR E1-11 or paragraphs 40, 41 and 42 of ESRS E1 in Part 3. Your comments on those provisions will only be provided here.

Do you agree that the amended paragraph 40, 41 and 42 of ESRS E1 have been sufficiently simplified and that they strike the right balance between reporting effort and users' needs?

Select the paragraph on which you want to express agreement / disagreement

Please provide comments below

## 21. 21. Enhanced interoperability with the ISSB's standards IFRS S1 and S2

### *Rationale for the changes*

EFRAG has implemented several changes to enhance the level of interoperability with the ISSB's standards IFRS S1 and S2. These amendments are described in Lever 6 of simplification in the Basis for Conclusions (BfC) (see Appendix 6). At the same time, however, the Amendments implemented for simplification reasons affect the level of interoperability with IFRS S1 and S2, as resulting from the joint EFRAG IFRS interoperability guidelines (May 2024). For example, reliefs beyond those in IFRS S1 and S2, described above, negatively affect interoperability.

One of the Explanatory Memorandum (page 5) objectives is to further enhance the already very high degree of interoperability with global sustainability reporting standards. EFRAG prioritised the interoperability with IFRS S1 and S2, following the majority input gathered in the public call for input and outreach.

### *Description of the changes*

To achieve this objective, EFRAG implemented the following changes, which aim to achieve a higher level of interoperability while being compatible with the objectives of the Amendments.

In line with IFRS S1, emphasis has been put on ESRS being a fair presentation framework; materiality of information is now as general filter for the reported information.

To remove one of the main interoperability differences, the ESRS E1 GHG emission boundary has been replaced by the financial consolidation approach (ESRS E1 AR19), aligned with the financial control approach in the GHG protocol, while a separate disclosure based on operational control is now required (and aligned with the corresponding disclosure in the GHG protocol) only for entities with more complex ownership structures (ESRS E1, AR 20).

The IFRS reliefs (undue cost or effort, disclosure of ranges for quantitative financial effects) have been implemented, with the exception of the one on omitting commercially sensitive information about opportunities (pending the outcome of Level 1 discussions), the one allowing to omit Scope 3 GHG emissions when impracticable and the one allowing to omit quantitative financial effects when the undertaking does not have the necessary skills (please note that the relief on anticipated financial effects is treated in question 20).

The implementation of reliefs that go beyond the ones in IFRS S1 and S2 results in new interoperability differences (see question 16).

Language for requirements that are common to ESRS and IFRS S1 and S2 has been aligned whenever possible with the one in IFRS S1 and S2, in ESRS 1, 2 and E1.

The reference to SASB Standards and IFRS Industry-based Guidance as a source of possible ("may consider") disclosure when reporting entity-specific sector information is now a permanent feature (before it was temporary, i.e. until the issuance of ESRS sector standards).

The datapoint reduction resulted in the elimination of 7 "shall" datapoints aligned with ISSB standards described in Basis for Conclusions (BfC) (Chapter 4).

Several changes have been introduced to further advance interoperability in ESRS E1 (Basis for Conclusions (BfC), Chapter 4).

### *Question*

Do you agree that these proposed Amendments achieve an appropriate balance between increasing interoperability and meeting the simplification objectives?

I partially agree and partially disagree

## 22. Please provide the comments below

We suggest EFRAG, the EC and the ISSB collaborate to minimise differences between standards as much as possible. Below we list some differences between the 2 sets of standards:

- the materiality language in ESRS 1 (eg para 21, particularly item b determines when information is material by including "it is necessary" language that is not aligned with the ISSB, but also raises questions whether it is a threshold or a higher hurdle to determine what is necessary)
  - the "undue cost and effort" language and explanations between ISSB and ESRS
  - the ESRS E1 GHG emission boundary slightly vs the GHG Protocol and IFRS S2 provisions
  - the new ESRS requirement on leased assets information in the value chain
  - cross-referencing with the FS by restating the original requirement rather than allowing the proposed optionality
  - with the 4 ISSB pillars in ESRS 2
  - considering reliefs that do not impair alignment (reliefs in Q17 currently do).
- In addition, we suggest the ESRS:
- incorporate Option 1 in mandating quantitative anticipated financial effects
  - adopt the same language as the ISSB without omissions
  - clarify whether the GHG Protocol simplifications also apply to ESRS
  - include the latest proposed ISSB's Scope 3 simplification on Category 15.

## 23. 22. Reduction in the number of mandatory and voluntary datapoints

The Amendments have realised a substantial reduction in the number of mandatory (-57%) and voluntary (-100%) datapoints, described in the Basis for Conclusions (BfC), Appendix 3.

The Explanatory Memorandum (page 6) specified that "the revision of the Delegated Act will substantially reduce the number of mandatory ESRS datapoints by (i) removing those deemed least important for general purpose sustainability reporting, (ii) prioritising quantitative datapoints over narrative text and (iii) further distinguishing between mandatory and voluntary datapoints, without undermining interoperability with global reporting standards and without prejudice to the materiality assessment of each undertaking."

To achieve this objective, EFRAG undertook a systematic review of the datapoints, to eliminate the least relevant, i.e. those that are not strictly necessary to meet the disclosure objectives. Most of the deleted datapoints stem from the narrative PAT disclosures, where a less prescriptive and more principles-based approach has been implemented. Therefore, most of the deletions refer to narrative datapoints. In the context of such a systematic review, merging two distinct datapoints was not considered as a reduction.

Do you agree that the proposed reduction in "shall disclose" datapoints (under materiality) strike an acceptable balance between burden reduction and preserving the information that is necessary to fulfil the objectives of the EU Green Deal?

I agree

## 24. Comments on deleted datapoints in ESRS 2

Whilst we appreciate the significant reduction in granularity in the ESRS, we note that the ESRS reports may now overly rely on entity-specific information and impair comparability.

In addition, we call for clarification on how to deal with previously disclosed information from the removed "shall" datapoints. This will help avoid discussions as to whether previously disclosed information should continue to be disclosed, eg as "entity-specific" information.

## 25. Comments on deleted datapoints in ESRS E1

## 26. Comments on deleted datapoints in ESRS E2

## 27. Comments on deleted datapoints in ESRS E3

## 28. Comments on deleted datapoints in ESRS E4

## 29. Comments on deleted datapoints in ESRS E5

## 30. Comments on deleted datapoints in ESRS S1

## 31. Comments on deleted datapoints in ESRS S2

## 32. Comments on deleted datapoints in ESRS S3

## 33. Comments on deleted datapoints in ESRS S4

## 34. Comments on deleted datapoints in ESRS G1

### 35. 23.Six datapoints exceptionally moved from “may” to “shall”

In accordance with the simplification mandate received, EFRAG has adopted a general rule of not increasing the reporting obligations. Accordingly, “may disclose” datapoints have not been transformed into mandatory ones (subject to materiality). In the context of the comprehensive revision of some of the DRs, to provide for more focused and relevant information, 6 datapoints have been moved from “may” to “shall” subject to materiality. These exceptions are in the opinion of EFRAG justified. It is important to note that they do not add new obligations, as they refer to an already existing disclosure objective, but they make explicit a separate element of required information. In consideration of their very low number when compared to the overall datapoint reduction, they are not considered to jeopardise the achieved substantial simplification. On the contrary, their change of status improves the clarity of the reporting requirements. More details on these datapoints can be found in the Basis for Conclusions (BfC) Chapter Appendix 3.

Datapoint	Rationale for moving from “may” to “shall”
<b>ESRS E3</b> <i>Water</i> - Own operations total withdrawal (Amended ESRS E3 paragraph 28 (c))	This requirement should not create an additional burden, as reporting water consumption already relies on understanding the water balance, including both withdrawals and discharges. Given this, the change from optional ('may') to mandatory ('shall') reflects the importance of these metrics in completing the water balance equation and ensuring fair presentation of material IROs. Water withdrawal—defined as the volume of water removed from ecosystems—is a key indicator for assessing pressure on local water resources, particularly in water-stressed regions.
<b>ESRS E3</b> <i>Water</i> — Own operations total discharges (Amended ESRS E3 paragraph 17)	This requirement should not impose an additional burden, as reporting water consumption already depends on understanding the water balance, including both withdrawals and discharges. Accordingly, the change from optional ('may') to mandatory ('shall') reflects the importance of these metrics in completing the water balance equation and supporting the fair presentation of material IROs. Water discharges, in particular, serve as a complementary indicator to water withdrawals, providing a fuller picture of pressure on water resources.
<b>ESRS E4</b> <i>Biodiversity and ecosystems</i> - Disclosure of transition plan for biodiversity and ecosystems	Changed to mandatory as this disclosure is considered highly decision-useful for users in relation to undertakings operating in certain sectors. Disclosing information on a transition plan (TP) is conditional to have one that is publicly released. This does not add burden as the plan is already public and the information normally available. Implementing TPs, and disclosing on them, is an area that is normalizing and expected to become increasingly important in future years.
<b>ESRS G1</b> <i>Business conduct</i> — Training of procurement team (Amended ESRS G1 paragraph 10 (c))	The revision G1 has consolidated previous scattered datapoints on training in one generic provision, while specifying the target audience considered critical in sustainability (such as the procurement team). This DP is an important information related to management of
	suppliers’ relationship for which several other DPs have been deleted.
<b>ESRS G1</b> <i>Business conduct</i> confirmed incidents (Amended ESRS G1 paragraph 14)  (1) Nature of incidents (2) Number of incidents	ESRS G1 did not include any mandatory metric on incidents of corruption and bribery, except for the SFDR indicators. This provision replaces narrative information about corruption and bribery with a quantitative metric. The definition of confirmed incidents is well provided in the Glossary. The required disclosure does not include names or persons involved nor other recognisable characteristics, so that it does not interfere with any legal process.

Do you agree that these exceptions to the general rule are appropriate and justified?

Please provide comments below

### 36. 24. Four new mandatory datapoints (exception)

In accordance with the simplification mandate received, EFRAG has adopted a general rule of not increasing the reporting obligations. Accordingly, no new “shall” datapoints have been added. In the context of the comprehensive revision of some of the DRs, to promote more focused and relevant information, 4 datapoints have been added. These exceptions are in the opinion of EFRAG justified.

It is important to note that they do not add new obligations, as they refer to an already existing disclosure objective, but they make explicit a separate element of required information. In consideration of their very low number when compared to the overall datapoint reduction, they are not considered to jeopardise the achieved substantial simplification. On the contrary, their change of status improves the clarity of the reporting requirements. More details on these datapoints can be found in the Basis for Conclusions (BfC) Chapter 6.

Datapoint	Rationale for new datapoints
ESRS 2 <i>General disclosures</i> – BP 1 the undertaking shall state	This may be considered as a new datapoint but replaces several datapoints compared to the Delegated Act. The undertaking now must only state when certain principles
that the general requirements of ESRS 1 have been applied for the preparation of its sustainability statement	were applied and when there is a divergent application from the general requirements, this means that it is not disclosed according to ESRS 1; examples are time horizons or changes in preparation or presentation of sustainability information.
E2-4 Secondary microplastics resulting from the breakdown of larger plastic items or being unintentionally produced through the life cycle of the product. Clarification of former ESRS E2 paragraphs 28(b) and AR 20 leading to new added DP .	The amount of secondary microplastics was already required to be reported in ESRS E2 through AR 20, which addressed both primary and secondary microplastics. However, the Q&A process and the outreach analysis highlighted a lack of clarity on the disclosure requirements in relation to primary and secondary microplastics. The addition of a new qualitative datapoint on secondary microplastics, separate from the Set 1 microplastics datapoint, was favoured to improve clarity and simplify the understanding of the microplastics requirements. Secondary microplastics represent the main source of microplastics released into the environment.
ES-4 Percentage of total weight that are critical and strategic raw material  Added draft ESRS E5 paragraph 15(c).	Added for better alignment with recent EU regulatory developments, particularly the Eco-design for Sustainable Product Regulation and Critical Raw Materials Act.
ES-5 Percentage and/or total weight for which the final destination is unknown.  Added in draft ESRS E5 paragraph 18(e).	Added to allow mass balance of final destination of waste to be completely disclosed, not forcing undertakings to make unreasonable estimations but instead allowing them to disclose on the figures they have and can reasonably document.

Do you agree that these exceptions to the general rule are appropriate and justified?

Please provide comments below

### 37. 25. Emphasis on ESRS being a “fair presentation” reporting framework

The Amendments clarify that ESRS is a fair presentation reporting framework, as it is for IFRS S1 and S2, with the expectation that this will support a more effective functioning of the materiality filter and reduce the check list mentality associated to the adoption of a compliance approach. Adopting fair presentation is expected to support a reduction in the unnecessary reported information and of the documentation needed to show that omitted datapoints are not material. The majority of the EFRAG SRB members consider that ESRS was already conceived as a fair presentation framework and interpret the CSRD as requiring it. A minority of the EFRAG SRB members think that the CSRD does not require fair presentation. They think that adopting fair presentation is not a simplification, due to the difficulty of exercising judgement of what is needed to fulfil the requirement, in particular for impact materiality where there are less established reporting practice. They think that the Amendments may result in increased legal risks and audit costs.

Do you agree that explicitly requiring to adopt fair presentation in preparing ESRS sustainability statements will support a more effective functioning of the materiality filter, therefore enabling more relevant reporting and reducing the risk of excessive reported information?

I partially agree and partially disagree

### 38. Please provide comments below

We suggest better addressing the following elements for the correct application of the fair presentation principles:

- providing a better link with materiality and entity-specific information
  - adding the objective of the standard and report
  - linking with users' objective for needs of information
  - considering providing a definition for the term in the Glossary
- These would help better align with IFRS S1, which addresses all these elements.

In addition, we call for clarifications, for example via a practical consideration AR as to what fair presentation means in practice.

For more, please refer to our publication: Sustainability statements based on ESRS: “compliance” or “fair presentation”? : <https://tinyurl.com/46v357vb>

### 39. 26. Exception for Financial Institutions' Absolute climate reduction Targets

One of the implementation challenges noted by financial institutions relates to the requirement in ESRS E1 paragraph 26(a). This requires, when the undertaking has adopted GHG emissions intensity targets in conjunction with AR12 (“when only setting intensity targets”), to disclose also the associated absolute values” (refer also to Basis for Conclusions (BfC) Chapter 8). EFRAG SRB and SR TEG discussed whether an exception would be needed for insurance, banking and asset management sectors, but they decided that it would be appropriate to receive specific feedback before concluding. Those that support the exception argue that this information is not useful. They think that while for fossil fuel sectors gradual de-commissioning is foreseen, emphasising the role of absolute targets for lenders and investors in all sectors would provide the wrong incentive, as high-emission sectors are those in need of transition financing. They also consider that estimating the absolute targets would require multiple assumptions (such as about the composition of the portfolios, the production capacity, the market shares and the level of emission intensity), making results unreliable and thus not leading to meaningful disclosures. Those who oppose this exception note that complex estimates are common to all sectors. They also note also that both the information types of intensity and absolute targets are needed for a proper understanding of the undertaking's progress on climate and banks are no exception in this case. Intensity targets, while capturing efficiency, may mask rising emission levels. Absolute targets capture the total impact but fail to take into account the effect of business growth. They finally note that an exception only for financial institutions would result in an uneven playing position for the other sectors.

Explain your reasoning and if you agree, elaborate on how financial institutions will give transparency and foresight to investors about their target setting and the evolution of their emissions.

#### 40. 27. ESRS S1: New threshold for reporting metrics disaggregated at country level

Amended ESRS S1 changes the threshold for the requirement to disaggregate the metrics for Characteristics of the undertaking's employees, collective bargaining coverage and social dialogue in the European Economic Area (S1-5 and S1-7 of Amended ESRS S1). Refer also to Basis for Conclusions (BfC) Chapter 8. Instead of being defined based on at least 50 employees by head count representing at least 10% of the total number of employees, the requirement is now to disaggregate the metrics for the top 10 largest countries by employee headcount, to the extent that there are more than 50 employees in those countries. A minority of EFRAG SRB members noted that this change could trigger, in some cases, an increase in the number of countries to report on for these two disclosures, and so an increased burden to prepare the information. The majority of EFRAG SRB members supported the change because the current requirement has led to limited information available by country. In addition, the information is usually easily accessible, so the burden to prepare the information per the new requirement is estimated to be limited.

If you intend to provide feedback also on Part 3 of this questionnaire, please note that by answering this question, to avoid duplication of input, you will not be allowed to include comments on DR ESRS S1-5 and ESRS S1-7 in Part 3. Your comments on those provisions will only be provided here.

Do you agree with the change to the threshold for country-by-country disclosure for the DRs ESRS S1-5 and ESRS S1-7?

Please provide comments below

#### 41. 28. ESRS S1: Calculation approach to adequate wages outside the European Union (EU)

The Amended ESRS S1 reflects an amended methodology for the calculation of non-EU adequate wages set out in the Application Requirements (ESRS S1 AR 22). This change draws on language from different parts of the agreement on the issue of wage policies, including living wages, adopted by the ILO Governing Body in 2024, after the ESRS Delegated Act was adopted. A minority of EFRAG SRB members flagged three interrelated concerns: (1) the reference to wage-setting principles risks disclosures of minimum wages that fall well-below an adequate wage standard, (2) the hierarchy requires companies to only assess relevant living wage data sets as a last resort, and (3) the DR/AR does not require companies to disclose which prong of the methodology is used, which leads to lack of comparability.

In consideration of the complexity of this issue, EFRAG is running a targeted field test and is interested in involving a diversified sample of companies. This entails participating in dedicated working sessions with EFRAG Secretariat where the company is expected to present how the revised methodology is feasible and relevant in practice (refer to the non-EU hierarchy described in ESRS S1 paragraph AR 22 (b) i) to iii) to ensure transparency and comparability on this issue. A dedicated questionnaire will be sent directly to the companies participating in the test to allow for their preparation. The working sessions will take place between 8 and 26 September. To confirm your interest in participating to the field test on Adequate Wage please send an email to [fieldtestadeqwages@efrag.org](mailto:fieldtestadeqwages@efrag.org) by August 18, 2025.

Do you agree with the proposed change to the methodology for the calculation of non-EU adequate wages in ESRS S1?

Please provide comments below

#### 42. 29. SFDR and other EU datapoints in Appendix B of Amended ESRS 2

The Omnibus proposals have not changed the general objective of supporting the creation of the data infrastructure necessary for implementing the Sustainable Finance Disclosure Regulation (SFDR). Input from investors confirms the need to implement the correct flow of information from their investee. However evidence also suggests some of the Principal Adverse Indicators (PAI) are not considered relevant in practice. As part of the systematic review of the datapoints for their reduction, EFRAG has assessed the relevance of the SFDR PAIs, as well as the level of coverage of them resulting from the general datapoint reduction.

Appendix 4 of the Basis for Conclusions (BfC) illustrates how the EU datapoints in Appendix B of ESRS 2 (now Appendix A of Amended ESRS 2) have been modified.

The key changes for Environmental standards (ESRS E1-E5) are :

(a) 8 SFDR PAI sensitive DPs have been deleted but they were either overlapping with other DPs or can be derived from other information (E1-5, para.38, 40-43; E1-6 para44, 53-55; E3-1, para 14; E3-4, para 29; E5-5 para 37 (d) and 39);

(b) 1 SFDR PAI sensitive DPs in Appendix B (indicator number 12 Table #2 of Annex) was removed, following EFRAG's approach of reducing the content provisions related to PAT under topical standards. This refers to the topic of marine resources, which is not in scope of ESRS E3.

The key changes for Social standards (ESRS S1-S4) are:

(a) this was a consolidation exercise. Firstly, for the policies related to human rights and for the alignment with UNGP and OECD MNE Guidelines (two SFDR PAI number 9 Table #3 and Indicator number 11 Table #1 of Annex 1), eight datapoints from the four Social standards have been merged into a "human rights policy" in ESRS 2 GDPR-P, for the four affected stakeholder groups. Secondly, the indicator in relation to severe human rights cases (SFDR PAI number 14 of Table #3 and number 10 of Table #1 of Annex 1) have been merged into one and it is maintained across the four Social standards.

(b) a small number of amendments on the scope has taken place for SFDR PAI Indicator 3 of Table #3 in relation to days lost. Fatalities (ESRS S1-13) has been deleted from its scope. The scope of revised human rights incidents datapoint (ESRS S1-16, S2-3, S3-3, S4-3) is now clarified.

There were no changes in the ESRS G1.

In conclusion, despite the general significant reduction in DPs, the coverage of SFDR PAI has been only marginally reduced and thanks to a limited number of amendments, the relevance of the corresponding information is increased.

Do you agree with the way the SFDR PAI have been incorporated in the Amended ESRS? You are invited to explain the reason why you agree or disagree and to provide your suggestions for improvements or alternative simplification proposals, if any.

Provide comments below

#### 43. 30. ESRS E4 DR E4-4: Application requirement to guide undertakings in setting biodiversity- and ecosystems-related targets

As part of the simplification process, E4-4 (targets) disclosure specifications and application requirements have been mostly removed. In this context, methodological guidance for companies to what biodiversity and ecosystems-related targets can cover would be helpful. ESRS SET 1, E4 AR 26) outlines aspects that targets can address, including in relation to the size of areas protected or restored, the recreation of natural surfaces or the number of company sites whose ecological integrity has been approved. While this AR could be kept in the revised ESRS E4, some stakeholders highlighted that it could be further reviewed to better reflect latest trends in the evolving methodological landscape related to biodiversity and a stronger alignment with relevant content from science-based frameworks such as SBTN.

If the respondents intend to comment on the respective paragraphs of Section 3, they will not be permitted to do so.

Do you agree with the review of AR 26 in Amended ESRS E4?

44. You are invited to provide suggestions for improvements, if any.

#### 45. 31. ESRS S1 DR15: Gender pay gap

Some of the feedback obtained during the public outreach on the Remuneration metrics (ESRS S1-15), which are derived from the SFDR PAI, was to revisit the gender pay gap ratios and consider replacing it by the adjusted gender pay by employee category or, in some cases, by country. The gender pay gap metric in set 1 is aligned with the Pay Transparency Directive, (EU) 2023/970, where the unadjusted ratio is required as a global percentage and the adjusted gender pay gap by employee category is a voluntary ("may") datapoint.

The voluntary datapoint of adjusted gender pay gap by employee ratio has not been included in Amended ESRS S1, following careful analysis and consideration of the EFRAG SRB where the pros and cons of changing the basis for gender pay gap were weighted. The conclusion reached was to maintain the global unadjusted pay gap and delete the adjusted gender pay gap by employee ratio that is a voluntary datapoint in set 1. The deletion of voluntary datapoints obey to the general approach in the revised architecture.

If the respondents intend to comment on the respective paragraphs of Section 3, they will not be permitted to do so.

Do you agree with the deletion of the voluntary datapoint on adjusted gender pay gap?

You are invited to provide suggestions for improvements, if any.

#### 46. 32. ESRS G1 DR G1-2 and G1-6: Payment practices

The revision of ESRS G1 has led -among others - to the deletion of former paragraphs 14 and 33(a), addressing "payment practices" (within the context of management of relationship with suppliers). These datapoints have been replaced by the PAT provisions and an additional specification for SMEs in paragraph 33(b). However, this deletion may still reduce visibility on how undertakings engage with and support SMEs.

If the respondents intend to comment on the respective paragraphs of Section 3, they will not be permitted to do so.

Is the current replacement/formulation sufficient to meet the objectives of the CSRD in respect to the protection of SME's?

You are invited to provide suggestions for improvements, if any.

#### 47. 33. Overall feedback per standard

The 12 ESRS Standards have been simplified. The Glossary (Annex II to the 2023 ESRS Delegated Act) has been amended to reflect the changes in the Standards. This includes the reduction of datapoints, the clarification of several provisions that created implementation issues, the enhancement of readability and streamlining of their structure and content. Amendments to the 12 Standards have been designed and implemented to achieve a substantial reduction in reporting efforts, while maintaining the core content that is needed to meet the objectives of the European Green Deal.

Please note the following requirements that were not changed in the Amended ESRS as recommended by the EC representatives, as they are subject to ongoing developments on level 1 regulation:

1. Definition of value chain for financial institutions (ESRS 1);
2. Exemption from consolidating subsidiaries by undertakings that are financial holdings (ESRS 1);
3. Relief for omission of confidential/sensitive information (ESRS 1);
4. Phasing-in provisions (ESRS 1);
5. Clarify the meaning of "compatibility with 1.5 degrees" for the Transition Plans disclosure (ESRS E1).

In this question you are allowed to provide your overall opinion on the level of simplifications achieved per each standard. You can choose to reply to one or more of the Standards.

If you intend to comment also at level of single DR in Part 3 of this questionnaire, you are kindly invited not to repeat the same content twice (here and in Part 3).

You can access the Exposure Drafts of the Revised ESRS and the amended Glossary at this [link](#).

In case you would like to see the rationale behind the amendments, you can access the Log of Amendments and the markup of the Annex II (Glossary) at this [link](#).

**Do you agree that the proposed Amended ESRS strikes an appropriate balance between the need for significant simplification and meeting the core objectives of the European Green Deal?**

	I agree	I partially agree and partially disagree	I disagree
ESRS 1			
ESRS 2			
ESRS E1			
ESRS E2			
ESRS E3			
ESRS E4			
ESRS E5			
ESRS S1			
ESRS S2			
ESRS S3			
ESRS S4			
ESRS G1			
Glossary			

Please provide comments regarding ESRS 1 below

Please provide comments regarding ESRS 2 below

Please provide comments regarding ESRS E1 below

Please provide comments regarding ESRS E2 below

Please provide comments regarding ESRS E3 below

Please provide comments regarding ESRS E4 below

Please provide comments regarding ESRS E5 below

Please provide comments regarding ESRS S1 below

Please provide comments regarding ESRS S2 below

Please provide comments regarding ESRS S3 below

Please provide comments regarding ESRS S4 below

Please provide comments regarding ESRS G1 below

Please provide comments regarding the Glossary below



#### 48. 34. Any other comments

##### Please provide here any other comments on the 12 EDs or on the Glossary

We suggest EFRAG addresses the ESRS 1 principles in calculating metrics based on data from associates and joint ventures. This would include:

- whether the financial effects reflect the group's exposure and benefits from sustainability-related risks and opportunities in associates and joint ventures
- whether joint ventures accounted for using the proportionate consolidation method are own operations or not
- clarifying leases where it will be the contractual terms that determine the extent to which the lessee is exposed to costs/losses or benefits from risks and opportunities linked to the leased asset
- clarifying in ESRS 1.71 that only assets in defined benefit plans should be considered.

We also note that the wording "usually" in ESRS 1.59 may lead to uncertainty in setting the reporting boundaries. According to the rationale, it has been added in relation to the exceptions and other provisions in paragraphs 60 and 69. Therefore, rather than using "usually", it could be stated that these are exceptions in ESRS 1.59.

On another note, we suggest EFRAG and the EC invest in developing ESRS reporting practices, such as "lessons learnt from reporters" as this would promote good practices and share experiences between stakeholders.

Lastly, we suggest EFRAG carefully considers the language used in the "Basis for Conclusion" when explaining an amendment in the ESRS. This because the current use of "clarified" has risen questions with the first time reporters as to whether these clarifications should be viewed as part of the intent of the original provisions and can be applied even to the current ESRS version. Alternatively, EFRAG and the EC could issue a joint communication on what wave 1 stakeholders, preparers particularly can and cannot use from the real clarifications of the ESRS.

#### 5. Part 3: Detailed feedback at level of DR or paragraph of the ED (optional)

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The survey allows to provide comments and suggestions at chapter / DR level or at paragraph level

When responding on Part 3 you will have the possibility to provide comments at paragraph level, in addition to commenting at DR (Chapter of ESRS 1) level. If you intend to provide comments at paragraph level, you are invited to do so by using the [provided Excel Template](#) (XLSX file). Please upload the filled in Excel Template in the designated box at the end of the survey. Be aware that comments provided in a different format than the provided template will create technical issues and EFRAG may not be able to process them.

Select at which level you would like to provide comments:

Comments at chapter or DR level

Please select the ESRS standards on which you would like to provide comments at chapter or DR level

#### 6. Part 3: ESRS 1

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Overall agreement on the proposed amendments to the revised ESRS 1 text

You can access the Exposure Drafts of the Amended ESRS at this [link](#)

In case you would like to see the rationale behind the amendments, you can access the Log of Amendments at this [link](#)

Do you agree that the proposed Amended ESRS strikes an appropriate balance between the need for significant simplification and meeting the core objectives of the European Green Deal?

If you would like to comment at paragraph level, you are invited to do so by using the provided XLSX template at the end of the chapters / DRs level part.

Do you agree with the amendments of this chapter?

## 1. ESRS Standards, reporting areas and drafting conventions

### 1.1. ESRS standards, reporting areas and entity-specific disclosures

7. The undertaking shall apply this Standard in conjunction with [Draft] Amended ESRS 2 *General disclosures* (both referred to as ‘cross-cutting standards’) and with topical standards. The requirements of this Standard are accompanied by mandatory Application Requirements (ARs), presented at the end of each chapter.
8. (7 amended) [Draft] Amended ESRS 2 *General disclosures* establishes Disclosure Requirements (DRs) on the information that the undertaking shall provide for **topics** related to material **impacts**, **risks** and **opportunities** on the reporting areas of (i) governance, strategy, impact, risk and opportunity management, as well as (ii) **policies**, **actions**, **targets** and **metrics**.
9. (8 amended) Topical standards address **topics** and sub-topics and reflect the same reporting areas as [Draft] Amended ESRS 2 *General disclosures*. The table in Appendix A *List of topics* provides an overview of the **topics** and sub-topics covered by topical ESRS.
10. (11) If the undertaking concludes that a **topic** related to one or more material **impacts**, **risks** or **opportunities** is not covered, or not covered with sufficient granularity by an ESRS, it shall provide additional entity-specific disclosures on that topic. This may be the case due to sectorial specificities and/or other facts and circumstances relevant to the undertaking itself. Depending on the undertaking’s facts and circumstances, there may be topics other than those covered in ESRS topical requirements that the undertaking shall cover, following its **materiality** assessment, such as where its **business model** and strategy are associated with material impacts, risks and opportunities that do not correspond to the ESRS topics.
11. When developing its entity-specific disclosures, the undertaking shall consider comparability over time and with other undertakings that operate in the same sector(s). For this purpose, it may use available best practices and/or available frameworks or reporting standards, such as IFRS industry-based guidance and GRI Sector Standards.

#### APPLICATION REQUIREMENTS – ARs

AR 1 for para. 11 (Entity-Specific Disclosures)	(AR 2) When developing entity-specific disclosures, the undertaking shall ensure they:  (a) meet the qualitative characteristics of information as set out in Chapter 2; and  (b) include material information related to the reporting areas of governance, strategy, <b>impact</b> , <b>risk</b> and <b>opportunity</b> management (i.e. <b>policies</b> and <b>actions</b> ), and <b>metrics</b> and <b>targets</b> (see [Draft] Amended ESRS 2).
AR 2 for para. 11 (Entity-Specific Disclosures)	(AR 3) When determining the usefulness of <b>metrics</b> for inclusion in its entity-specific disclosures, the undertaking shall consider whether:  (a) its chosen performance metrics provide relevant information about the material <b>impacts</b> , <b>risks</b> and <b>opportunities</b> ;  (b) the measurement does not involve an excessive number of assumptions and unknowns that would render the metrics too arbitrary to provide a faithful representation; and  (c) it has provided sufficient contextual information.

### 1.2. Drafting conventions

12. (14) In all ESRS, the terms:
- (a) **‘impacts’** refer to actual and potential, positive and negative impacts; and
  - (b) **‘risks’** and **‘opportunities’** refer to the undertaking’s financial risks and opportunities, including those deriving from the undertaking’s **impacts** and **dependencies** on natural, human and social resources, as identified through a **financial materiality** assessment (see Chapter 3.3.2).
13. (15) Throughout the ESRS, the terms that are defined in the Glossary of Definitions (Annex II of Delegated Regulation (EU) 2023/2772) are denoted in **bold italic**, except when a defined term is used more than once in the same paragraph.
14. (16) The structure of information in ESRS is based on DRs, which consists of one or more distinct datapoints. They are introduced by the term ‘shall disclose’ to indicate that the provision is prescribed, subject to **materiality** of information (see Chapter 3.1).
15. (17) In addition to DRs per se, [Draft] Amended ESRS 2 *General disclosures* and topical standards contain mandatory ‘Application Requirements’ relating to DRs, included within boxed text. Its content supports the preparation of information and/or disclosures that meet the qualitative characteristics of information (see Appendix B) and has the same authority as other parts of a standard. ARs also include text where the term ‘shall consider’ is used to indicate issues, resources or methodologies that the undertaking is expected to take into account or to use in the preparation of a given disclosure. They also include presentation options, indicating that a given piece of information may be provided in a tabular form or in narrative text, or other types of options.

Please provide general comments on the DR below. When providing specific comments on paragraph level, please use the Excel Template instead

Do you agree with the amendments of this chapter?

### 1.1. ESRS standards, reporting areas and entity-specific disclosures

7. The undertaking shall apply this Standard in conjunction with [Draft] Amended ESRS 2 *General disclosures* (both referred to as ‘cross-cutting standards’) and with topical standards. The requirements of this Standard are accompanied by mandatory Application Requirements (ARs), presented at the end of each chapter.
8. (7 amended) [Draft] Amended ESRS 2 *General disclosures* establishes Disclosure Requirements (DRs) on the information that the undertaking shall provide for **topics** related to material **impacts, risks** and **opportunities** on the reporting areas of (i) governance, strategy, impact, risk and opportunity management, as well as (ii) **policies, actions, targets** and **metrics**.
9. (8 amended) Topical standards address **topics** and sub-topics and reflect the same reporting areas as [Draft] Amended ESRS 2 *General disclosures*. The table in Appendix A *List of topics* provides an overview of the **topics** and sub-topics covered by topical ESRS.
10. (11) If the undertaking concludes that a **topic** related to one or more material **impacts, risks** or **opportunities** is not covered, or not covered with sufficient granularity by an ESRS, it shall provide additional entity-specific disclosures on that topic. This may be the case due to sectorial specificities and/or other facts and circumstances relevant to the undertaking itself. Depending on the undertaking’s facts and circumstances, there may be topics other than those covered in ESRS topical requirements that the undertaking shall cover, following its **materiality** assessment, such as where its **business model** and strategy are associated with material impacts, risks and opportunities that do not correspond to the ESRS topics.
11. When developing its entity-specific disclosures, the undertaking shall consider comparability over time and with other undertakings that operate in the same sector(s). For this purpose, it may use available best practices and/or available frameworks or reporting standards, such as IFRS industry-based guidance and GRI Sector Standards.

#### APPLICATION REQUIREMENTS – ARs

AR 1 for para. 11 (Entity-Specific Disclosures)	(AR 2) When developing entity-specific disclosures, the undertaking shall ensure they:  (a) meet the qualitative characteristics of information as set out in Chapter 2; and  (b) include material information related to the reporting areas of governance, strategy, <b>impact, risk</b> and <b>opportunity</b> management (i.e. <b>policies</b> and <b>actions</b> ), and <b>metrics</b> and <b>targets</b> (see [Draft] Amended ESRS 2).
AR 2 for para. 11 (Entity-Specific Disclosures)	(AR 3) When determining the usefulness of <b>metrics</b> for inclusion in its entity-specific disclosures, the undertaking shall consider whether:  (a) its chosen performance metrics provide relevant information about the material <b>impacts, risks</b> and <b>opportunities</b> ;  (b) the measurement does not involve an excessive number of assumptions and unknowns that would render the metrics too arbitrary to provide a faithful representation; and  (c) it has provided sufficient contextual information.

Please provide general comments on the DR below. When providing specific comments on paragraph level, please use the Excel Template instead

Do you agree with the amendments of this chapter?

### 1.2. Drafting conventions

12. (14) In all ESRS, the terms:
  - (a) **impacts** refer to actual and potential, positive and negative impacts; and
  - (b) **‘risks’** and **‘opportunities’** refer to the undertaking’s financial risks and opportunities, including those deriving from the undertaking’s **impacts** and **dependencies** on natural, human and social resources, as identified through a **financial materiality** assessment (see Chapter 3.3.2).
13. (15) Throughout the ESRS, the terms that are defined in the Glossary of Definitions (Annex II of Delegated Regulation (EU) 2023/2772) are denoted in **bold italic**, except when a defined term is used more than once in the same paragraph.
14. (16) The structure of information in ESRS is based on DRs, which consists of one or more distinct datapoints. They are introduced by the term ‘shall disclose’ to indicate that the provision is prescribed, subject to **materiality** of information (see Chapter 3.1).
15. (17) In addition to DRs per se, [Draft] Amended ESRS 2 *General disclosures* and topical standards contain mandatory ‘Application Requirements’ relating to DRs, included within boxed text. Its content supports the preparation of information and/or disclosures that meet the qualitative characteristics of information (see Appendix B) and has the same authority as other parts of a standard. ARs also include text where the term ‘shall consider’ is used to indicate issues, resources or methodologies that the undertaking is expected to take into account or to use in the preparation of a given disclosure. They also include presentation options, indicating that a given piece of information may be provided in a tabular form or in narrative text, or other types of options.

Please provide general comments on the DR below. When providing specific comments on paragraph level, please use the Excel Template instead

Do you agree with the amendments of this chapter?

## 2. Fair presentation and qualitative characteristics of information

16. Fair presentation requires disclosure of relevant information that meets the conditions in paragraph 21, about the undertaking's material **impacts**, **risks** and **opportunities** in accordance with Chapter 3, and their faithful representation in accordance with the requirements set out in this Standard.
17. Applying the ESRS is presumed to result in a **sustainability statement** that achieves a fair presentation.
18. Fair presentation requires the undertaking to apply the qualitative characteristics of information, as defined and described in Appendix B, i.e.:
- (a) relevance and faithful representation (fundamental characteristics); and
  - (b) comparability, verifiability and understandability (enhancing characteristics).
19. To achieve faithful presentation, the undertaking shall provide information that meets the conditions in paragraph 21 and that is necessary for a complete, neutral and accurate depiction of its material **impacts**, **risks** and **opportunities**.

Please provide general comments on the DR below. When providing specific comments on paragraph level, please use the Excel Template instead

Do you agree with the amendments of this chapter?

## 3. Double materiality as the basis for sustainability reporting

20. (21) The undertaking shall report on **topics** based on the **double materiality** principle as defined in paragraph 3 and explained in this Chapter.

### 3.1. Materiality of information as a general filter for reported information

21. The **sustainability statement** shall include material information. Information is material when:
- (a) omitting, misstating or obscuring that information could reasonably be expected to influence decisions that primary **users** of general purpose financial reports make based on those reports, including financial statements and the sustainability statement; or
  - (b) it is necessary for users of general purpose sustainability statements to understand the undertaking's material **impacts**, **risks** and **opportunities** and how it identifies and manages them.

#### APPLICATION REQUIREMENTS – ARs

AR 3 for para. 21	The term 'general purpose' refers to interests and viewpoints assessed based on groups of <b>users</b> .
AR 4 for para. 21	<p>Material <b>impacts</b>, <b>risks</b> and <b>opportunities</b> identified under the <b>double materiality</b> principle and therefore reported on in the <b>sustainability statement</b> are understood to be the same as the undertaking's principal impacts, risks and opportunities referred to in the CSRD (Directive (EU) 2022/2464).</p> <p>Some existing standards and frameworks also use the term 'most significant impacts' when referring to the threshold used to identify the impacts that are described in the ESRS as 'material impacts'.</p>

### 3.2. Interaction between topics to be reported and material impacts, risks and opportunities

22. The undertaking shall report on a given **topic** when the topic relates to one or more material **impacts**, **risks** and **opportunities**, as identified through its **double materiality** assessment. The information shall be presented either at topical level or at impacts, risks and opportunities level, depending on what provides the most relevant information, such as reflecting their nature or the way they are managed (refer to the general requirement on level of disaggregation in Chapter 3.7).
23. The ESRS are structured on the basis of 10 topical standards. Each topical standard covers a number of related **topics** and is organised as a series of DRs. The topics addressed in the ESRS topical standards are set out in Appendix A. In addition, paragraph 10 requires the undertaking to report on entity-specific material topics related to one or several material **impacts**, **risks** and **opportunities** that are not covered, or not sufficiently covered, by these topical standards (refer to AR 21 for the application of this requirement when only a sub-topic is material).

### 3.3. Double materiality assessment

24. (25) Performing a **materiality** assessment (see Chapters 3.3.1 and 3.3.2) is necessary to identify the undertaking's material **impacts**, **risks** and **opportunities** and the related **topics** to be reported.
25. (37, 38, 39 amended) **Double materiality** has two dimensions: **impact materiality** and **financial materiality**, which are interrelated. These interdependencies shall be considered in the assessment. An **impact** may be financially material from inception or become financially material when it could reasonably be expected to affect the undertaking's financial position, financial performance, cash flows, its access to finance or cost of capital over the short, medium or long term. **Impacts** are captured by the impact materiality perspective irrespective of whether or not they are financially material.

26. In general, the starting point is the assessment of **impacts**, although there may also be **material risks** and **opportunities** that are not related to the undertaking's impacts.
27. The following are usual internal and external sources of evidence and information that the undertaking may use in conducting a **materiality** assessment: the undertaking's sustainability due diligence and risk management processes; engagement with affected **stakeholders**; industry and peer group experience; external ratings, reports and statistics and scientific data; experts' engagement.
28. (42 amended) When applying the criteria set under Chapters 3.3.1 and 3.3.2, the undertaking shall set appropriate qualitative and/or quantitative thresholds to determine which **impacts, risks** and **opportunities** are identified and assessed by the undertaking as material and, as a result, to determine the **topics** to be reported (refer to AR 17 for the option to adopt a top-down approach in performing the double **materiality** assessment).
29. The undertaking shall update the conclusions of the **materiality** assessments conducted in the previous reporting periods to take into account changed circumstances and/or assumptions. Because of changes in its individual circumstances or in the external environment, some types of information included in its ESRS **sustainability statement** for prior periods might no longer be material; conversely, some types of information not previously disclosed might become material.

### 3.3.1. Impact materiality assessment

30. (43 amended) The **impact materiality** assessment corresponds to the identification of information that relates to the undertaking's material actual or potential, positive or negative **impacts** on people or the environment over the short, medium or long term. Impacts include those connected with its own operations, products, or services, including through **business relationships** in its upstream and downstream **value chain**. Business relationships are not limited to direct contractual relationships.
31. For actual negative **impacts, materiality** shall be based on the severity of the impact. For potential negative impacts, it shall be based on a combination of the severity and likelihood of the impact. Severity shall be based on the following factors: the scale, scope and irremediable character of the impact. In the case of a potential negative human rights **impact**, the severity of the impact takes precedence over its likelihood.
32. (46) For actual positive **impacts, materiality** shall be based on the scale and scope of the impact, while for **potential impacts** on the basis of scale, scope and likelihood of the impact.
33. The results of the engagement with affected **stakeholders** provides a key input to the **impact materiality** assessment. Such engagement is central to the ongoing sustainability due diligence. Affected stakeholders are individuals or groups whose interests are affected or could be affected – positively or negatively – by the undertaking's activities and its direct and indirect **business relationships** across its upstream and downstream **value chain**.
34. When assessing the **materiality** of actual negative **impacts**—those that occurred during the reporting year or in prior years—the severity of the impact shall be evaluated in light of the outcomes of any mitigation or prevention measures implemented before the impact occurred. **Actual impacts** in the reporting period include both newly arisen impacts and those persisting from previous periods. If the undertaking has taken **remediation actions** during the reporting period to address actual negative impacts, these actions shall not be considered when assessing the materiality of the impact. Where the impact is deemed material based on this assessment, the undertaking shall disclose the remediation actions undertaken and their expected or actual outcomes.

35. When supportable evidence exists that mitigation or prevention **actions** taken reduce the severity and/or likelihood of potential negative **impacts** (i.e. those that could occur in the future), the effect of these actions is taken into account in assessing the **materiality** of the impacts. However, if the undertaking needs to maintain significant ongoing mitigation and/or prevention actions, in order to contain the severity and/or likelihood of occurrence of the potential impact below a materiality level, the impact shall be assessed without taking into account the mitigation and/or prevention actions. Future **remediation** actions and policies are not considered in the materiality assessment of **potential impacts**.
36. The undertaking's **positive impacts** shall be assessed in their own right and shall not be netted off against its negative **impacts**. The results of the undertaking's mitigation or **remediation actions** on negative impacts caused by or contributed to by its compliance with law and regulation are not positive impacts. However, if its business activities, products and services mitigate or remediate negative impacts of another party, this is considered a positive impact of the undertaking.

#### APPLICATION REQUIREMENTS – ARs

<p>AR 5 for para. 30</p> <p>(Steps of impact materiality assessment)</p>	<p>(AR 9) The undertaking shall consider the following steps in the <b>impact materiality assessment</b> process, but it may implement either a top-down or bottom-up approach, as described in AR 17 below, through:</p> <ul style="list-style-type: none"> <li>(a) understanding the context in relation to its <b>impacts</b>, including its activities, <b>business relationships</b>, and <b>stakeholders</b>;</li> <li>(b) identifying actual and <b>potential impacts</b> (both negative and positive); and</li> <li>(c) assessing the <b>materiality</b> of actual and potential impacts and determining the <b>topics</b> to be reported. In this step, the undertaking shall adopt thresholds to determine which impacts will be covered in its <b>sustainability statement</b>.</li> </ul>
<p>AR 6 for para. 30</p> <p>(Impacts connected with the undertaking)</p>	<p>(AR 12) The following are two examples of impacts that are connected with the undertaking:</p> <ul style="list-style-type: none"> <li>(a) if the undertaking uses cobalt in its products, which is mined by using children labour, the negative <b>impact</b> that arises from <b>child labour</b> (i.e. impact on the health and well-being of children) is connected with the undertaking's products through the tiers of <b>business relationships</b> in its upstream <b>value chain</b>. These business relationships include the undertaking's <b>suppliers</b> and their workers, smelter and minerals trader and the mining enterprise that uses <b>child labour</b>; and</li> <li>(b) if the undertaking provides financial loans to an undertaking for business activities that, in breach of agreed environmental standards, result in the contamination of water and land surrounding the operations, this negative <b>impact</b> is connected with the undertaking through its relationship with the undertaking it provides the loans to.</li> </ul>



AR 12 for paras. 34/35  (Assessing actual and potential impacts for materiality)	In this context, the reference to <b>actions</b> taken shall be understood to also include aspects of the corresponding implemented <b>policies</b> , as policies are implemented through actions.
AR 13 for para. 34  (Assessing actual and potential impacts for materiality)	If <b>potential impacts</b> are assessed as material, disclosing significant planned or ongoing/ implemented <b>remediation actions</b> – if any – and their expected effects shall be considered material information that needs to be reported in accordance with DRs on actions and [Draft] Amended ESRS 2 GDR-A.

### 3.3.2. Financial materiality assessment

37. (48) The **financial materiality** assessment corresponds to the identification of information that is considered material for primary **users** of general purpose financial reports in making decisions relating to providing resources to the undertaking. In particular, information is considered material for primary **users** of general purpose financial reports if omitting, misstating or obscuring that information could reasonably be expected to influence decisions that they make on the basis of its **sustainability statement**.
38. (47 and 49) The scope of **financial materiality** for sustainability reporting is an expansion of the scope of **materiality** used in the process of determining which information shall be included in the undertaking's financial statement. The financial materiality of a **topic** is not constrained to topics that are within the control of the undertaking but includes information on **material risks** and **opportunities** attributable to **business relationships** beyond the scope of consolidation used in the preparation of financial statements.
39. (49) A **topic** shall be reported from a financial perspective if it triggers or could reasonably be expected to trigger material **financial effects** on the undertaking. This is the case when the **risks** or **opportunities** related to a topic have or could reasonably be expected to have a material influence on its development, financial position, financial performance, cash flows, access to finance or cost of capital over the short, medium or long term. Risks and opportunities may derive from past or future events.
40. (50 amended) **Material risks** and **opportunities** derive from the undertaking's:
- (a) material **impacts**, as identified through the **impact materiality** assessment;
  - (b) **dependencies** on natural, human and social resources; and
  - (c) other factors, such as exposure to climate hazards or changes in regulation that address **systemic risks**.
41. (40) The undertaking shall consider how it is affected by its **dependencies**, irrespective of its **potential impacts** on those resources. Dependencies may influence its ability to continue to use or obtain the resources needed in business processes, as well as the quality and pricing of those resources, and the ability to rely on relationships needed in its business processes on acceptable terms.
42. (51) The **materiality** of **risks** and **opportunities** is assessed based on a combination of the likelihood of occurrence and the potential magnitude of the **financial effects**.

## APPLICATION REQUIREMENTS – ARs

AR 14 for para. 42 (Identification of risks and opportunities, likelihood and magnitude)	In the identification of <i>risks</i> and <i>opportunities</i> , the undertaking shall consider its <i>dependencies</i> as sources of <i>financial effects</i> , either in terms of cash flows or in terms of resources not recognised in financial statements.
AR 15 for para. 42 (Identification of risks and opportunities, likelihood and magnitude)	(AR 15) In assessing <i>risks</i> and <i>opportunities</i> for <i>materiality</i> , the undertaking shall consider their contribution to <i>financial effects</i> in the short, medium and long term based on: <ul style="list-style-type: none"> <li>(a) <i>scenarios</i>/forecasts that are deemed likely to materialise; and</li> <li>(b) <i>anticipated financial effects</i> that are not (or are not yet) reflected in financial statements and that arise from material impacts, risks and opportunities and related <i>topics</i>. This may derive from situations that do not yet lead to the recognition of assets/liabilities, or income/expenses, in financial statements, in accordance with the accounting recognition criteria.</li> </ul>
AR 16 for para. 42 (Identification of risks and opportunities)	Internal risk management processes are a critical source of input for the <i>materiality</i> assessment of <i>risks</i> . Leveraging them contributes to the consistency of financial and sustainability reporting.

### 3.4. Material impacts or risks arising from actions to address other topics

43. (52) The undertaking's *materiality* assessment may lead to the identification of situations in which its *actions* to address certain *impacts* or *risks*, or to benefit from certain *opportunities* in relation to a *topic*, might have negative material impacts or cause *material risks* in relation to one or more other topics.
44. (53) In such situations, the undertaking (Chapter 9.2 applies):
- (a) discloses under the other *topic* the negative material impacts or *material risks* together with the *actions* that cause them, with a cross-reference to the related topic; and
  - (b) provides a description of how the material negative *impacts* or material *risks* are addressed under the *topic* to which they relate.

### 3.5 Practical considerations in determining the material impacts, risks and opportunities and their related topics to be reported

45. In conducting its *double materiality* assessment, the undertaking is expected to:
- (a) focus the assessment of the undertaking's own operations and upstream and downstream *value chains* on areas where material *impacts*, *risks* and *opportunities* are deemed likely to arise based on the *business model*, the nature of the activities, *business relationships*, geographies or other factors; and
  - (b) use reasonable and supportable evidence to estimate the levels of severity and likelihood of impacts and the likelihood and magnitude of *financial effects* of risks and opportunities.
46. The undertaking is not required to assess every possible *impact*, *risk* and *opportunity* across all areas of its operations and upstream and downstream *value chains* to identify the *topics* to be reported.

47. To identify material **impacts, risks** and **opportunities**, the undertaking shall use reasonable and supportable information that is available without undue cost or effort (see Chapter 7.3). Information that is used by the undertaking in preparing its financial statements, operating its **business model**, setting its strategy, conducting its sustainability due diligence, and managing its impacts, risks and opportunities is considered available to the undertaking without undue cost or effort.
48. The undertaking may avoid unnecessary complexity:
- (a) by starting from the **topics** or sub-topics for which a conclusion on the **materiality** of its **impacts, risks** and **opportunities** can be derived on the basis of its **business model**, upstream and downstream **value chain**, peer analysis and the strategic and business priorities, and therefore no further investigation is necessary to include or exclude them from the **sustainability statement**; and
  - (b) by subsequently addressing **topics** or sub-topics related to other **impacts, risks** and opportunities, noting that for those likely to be material, a limited further assessment may be sufficient.

#### APPLICATION REQUIREMENTS – ARs

<b>AR 17 for para. 48(a)</b>  <b>(Practical considerations)</b>	<p>The undertaking may adopt a top-down or a bottom-up approach to perform its <b>materiality</b> assessment.</p> <p>In the top-down approach, the undertaking starts from the <b>topic</b> (topic or when appropriate sub-topic in Appendix A or entity-specific topic) unless an assessment at the individual level of <b>impacts, risks</b> and <b>opportunities</b> is needed to conclude on their <b>materiality</b>. Once the undertaking concludes on the necessity to report on a topic, it needs to identify the related material <b>impacts, risks</b> and <b>opportunities</b>, which will be presented in accordance with [Draft] Amended ESRS 2 IRO-2.</p> <p>In the bottom-up approach, the starting point is the level of material potential <b>impacts, risks</b> and <b>opportunities</b>, which are assessed for <b>materiality</b>. Once identified as material, they are aggregated into <b>topic(s)</b> for reporting purposes, unless not appropriate.</p> <p>Adopting a top-down approach may be more pragmatic and reduce the complexity of the <u>process, and</u> is expected to lead to the same outcome of the <b>materiality</b> assessment as the bottom-up approach.</p>
<b>AR 18 for para. 48</b>  <b>(Practical considerations)</b>	<p>Unless more investigation is necessary to be able to determine that an impact, risk, or opportunity is material, the undertaking does not need:</p> <ul style="list-style-type: none"> <li>(a) to analyse every time horizon for all <b>impacts, risks</b> and <b>opportunities</b>;</li> <li>(b) (for impacts) to analyse separately each characteristic of severity (see Chapter 3.3.1).</li> </ul>
<b>AR 19 for para. 48</b>  <b>(Practical considerations)</b>	<p>The use of quantitative information or quantitative scoring is not required in all cases. A qualitative analysis may be sufficient for the undertaking to reasonably conclude that the <b>impacts, risks</b> and <b>opportunities</b> related to a given <b>topic</b> are material or not material.</p>

47. To identify material **impacts, risks** and **opportunities**, the undertaking shall use reasonable and supportable information that is available without undue cost or effort (see Chapter 7.3). Information that is used by the undertaking in preparing its financial statements, operating its **business model**, setting its strategy, conducting its sustainability due diligence, and managing its impacts, risks and opportunities is considered available to the undertaking without undue cost or effort.
48. The undertaking may avoid unnecessary complexity:
- (a) by starting from the **topics** or sub-topics for which a conclusion on the **materiality** of its **impacts, risks** and **opportunities** can be derived on the basis of its **business model**, upstream and downstream **value chain**, peer analysis and the strategic and business priorities, and therefore no further investigation is necessary to include or exclude them from the **sustainability statement**; and
  - (b) by subsequently addressing **topics** or sub-topics related to other **impacts, risks** and opportunities, noting that for those likely to be material, a limited further assessment may be sufficient.

#### APPLICATION REQUIREMENTS – ARs

<b>AR 17 for para. 48(a)</b>  <b>(Practical considerations)</b>	<p>The undertaking may adopt a top-down or a bottom-up approach to perform its <b>materiality</b> assessment.</p> <p>In the top-down approach, the undertaking starts from the <b>topic</b> (topic or when appropriate sub-topic in Appendix A or entity-specific topic) unless an assessment at the individual level of <b>impacts, risks</b> and <b>opportunities</b> is needed to conclude on their <b>materiality</b>. Once the undertaking concludes on the necessity to report on a topic, it needs to identify the related material <b>impacts, risks</b> and <b>opportunities</b>, which will be presented in accordance with [Draft] Amended ESRS 2 IRO-2.</p> <p>In the bottom-up approach, the starting point is the level of material potential <b>impacts, risks</b> and <b>opportunities</b>, which are assessed for <b>materiality</b>. Once identified as material, they are aggregated into <b>topic(s)</b> for reporting purposes, unless not appropriate.</p> <p>Adopting a top-down approach may be more pragmatic and reduce the complexity of the <u>process, and</u> is expected to lead to the same outcome of the <b>materiality</b> assessment as the bottom-up approach.</p>
<b>AR 18 for para. 48</b>  <b>(Practical considerations)</b>	<p>Unless more investigation is necessary to be able to determine that an impact, risk, or opportunity is material, the undertaking does not need:</p> <ul style="list-style-type: none"> <li>(a) to analyse every time horizon for all <b>impacts, risks</b> and <b>opportunities</b>;</li> <li>(b) (for impacts) to analyse separately each characteristic of severity (see Chapter 3.3.1).</li> </ul>
<b>AR 19 for para. 48</b>  <b>(Practical considerations)</b>	<p>The use of quantitative information or quantitative scoring is not required in all cases. A qualitative analysis may be sufficient for the undertaking to reasonably conclude that the <b>impacts, risks</b> and <b>opportunities</b> related to a given <b>topic</b> are material or not material.</p>

### 3.6. Determining the information to be reported in accordance with [Draft] Amended ESRS 2 and topical standards

49. The **sustainability statement** shall include general material information in accordance with [Draft] Amended ESRS 2 and, when necessary, on an entity-specific basis.
50. (30 amended) In addition, in accordance with paragraph 22, it shall include topical material information by:
- (a) applying the provisions in [Draft] Amended ESRS 2 GDR-P, GDR-A, GDR-M, and GDR-T when reporting on material information about **policies, actions, metrics and targets**;
  - (b) disclosing material information in accordance with the DRs (including ARs) related to that specific topic or sub-topic in the corresponding topical ESRS; and
  - (c) disclosing any material entity-specific information (see paragraph 10 and related ARs).

#### APPLICATION REQUIREMENTS – ARs

AR 20 for paras. 49 and 50  [Draft] Amended ESRS 2 datapoints and GDR-P, GDR-A, GDR-M, GDR-T	The DRs in [Draft] Amended ESRS 2 (including GDR-P, GDR-A, GDR-M, GDR-T) are fundamental in nature and therefore likely to result in material information for all undertakings.
AR 21 For para. 50  (Determining the information to be reported at sub-topic level)	When a material <b>impact, risk</b> or <b>opportunity</b> relates to a particular sub- <b>topic</b> , the undertaking needs only to report the material information related to that sub-topic within the relevant topical standard.

### 3.7. Level of aggregation, disaggregation and group reporting

51. The undertaking shall aggregate or disaggregate the reported information to reflect the level at which significant variations of material **impacts, risks** or **opportunities** arise, such as by **topic**, sector, subsidiary, country, **location**, water basin, **site**, asset or other appropriate level of aggregation/disaggregation. (54 amended). In doing so, the undertaking shall consider relevant facts and circumstances in line with its **materiality** assessment to determine the appropriate level of aggregation.
52. (56 amended) The undertaking shall ensure that the level of aggregation and disaggregation does not obscure information that is material.
53. (102) When the undertaking is reporting at a consolidated level, it shall perform its assessment of material **impacts, risks** and **opportunities** for the entire consolidated group regardless of its group's legal structure. It shall ensure that all subsidiaries are covered in a way that allows for the unbiased identification of material impacts, risks and opportunities at group level.

#### APPLICATION REQUIREMENTS – ARs

AR 22 for para. 51	Information on material <b>impacts, risks</b> and <b>opportunities</b> related to specific <b>locations</b> may be appropriately aggregated where they share common characteristics and the activities to which they are associated with affect the same ecological area – such as water basin, region, ecosystem, or landscape. The appropriate level of aggregation or disaggregation shall not obscure systemic interactions or specific local drivers of impacts.
AR 23 for para. 52	The undertaking shall consider disaggregating reported information by <b>location</b> —such as by <b>site</b> , water basin or local ecosystem—when material <b>impacts, risks</b> or <b>opportunities</b> are highly dependent on local context, in line with [Draft] Amended ESRS 1 paragraph 51.
AR 24 for para. 52	(103) Where the undertaking identifies significant differences between material <b>impacts, risks</b> or <b>opportunities</b> at group level and material impacts, risks or opportunities of one or more of its subsidiaries, it shall disaggregate and present information in a way that allows an adequate understanding of the impacts, risks and opportunities, as appropriate, of the subsidiary or subsidiaries concerned. Conversely, if a material impact, risk or opportunity determined at group level is not relevant for all subsidiaries or activities in a group, the information can be provided at a disaggregated level reflecting only the activities for which the impact, risk or opportunity is relevant.
AR 25 for para. 52	Information may be obscured where an inappropriate level of aggregation could be reasonably expected to influence the decision of primary <b>users</b> of general purpose financial statements and/or the ability of users of general purpose <b>sustainability statements</b> to understand the undertaking's <b>impacts</b> . An inappropriate level of aggregation of impacts, <b>risks</b> and <b>opportunities</b> may result from aggregating those which do not have shared characteristics or disaggregating those which have shared characteristics. Information may also be obscured as a result of material information being hidden by immaterial information.

Do you agree with the amendments of this chapter?

### 3.1. Materiality of information as a general filter for reported information

21. The **sustainability statement** shall include material information. Information is material when:

- (a) omitting, misstating or obscuring that information could reasonably be expected to influence decisions that primary **users** of general purpose financial reports make based on those reports, including financial statements and the sustainability statement; or
- (b) it is necessary for users of general purpose sustainability statements to understand the undertaking's material **impacts, risks and opportunities** and how it identifies and manages them.

#### APPLICATION REQUIREMENTS – ARs

AR 3 for para. 21	The term 'general purpose' refers to interests and viewpoints assessed based on groups of <b>users</b> .
AR 4 for para. 21	<p>Material <b>impacts, risks</b> and <b>opportunities</b> identified under the <b>double materiality</b> principle and therefore reported on in the <b>sustainability statement</b> are understood to be the same as the undertaking's principal impacts, risks and opportunities referred to in the CSRD (Directive (EU) 2022/2464).</p> <p>Some existing standards and frameworks also use the term 'most significant impacts' when referring to the threshold used to identify the impacts that are described in the ESRS as 'material impacts'.</p>

Please provide general comments on the DR below. When providing specific comments on paragraph level, please use the Excel Template instead

Do you agree with the amendments of this chapter?

### 3.2. Interaction between topics to be reported and material impacts, risks and opportunities

22. The undertaking shall report on a given **topic** when the topic relates to one or more material **impacts, risks** and **opportunities**, as identified through its **double materiality** assessment. The information shall be presented either at topical level or at impacts, risks and opportunities level, depending on what provides the most relevant information, such as reflecting their nature or the way they are managed (refer to the general requirement on level of disaggregation in Chapter 3.7).
23. The ESRS are structured on the basis of 10 topical standards. Each topical standard covers a number of related **topics** and is organised as a series of DRs. The topics addressed in the ESRS topical standards are set out in Appendix A. In addition, paragraph 10 requires the undertaking to report on entity-specific material topics related to one or several material **impacts, risks** and **opportunities** that are not covered, or not sufficiently covered, by these topical standards (refer to AR 21 for the application of this requirement when only a sub-topic is material).

Please provide general comments on the DR below. When providing specific comments on paragraph level, please use the Excel Template instead

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### 3.3. Double materiality assessment

24. (25) Performing a **materiality** assessment (see Chapters 3.3.1 and 3.3.2) is necessary to identify the undertaking's material **impacts**, **risks** and **opportunities** and the related **topics** to be reported.
25. (37, 38, 39 amended) **Double materiality** has two dimensions: **impact materiality** and **financial materiality**, which are interrelated. These interdependencies shall be considered in the assessment. An **impact** may be financially material from inception or become financially material when it could reasonably be expected to affect the undertaking's financial position, financial performance, cash flows, its access to finance or cost of capital over the short, medium or long term. **Impacts** are captured by the impact materiality perspective irrespective of whether or not they are financially material.
26. In general, the starting point is the assessment of **impacts**, although there may also be **material risks** and **opportunities** that are not related to the undertaking's impacts.
27. The following are usual internal and external sources of evidence and information that the undertaking may use in conducting a **materiality** assessment: the undertaking's sustainability due diligence and risk management processes; engagement with affected **stakeholders**; industry and peer group experience; external ratings, reports and statistics and scientific data; experts' engagement.
28. (42 amended) When applying the criteria set under Chapters 3.3.1 and 3.3.2, the undertaking shall set appropriate qualitative and/or quantitative thresholds to determine which **impacts**, **risks** and **opportunities** are identified and assessed by the undertaking as material and, as a result, to determine the **topics** to be reported (refer to AR 17 for the option to adopt a top-down approach in performing the double **materiality** assessment).
29. The undertaking shall update the conclusions of the **materiality** assessments conducted in the previous reporting periods to take into account changed circumstances and/or assumptions. Because of changes in its individual circumstances or in the external environment, some types of information included in its ESRS **sustainability statement** for prior periods might no longer be material; conversely, some types of information not previously disclosed might become material.

#### 3.3.1. Impact materiality assessment

30. (43 amended) The **impact materiality** assessment corresponds to the identification of information that relates to the undertaking's material actual or potential, positive or negative **impacts** on people or the environment over the short, medium or long term. Impacts include those connected with its own operations, products, or services, including through **business relationships** in its upstream and downstream **value chain**. Business relationships are not limited to direct contractual relationships.
31. For actual negative **impacts**, **materiality** shall be based on the severity of the impact. For potential negative impacts, it shall be based on a combination of the severity and likelihood of the impact. Severity shall be based on the following factors: the scale, scope and irremediable character of the impact. In the case of a potential negative human rights **impact**, the severity of the impact takes precedence over its likelihood.
32. (46) For actual positive **impacts**, **materiality** shall be based on the scale and scope of the impact, while for **potential impacts** on the basis of scale, scope and likelihood of the impact.
33. The results of the engagement with affected **stakeholders** provides a key input to the **impact materiality** assessment. Such engagement is central to the ongoing sustainability due diligence. Affected stakeholders are individuals or groups whose interests are affected or could be affected – positively or negatively – by the undertaking's activities and its direct and indirect **business relationships** across its upstream and downstream **value chain**.

34. When assessing the **materiality** of actual negative **impacts**—those that occurred during the reporting year or in prior years—the severity of the impact shall be evaluated in light of the outcomes of any mitigation or prevention measures implemented before the impact occurred. **Actual impacts** in the reporting period include both newly arisen impacts and those persisting from previous periods. If the undertaking has taken **remediation actions** during the reporting period to address actual negative impacts, these actions shall not be considered when assessing the materiality of the impact. Where the impact is deemed material based on this assessment, the undertaking shall disclose the remediation actions undertaken and their expected or actual outcomes.
35. When supportable evidence exists that mitigation or prevention **actions** taken reduce the severity and/or likelihood of potential negative **impacts** (i.e. those that could occur in the future), the effect of these actions is taken into account in assessing the **materiality** of the impacts. However, if the undertaking needs to maintain significant ongoing mitigation and/or prevention actions, in order to contain the severity and/or likelihood of occurrence of the potential impact below a materiality level, the impact shall be assessed without taking into account the mitigation and/or prevention actions. Future **remediation** actions and policies are not considered in the materiality assessment of **potential impacts**.
36. The undertaking's **positive impacts** shall be assessed in their own right and shall not be netted off against its negative **impacts**. The results of the undertaking's mitigation or **remediation actions** on negative impacts caused by or contributed to by its compliance with law and regulation are not positive impacts. However, if its business activities, products and services mitigate or remediate negative impacts of another party, this is considered a positive impact of the undertaking.

#### APPLICATION REQUIREMENTS – ARs

<p>AR 5 for para. 30</p> <p>(Steps of impact materiality assessment)</p>	<p>(AR 9) The undertaking shall consider the following steps in the <b>impact materiality assessment</b> process, but it may implement either a top-down or bottom-up approach, as described in AR 17 below, through:</p> <ul style="list-style-type: none"> <li>(a) understanding the context in relation to its <b>impacts</b>, including its activities, <b>business relationships</b>, and <b>stakeholders</b>;</li> <li>(b) identifying actual and <b>potential impacts</b> (both negative and positive); and</li> <li>(c) assessing the <b>materiality</b> of actual and potential impacts and determining the <b>topics</b> to be reported. In this step, the undertaking shall adopt thresholds to determine which impacts will be covered in its <b>sustainability statement</b>.</li> </ul>
<p>AR 6 for para. 30</p> <p>(Impacts connected with the undertaking)</p>	<p>(AR 12) The following are two examples of impacts that are connected with the undertaking:</p> <ul style="list-style-type: none"> <li>(a) if the undertaking uses cobalt in its products, which is mined by using children labour, the negative <b>impact</b> that arises from <b>child labour</b> (i.e. impact on the health and well-being of children) is connected with the undertaking's products through the tiers of <b>business relationships</b> in its upstream <b>value chain</b>. These business relationships include the undertaking's <b>suppliers</b> and their workers, smelter and minerals trader and the mining enterprise that uses <b>child labour</b>; and</li> <li>(b) if the undertaking provides financial loans to an undertaking for business activities that, in breach of agreed environmental standards, result in the contamination of water and land surrounding the operations, this negative <b>impact</b> is connected with the undertaking through its relationship with the undertaking it provides the loans to.</li> </ul>

<p>AR 7 for para. 31</p> <p>(Characteristics of severity)</p>	<p>(AR 10) The severity is assessed based on a combination of its factors, i.e. scale, scope and irremediable character. The undertaking shall also take into account the practical considerations mentioned in AR 18(b):</p> <ul style="list-style-type: none"> <li>(a) scale: how serious the negative <i>impact</i> is or how beneficial the positive impact is for people or the environment;</li> <li>(b) scope: how widespread the negative or <i>positive impacts</i> are. In the case of environmental <i>impacts</i>, the scope may be understood as the extent of environmental damage or a geographical perimeter. In the case of impacts on people, the scope may be understood as the number of people adversely affected; and</li> <li>(c) irremediable character: whether and to what extent the negative impacts could be remediated, i.e. restoring the environment or affected people to their prior state.</li> </ul>
<p>AR 8 for para. 31</p> <p>(Characteristics of severity)</p>	<p>(AR 11) Any of the three characteristics (scale, scope and irremediable character) can make a negative <i>impact</i> severe. The undertaking shall also take into account the practical consideration mentioned in AR 18(b).</p>
<p>AR 9 for para. 31</p> <p>(Assessing actual and potential impacts for materiality)</p>	<p>Appendix C provides an overview for assessing actual and <i>potential impacts</i> for <i>materiality</i>.</p>
<p>AR 10 for para. 33</p> <p>(Stakeholders and their relevance to the materiality assessment)</p>	<p>(AR 6) Common categories of affected <i>stakeholders</i> are: <i>employees</i> and/or <i>workers' representatives</i>, <i>suppliers</i>, <i>consumers</i> or <i>end-users</i>, <i>affected communities</i> and persons in vulnerable situations. (AR 7) Nature may be considered a silent affected <i>stakeholder</i>.</p>
<p>AR 11 for para. 33</p> <p>(Stakeholders and their relevance to the materiality assessment)</p>	<p>If the undertaking engages with affected <i>stakeholders</i> as part of its due diligence process to identify, assess and address negative <i>impacts</i>, the results of this engagement will provide a critical input to its <i>materiality</i> assessment, without necessarily putting in place a separate engagement process for the materiality assessment. However, the undertaking may also seek direct input into its materiality assessment from affected stakeholders or their representatives (such as employee representatives or trade unions), as well as <i>users</i> of sustainability reporting and other experts. This includes feedback on the undertaking's conclusions regarding the identification of material impacts, <i>risks</i> and <i>opportunities</i>, as well as regarding the <i>topics</i> to be reported. Under the CSRD, the management of the undertaking shall inform the workers' representatives at the appropriate level and discuss with them the relevant information and the means of obtaining and verifying sustainability information. The <i>workers' representatives'</i> opinion shall be communicated, where applicable, to the relevant <i>administrative, management or supervisory bodies</i>.</p>

AR 12 for paras. 34/35  (Assessing actual and potential impacts for materiality)	In this context, the reference to <b>actions</b> taken shall be understood to also include aspects of the corresponding implemented <b>policies</b> , as policies are implemented through actions.
AR 13 for para. 34  (Assessing actual and potential impacts for materiality)	If <b>potential impacts</b> are assessed as material, disclosing significant planned or ongoing/ implemented <b>remediation actions</b> – if any – and their expected effects shall be considered material information that needs to be reported in accordance with DRs on actions and [Draft] Amended ESRs 2 GDR-A.

### 3.3.2. Financial materiality assessment

37. (48) The **financial materiality** assessment corresponds to the identification of information that is considered material for primary **users** of general purpose financial reports in making decisions relating to providing resources to the undertaking. In particular, information is considered material for primary **users** of general purpose financial reports if omitting, misstating or obscuring that information could reasonably be expected to influence decisions that they make on the basis of its **sustainability statement**.
38. (47 and 49) The scope of **financial materiality** for sustainability reporting is an expansion of the scope of **materiality** used in the process of determining which information shall be included in the undertaking's financial statement. The financial materiality of a **topic** is not constrained to topics that are within the control of the undertaking but includes information on **material risks** and **opportunities** attributable to **business relationships** beyond the scope of consolidation used in the preparation of financial statements.
39. (49) A **topic** shall be reported from a financial perspective if it triggers or could reasonably be expected to trigger material **financial effects** on the undertaking. This is the case when the **risks** or **opportunities** related to a topic have or could reasonably be expected to have a material influence on its development, financial position, financial performance, cash flows, access to finance or cost of capital over the short, medium or long term. Risks and opportunities may derive from past or future events.
40. (50 amended) **Material risks** and **opportunities** derive from the undertaking's:
- (a) material **impacts**, as identified through the **impact materiality** assessment;
  - (b) **dependencies** on natural, human and social resources; and
  - (c) other factors, such as exposure to climate hazards or changes in regulation that address **systemic risks**.
41. (40) The undertaking shall consider how it is affected by its **dependencies**, irrespective of its **potential impacts** on those resources. Dependencies may influence its ability to continue to use or obtain the resources needed in business processes, as well as the quality and pricing of those resources, and the ability to rely on relationships needed in its business processes on acceptable terms.
42. (51) The **materiality** of **risks** and **opportunities** is assessed based on a combination of the likelihood of occurrence and the potential magnitude of the **financial effects**.

### APPLICATION REQUIREMENTS – ARs

AR 14 for para. 42 (Identification of risks and opportunities, likelihood and magnitude)	In the identification of <b>risks</b> and <b>opportunities</b> , the undertaking shall consider its <b>dependencies</b> as sources of <b>financial effects</b> , either in terms of cash flows or in terms of resources not recognised in financial statements.
AR 15 for para. 42 (Identification of risks and opportunities, likelihood and magnitude)	(AR 15) In assessing <b>risks</b> and <b>opportunities</b> for <b>materiality</b> , the undertaking shall consider their contribution to <b>financial effects</b> in the short, medium and long term based on: <ul style="list-style-type: none"> <li>(a) <b>scenarios/forecasts</b> that are deemed likely to materialise; and</li> <li>(b) <b>anticipated financial effects</b> that are not (or are not yet) reflected in financial statements and that arise from material impacts, risks and opportunities and related <b>topics</b>. This may derive from situations that do not yet lead to the recognition of assets/liabilities, or income/expenses, in financial statements, in accordance with the accounting recognition criteria.</li> </ul>
AR 16 for para. 42 (Identification of risks and opportunities)	Internal risk management processes are a critical source of input for the <b>materiality</b> assessment of <b>risks</b> . Leveraging them contributes to the consistency of financial and sustainability reporting.

Please provide general comments on the DR below. When providing specific comments on paragraph level, please use the Excel Template instead

Do you agree with the amendments of this chapter?

### 3.3.1. Impact materiality assessment

30. (43 amended) The **impact materiality** assessment corresponds to the identification of information that relates to the undertaking's material actual or potential, positive or negative **impacts** on people or the environment over the short, medium or long term. Impacts include those connected with its own operations, products, or services, including through **business relationships** in its upstream and downstream **value chain**. Business relationships are not limited to direct contractual relationships.
31. For actual negative **impacts**, **materiality** shall be based on the severity of the impact. For potential negative impacts, it shall be based on a combination of the severity and likelihood of the impact. Severity shall be based on the following factors: the scale, scope and irremediable character of the impact. In the case of a potential negative human rights **impact**, the severity of the impact takes precedence over its likelihood.
32. (46) For actual positive **impacts**, **materiality** shall be based on the scale and scope of the impact, while for **potential impacts** on the basis of scale, scope and likelihood of the impact.
33. The results of the engagement with affected **stakeholders** provides a key input to the **impact materiality** assessment. Such engagement is central to the ongoing sustainability due diligence. Affected stakeholders are individuals or groups whose interests are affected or could be affected – positively or negatively – by the undertaking's activities and its direct and indirect **business relationships** across its upstream and downstream **value chain**.
34. When assessing the **materiality** of actual negative **impacts**—those that occurred during the reporting year or in prior years—the severity of the impact shall be evaluated in light of the outcomes of any mitigation or prevention measures implemented before the impact occurred. **Actual impacts** in the reporting period include both newly arisen impacts and those persisting from previous periods. If the undertaking has taken **remediation actions** during the reporting period to address actual negative impacts, these actions shall not be considered when assessing the materiality of the impact. Where the impact is deemed material based on this assessment, the undertaking shall disclose the remediation actions undertaken and their expected or actual outcomes.
35. When supportable evidence exists that mitigation or prevention **actions** taken reduce the severity and/or likelihood of potential negative **impacts** (i.e. those that could occur in the future), the effect of these actions is taken into account in assessing the **materiality** of the impacts. However, if the undertaking needs to maintain significant ongoing mitigation and/or prevention actions, in order to contain the severity and/or likelihood of occurrence of the potential impact below a materiality level, the impact shall be assessed without taking into account the mitigation and/or prevention actions. Future **remediation** actions and policies are not considered in the materiality assessment of **potential impacts**.
36. The undertaking's **positive impacts** shall be assessed in their own right and shall not be netted off against its negative **impacts**. The results of the undertaking's mitigation or **remediation actions** on negative impacts caused by or contributed to by its compliance with law and regulation are not positive impacts. However, if its business activities, products and services mitigate or remediate negative impacts of another party, this is considered a positive impact of the undertaking.

## APPLICATION REQUIREMENTS – ARs

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<p>AR 6 for para. 30</p> <p>(Impacts connected with the undertaking)</p>	<p>(AR 12) The following are two examples of impacts that are connected with the undertaking:</p> <ul style="list-style-type: none"> <li>(a) if the undertaking uses cobalt in its products, which is mined by using children labour, the negative <b>impact</b> that arises from <b>child labour</b> (i.e. impact on the health and well-being of children) is connected with the undertaking's products through the tiers of <b>business relationships</b> in its upstream <b>value chain</b>. These business relationships include the undertaking's <b>suppliers</b> and their workers, smelter and minerals trader and the mining enterprise that uses <b>child labour</b>; and</li> <li>(b) if the undertaking provides financial loans to an undertaking for business activities that, in breach of agreed environmental standards, result in the contamination of water and land surrounding the operations, this negative <b>impact</b> is connected with the undertaking through its relationship with the undertaking it provides the loans to.</li> </ul>
<p>AR 7 for para. 31</p> <p>(Characteristics of severity)</p>	<p>(AR 10) The severity is assessed based on a combination of its factors, i.e. scale, scope and irremediable character. The undertaking shall also take into account the practical considerations mentioned in AR 18(b):</p> <ul style="list-style-type: none"> <li>(a) scale: how serious the negative <b>impact</b> is or how beneficial the positive impact is for people or the environment;</li> <li>(b) scope: how widespread the negative or <b>positive impacts</b> are. In the case of environmental <b>impacts</b>, the scope may be understood as the extent of environmental damage or a geographical perimeter. In the case of impacts on people, the scope may be understood as the number of people adversely affected; and</li> <li>(c) irremediable character: whether and to what extent the negative impacts could be remediated, i.e. restoring the environment or affected people to their prior state.</li> </ul>
<p>AR 8 for para. 31</p> <p>(Characteristics of severity)</p>	<p>(AR 11) Any of the three characteristics (scale, scope and irremediable character) can make a negative <b>impact</b> severe.</p> <p>The undertaking shall also take into account the practical consideration mentioned in AR 18(b).</p>



AR 9 for para. 31  (Assessing actual and potential impacts for materiality)	Appendix C provides an overview for assessing actual and <i>potential impacts</i> for <i>materiality</i> .
AR 10 for para. 33  (Stakeholders and their relevance to the materiality assessment)	(AR 6) Common categories of affected <i>stakeholders</i> are: <i>employees</i> and/or <i>workers' representatives</i> , <i>suppliers</i> , <i>consumers</i> or <i>end-users</i> , <i>affected communities</i> and persons in vulnerable situations. (AR 7) Nature may be considered a silent affected <i>stakeholder</i> .
AR 11 for para. 33  (Stakeholders and their relevance to the materiality assessment)	If the undertaking engages with affected <i>stakeholders</i> as part of its due diligence process to identify, assess and address negative <i>impacts</i> , the results of this engagement will provide a critical input to its <i>materiality</i> assessment, without necessarily putting in place a separate engagement process for the materiality assessment. However, the undertaking may also seek direct input into its materiality assessment from affected stakeholders or their representatives (such as employee representatives or trade unions), as well as <i>users</i> of sustainability reporting and other experts. This includes feedback on the undertaking's conclusions regarding the identification of material impacts, <i>risks</i> and <i>opportunities</i> , as well as regarding the <i>topics</i> to be reported. Under the CSRD, the management of the undertaking shall inform the workers' representatives at the appropriate level and discuss with them the relevant information and the means of obtaining and verifying sustainability information. The <i>workers' representatives'</i> opinion shall be communicated, where applicable, to the relevant <i>administrative, management or supervisory bodies</i> .
AR 12 for paras. 34/35  (Assessing actual and potential impacts for materiality)	In this context, the reference to <i>actions</i> taken shall be understood to also include aspects of the corresponding implemented <i>policies</i> , as policies are implemented through actions.
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Please provide general comments on the DR below. When providing specific comments on paragraph level, please use the Excel Template instead

Do you agree with the amendments of this chapter?

### 3.3.2. Financial materiality assessment

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38. (47 and 49) The scope of **financial materiality** for sustainability reporting is an expansion of the scope of **materiality** used in the process of determining which information shall be included in the undertaking's financial statement. The financial materiality of a **topic** is not constrained to topics that are within the control of the undertaking but includes information on **material risks** and **opportunities** attributable to **business relationships** beyond the scope of consolidation used in the preparation of financial statements.
39. (49) A **topic** shall be reported from a financial perspective if it triggers or could reasonably be expected to trigger material **financial effects** on the undertaking. This is the case when the **risks** or **opportunities** related to a topic have or could reasonably be expected to have a material influence on its development, financial position, financial performance, cash flows, access to finance or cost of capital over the short, medium or long term. Risks and opportunities may derive from past or future events.
40. (50 amended) **Material risks** and **opportunities** derive from the undertaking's:
- (a) material **impacts**, as identified through the **impact materiality** assessment;
  - (b) **dependencies** on natural, human and social resources; and
  - (c) other factors, such as exposure to climate hazards or changes in regulation that address **systemic risks**.
41. (40) The undertaking shall consider how it is affected by its **dependencies**, irrespective of its **potential impacts** on those resources. Dependencies may influence its ability to continue to use or obtain the resources needed in business processes, as well as the quality and pricing of those resources, and the ability to rely on relationships needed in its business processes on acceptable terms.
42. (51) The **materiality** of **risks** and **opportunities** is assessed based on a combination of the likelihood of occurrence and the potential magnitude of the **financial effects**.

#### APPLICATION REQUIREMENTS – ARs

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AR 15 for para. 42 (Identification of risks and opportunities, likelihood and magnitude)	(AR 15) In assessing <b>risks</b> and <b>opportunities</b> for <b>materiality</b> , the undertaking shall consider their contribution to <b>financial effects</b> in the short, medium and long term based on: <ul style="list-style-type: none"> <li>(a) <b>scenarios/forecasts</b> that are deemed likely to materialise; and</li> <li>(b) <b>anticipated financial effects</b> that are not (or are not yet) reflected in financial statements and that arise from material impacts, risks and opportunities and related <b>topics</b>. This may derive from situations that do not yet lead to the recognition of assets/liabilities, or income/expenses, in financial statements, in accordance with the accounting recognition criteria.</li> </ul>
AR 16 for para. 42 (Identification of risks and opportunities)	Internal risk management processes are a critical source of input for the <b>materiality</b> assessment of <b>risks</b> . Leveraging them contributes to the consistency of financial and sustainability reporting.

Please provide general comments on the DR below. When providing specific comments on paragraph level, please use the Excel Template instead

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### 3.4. Material impacts or risks arising from actions to address other topics

43. (52) The undertaking's **materiality** assessment may lead to the identification of situations in which its **actions** to address certain **impacts** or **risks**, or to benefit from certain **opportunities** in relation to a **topic**, might have negative material impacts or cause **material risks** in relation to one or more other topics.
44. (53) In such situations, the undertaking (Chapter 9.2 applies):
- (a) discloses under the other **topic** the negative material impacts or **material risks** together with the **actions** that cause them, with a cross-reference to the related topic; and
  - (b) provides a description of how the material negative **impacts** or material **risks** are addressed under the **topic** to which they relate.

Please provide general comments on the DR below. When providing specific comments on paragraph level, please use the Excel Template instead

Do you agree with the amendments of this chapter?

### 3.5 Practical considerations in determining the material impacts, risks and opportunities and their related topics to be reported

45. In conducting its **double materiality** assessment, the undertaking is expected to:

- (a) focus the assessment of the undertaking's own operations and upstream and downstream **value chains** on areas where material **impacts, risks** and **opportunities** are deemed likely to arise based on the **business model**, the nature of the activities, **business relationships**, geographies or other factors; and
- (b) use reasonable and supportable evidence to estimate the levels of severity and likelihood of impacts and the likelihood and magnitude of **financial effects** of risks and opportunities.

46. The undertaking is not required to assess every possible **impact, risk** and **opportunity** across all areas of its operations and upstream and downstream **value chains** to identify the **topics** to be reported.

47. To identify material **impacts, risks** and **opportunities**, the undertaking shall use reasonable and supportable information that is available without undue cost or effort (see Chapter 7.3). Information that is used by the undertaking in preparing its financial statements, operating its **business model**, setting its strategy, conducting its sustainability due diligence, and managing its impacts, risks and opportunities is considered available to the undertaking without undue cost or effort.

48. The undertaking may avoid unnecessary complexity:

- (a) by starting from the **topics** or sub-topics for which a conclusion on the **materiality** of its **impacts, risks** and **opportunities** can be derived on the basis of its **business model**, upstream and downstream **value chain**, peer analysis and the strategic and business priorities, and therefore no further investigation is necessary to include or exclude them from the **sustainability statement**; and
- (b) by subsequently addressing **topics** or sub-topics related to other **impacts, risks** and opportunities, noting that for those likely to be material, a limited further assessment may be sufficient.

#### APPLICATION REQUIREMENTS – ARs

<p>AR 17 for para. 48(a)</p> <p>(Practical considerations)</p>	<p>The undertaking may adopt a top-down or a bottom-up approach to perform its <b>materiality</b> assessment.</p> <p>In the top-down approach, the undertaking starts from the <b>topic</b> (topic or when appropriate sub-topic in Appendix A or entity-specific topic) unless an assessment at the individual level of <b>impacts, risks</b> and <b>opportunities</b> is needed to conclude on their <b>materiality</b>. Once the undertaking concludes on the necessity to report on a topic, it needs to identify the related material <b>impacts, risks</b> and <b>opportunities</b>, which will be presented in accordance with [Draft] Amended ESRS 2 IRO-2.</p> <p>In the bottom-up approach, the starting point is the level of material potential <b>impacts, risks</b> and <b>opportunities</b>, which are assessed for <b>materiality</b>. Once identified as material, they are aggregated into <b>topic(s)</b> for reporting purposes, unless not appropriate.</p> <p>Adopting a top-down approach may be more pragmatic and reduce the complexity of the process, and is expected to lead to the same outcome of the <b>materiality</b> assessment as the bottom-up approach.</p>
<p>AR 18 for para. 48</p> <p>(Practical considerations)</p>	<p>Unless more investigation is necessary to be able to determine that an impact, risk, or opportunity is material, the undertaking does not need:</p> <ul style="list-style-type: none"> <li>(a) to analyse every time horizon for all <b>impacts, risks</b> and <b>opportunities</b>;</li> <li>(b) (for impacts) to analyse separately each characteristic of severity (see Chapter 3.3.1).</li> </ul>
<p>AR 19 for para. 48</p> <p>(Practical considerations)</p>	<p>The use of quantitative information or quantitative scoring is not required in all cases. A qualitative analysis may be sufficient for the undertaking to reasonably conclude that the <b>impacts, risks</b> and <b>opportunities</b> related to a given <b>topic</b> are material or not material.</p>

Please provide general comments on the DR below. When providing specific comments on paragraph level, please use the Excel Template instead

Do you agree with the amendments of this chapter?

**3.6. Determining the information to be reported in accordance with [Draft] Amended ESRS 2 and topical standards**

49. The **sustainability statement** shall include general material information in accordance with [Draft] Amended ESRS 2 and, when necessary, on an entity-specific basis.

50. (30 amended) In addition, in accordance with paragraph 22, it shall include topical material information by:

- (a) applying the provisions in [Draft] Amended ESRS 2 GDR-P, GDR-A, GDR-M, and GDR-T when reporting on material information about **policies, actions, metrics and targets**;
- (b) disclosing material information in accordance with the DRs (including ARs) related to that specific topic or sub-topic in the corresponding topical ESRS; and
- (c) disclosing any material entity-specific information (see paragraph 10 and related ARs).

**APPLICATION REQUIREMENTS – ARs**

AR 20 for paras. 49 and 50  [Draft] Amended ESRS 2 datapoints and GDR-P, GDR-A, GDR-M, GDR-T	The DRs in [Draft] Amended ESRS 2 (including GDR-P, GDR-A, GDR-M, GDR-T) are fundamental in nature and therefore likely to result in material information for all undertakings.
AR 21 For para. 50  (Determining the information to be reported at sub-topic level)	When a material <b>impact, risk or opportunity</b> relates to a particular sub- <b>topic</b> , the undertaking needs only to report the material information related to that sub-topic within the relevant topical standard.

Please provide general comments on the DR below. When providing specific comments on paragraph level, please use the Excel Template instead

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### 3.7. Level of aggregation, disaggregation and group reporting

51. The undertaking shall aggregate or disaggregate the reported information to reflect the level at which significant variations of material **impacts, risks** or **opportunities** arise, such as by **topic**, sector, subsidiary, country, **location**, water basin, **site**, asset or other appropriate level of aggregation/disaggregation. (54 amended). In doing so, the undertaking shall consider relevant facts and circumstances in line with its **materiality** assessment to determine the appropriate level of aggregation.
52. (56 amended) The undertaking shall ensure that the level of aggregation and disaggregation does not obscure information that is material.
53. (102) When the undertaking is reporting at a consolidated level, it shall perform its assessment of material **impacts, risks** and **opportunities** for the entire consolidated group regardless of its group's legal structure. It shall ensure that all subsidiaries are covered in a way that allows for the unbiased identification of material impacts, risks and opportunities at group level.

#### APPLICATION REQUIREMENTS – ARs

AR 22 for para. 51	Information on material <b>impacts, risks</b> and <b>opportunities</b> related to specific <b>locations</b> may be appropriately aggregated where they share common characteristics and the activities to which they are associated with affect the same ecological area – such as water basin, region, ecosystem, or landscape. The appropriate level of aggregation or disaggregation shall not obscure systemic interactions or specific local drivers of impacts.
AR 23 for para. 52	The undertaking shall consider disaggregating reported information by <b>location</b> —such as by <b>site</b> , water basin or local ecosystem—when material <b>impacts, risks</b> or <b>opportunities</b> are highly dependent on local context, in line with [Draft] Amended ESRS 1 paragraph 51.
AR 24 for para. 52	(103) Where the undertaking identifies significant differences between material <b>impacts, risks</b> or <b>opportunities</b> at group level and material impacts, risks or opportunities of one or more of its subsidiaries, it shall disaggregate and present information in a way that allows an adequate understanding of the impacts, risks and opportunities, as appropriate, of the subsidiary or subsidiaries concerned. Conversely, if a material impact, risk or opportunity determined at group level is not relevant for all subsidiaries or activities in a group, the information can be provided at a disaggregated level reflecting only the activities for which the impact, risk or opportunity is relevant.
AR 25 for para. 52	Information may be obscured where an inappropriate level of aggregation could be reasonably expected to influence the decision of primary <b>users</b> of general purpose financial statements and/or the ability of users of general purpose <b>sustainability statements</b> to understand the undertaking's <b>impacts</b> . An inappropriate level of aggregation of impacts, <b>risks</b> and <b>opportunities</b> may result from aggregating those which do not have shared characteristics or disaggregating those which have shared characteristics. Information may also be obscured as a result of material information being hidden by immaterial information.

Please provide general comments on the DR below. When providing specific comments on paragraph level, please use the Excel Template instead

Do you agree with the amendments of this chapter?

#### 4. Due diligence

54. (59) Due diligence is the process by which the undertaking identifies, prevents, mitigates, remediates and brings to an end actual and potential negative **impacts** on people and the environment connected with its business. The description of such a process is available in the international instruments of the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises. Due diligence is an ongoing practice that responds to and may trigger changes in the undertaking's strategy, **business model**, activities, **business relationships**, operating, sourcing and selling contexts.
55. (58) The ESRS do not impose any conduct requirements in relation to due diligence, nor do they extend or modify the role of the **administrative, management or supervisory bodies** of the undertaking with regard to the conduct of due diligence.
56. (58) The outcome of the undertaking's sustainability due diligence process (referred to as 'due diligence' in the international instruments) informs the assessment of its negative material **impacts**.
57. (60) The international instruments identify a number of steps in the due diligence process. One of these steps is the identification and assessment of negative **impacts** connected with the undertaking's own operations, products or services, including through **business relationships** in the undertaking's upstream and downstream **value chain**. Where the undertaking cannot address all impacts at once, the due diligence process allows for **action** to be prioritised based on the severity and likelihood of the impacts. It is this aspect of the due diligence process that informs the assessment of material impacts for reporting purposes (see Chapter 3.3). The identification of negative material impacts also supports the identification of material sustainability **risks** and **opportunities**, which are often a result of such impacts.

#### APPLICATION REQUIREMENTS – ARs

AR 26 for para. 57	(61 amended) The due diligence steps laid out by the international instruments detailed in paragraph 57 are: embedding due diligence in governance, strategy and <b>business model</b> ; engaging with affected <b>stakeholders</b> ; identifying and assessing negative impacts on people and the environment; taking <b>action</b> to address negative impacts on people and the environment; and tracking the effectiveness of these efforts.
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Please provide general comments on the DR below. When providing specific comments on paragraph level, please use the Excel Template instead

Do you agree with the amendments of this chapter?

5. Reporting undertaking and upstream and downstream value chain

5.1. Reporting undertaking and own operations

58. (62 amended) The *sustainability statement* shall be for the same reporting undertaking as for the financial statements. If the parent undertaking prepares a consolidated financial statement, the sustainability statement shall be for the same consolidated group. This requirement does not apply if the undertaking is not required to prepare financial statements, or if its consolidated sustainability reporting is prepared in accordance with Article 48(j) of Directive 2013/34/EU.
59. In the case of group reporting, the reporting undertaking usually considers as part of its own operations: the assets and liabilities, income and expense of the parent undertaking and its subsidiaries, located in or outside the EU, as determined in accordance with the applicable accounting requirement. Paragraphs 60 to 69 provide further provisions and exceptions for determining the reporting boundaries of own operations and upstream and downstream *value chain*. The undertaking may exclude from the sustainability reporting boundary a subsidiary that has been excluded from the scope of the consolidated financial statements due to its non-*materiality* from a financial perspective, unless there are specific facts and circumstances that expose the group to material *impacts, risks* and *opportunities* arising from such subsidiary.

APPLICATION REQUIREMENTS – ARs

AR 27 for para. 59  (subsidiary with different reporting period)	The undertaking may include subsidiaries with different reporting periods in the consolidated report, by adopting the applicable accounting provisions providing relief in those circumstances.
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5.2. Inclusion of upstream and downstream value chain information

60. (63) The reported information shall be extended beyond own operations to cover material *impacts, risks* and *opportunities* connected with the undertaking through its direct and indirect *business relationships* in the upstream and/or downstream *value chain* ('value chain information'). This shall be done, based on reasonable and supportable information that is available without undue cost or effort, when this is necessary to allow an understanding of the undertaking's material impacts, risks and opportunities and to meet the qualitative characteristics of information (see Appendix B).
61. The undertaking shall include material upstream and downstream *value chain* information:
- (a) following the outcome of its *materiality* assessment as informed by any due diligence process in place; and
  - (b) in accordance with any specific requirements related to the upstream and downstream value chain in the ESRS.
62. (69 amended). In the identification of material *impacts, risks* and *opportunities* that are connected with the undertaking through its *business relationships* in the upstream and downstream *value chain*, and when reporting on *metrics* that comprise of upstream and downstream value chain information, the undertaking may use information collected directly from counterparties in the upstream and downstream value chain, or estimates, depending on practicability and reliability considerations related to the necessary input. When developing estimates, it may use internal and external information, such as data from indirect sources, sector-average data, sample analyses, market and peer groups data, other proxies or spend-based data.



63. In this context, the information required by the ESRS to be obtained from undertakings in the upstream and/or downstream **value chain** shall not exceed the limit set by the relevant EU law and regulation. This limitation also applies to non-EU undertakings.
64. (64) Paragraph 60 does not require information on each and every **actor in the value chain**, but only the inclusion of material upstream and downstream **value chain** information. Different **impacts, risks** or **opportunities** can be material in relation to different parts of the undertaking's upstream and downstream value chain. The information shall be extended to include upstream and downstream value chain information only in relation to the parts of the value chain for which material impacts, risks or opportunities exist or are likely to exist (in line with paragraph 31).
65. The **materiality** assessment regarding upstream and downstream **value chain** may be conducted without direct information from counterparts, using average regional or sector data, or generally available information about the incidence of **impacts, risks** and **opportunities** in the given context. Where the **materiality** of specific impacts, risks or opportunities remains unclear, the undertaking may need to seek additional information from entities in its value chain.
66. (66) When determining at which level within its own operations and its upstream and downstream **value chain** a material **impact, risk** or **opportunity** arises, the undertaking shall use its assessment of impacts, risks and opportunities following the **double materiality** principle (see Chapter 3.3).
67. (71 amended) The information reported about **policies, actions**, and **targets** shall include upstream and/or downstream **value chain** information only when (and to the extent that) those policies, actions and targets address material **impacts, risks** and **opportunities** in the value chain. With reference to **metrics**, in many cases, in particular for environmental **topics** for which proxies are available, the undertaking may be able to comply with the reporting requirements by using an estimate without collecting data from the actors in its upstream and downstream value chain, especially from SMEs, such as, for instance, when calculating its greenhouse gas ('GHG') Scope 3 emissions (see Chapters 7.2, 7.3 and 7.4).
68. **Business relationships** include shareholding positions in associates or joint ventures, as well as other investments.
69. (67) In some cases, associates or joint ventures that are accounted for under the equity method are also part of the undertaking's upstream and downstream **value chain** beyond the shareholding relationship, such as when they are also **suppliers** or customers. In these cases, the undertaking shall include information related to the supply/customer relationship with them, in accordance with paragraph 60, consistent with the approach adopted for the other similar **business relationships** in the value chain. In these cases, when determining **metrics**, the data of the associate or joint venture is not limited to the share of equity held but it shall reflect the **impacts** that are connected with the undertaking through the supply relationships and the related **risks** and **opportunities**. This means that the undertaking considers both its relationship as investor and its supply/customer relationship in calculating the relevant metrics, while avoiding double counting.

#### APPLICATION REQUIREMENTS – ARs

AR 28 for para. 67	<p><b>Metrics</b> in topical ESRS do not require inclusion of upstream and <b>downstream value chain</b> data, <u>with the exception of GHG emissions Scope 3</u>. For the following items, the standardised metric in ESRS is limited to own operations, however the disclosure is able to inform about aspects of the value chain: removals of GHG ([Draft] Amended ESRS E1-9), microplastic ([Draft] Amended ESRS E2-4), substances of high concern in procured material ([Draft] Amended ESRS E2-5), and waste ([Draft] Amended ESRS E5-5). When necessary, in accordance with paragraph 10 the undertaking shall on an entity-specific basis, include upstream and downstream value chain data when disclosing on metrics.</p>
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#### ✓ 5.3. Provisions and exceptions for determining the respective reporting boundaries of own operations and value chain

70. **Impacts, risks** and **opportunities** arising from the use of a leased asset do not depend on whether the asset is legally owned or leased. The lessee is causing and contributing to the impacts of the leased asset, therefore reports the impacts and related risks and opportunities in its own operations, during the lease period. The lessor is directly connected with the impacts of the leased asset; therefore, it reports the impacts and related risks and opportunities as part of its downstream **value chain**.
71. The **impacts, risks** or **opportunities** arising from assets that are held by an undertaking's long-term employee benefit fund are connected with the undertaking through its **business relationship** in the upstream **value chain**.

#### 5.4. Relief for acquisitions and disposals

72. When the undertaking acquires a subsidiary or a business in the reporting period, it may defer the inclusion of the subsidiary or business in the **materiality** assessment and in the **sustainability statement** to the subsequent reporting period. Similarly, when it loses control over a subsidiary or business in the reporting period, it may adjust the scope of the materiality assessment and the reporting boundaries from the beginning of the current reporting period.
73. If the undertaking uses this relief for major acquisitions (disposals) and based on available information, it shall disclose significant events that affected the acquired (sold) subsidiary or business between the date of acquisition and the end of the reporting period (between the start of the reporting period and the date of disposal), when they could have an effect on the subsidiary's or business's exposure to material **impacts, risks** and **opportunities**.

Please provide general comments on the DR below. When providing specific comments on paragraph level, please use the Excel Template instead

Do you agree with the amendments of this chapter?

5.1. Reporting undertaking and own operations

58. (62 amended) The **sustainability statement** shall be for the same reporting undertaking as for the financial statements. If the parent undertaking prepares a consolidated financial statement, the sustainability statement shall be for the same consolidated group. This requirement does not apply if the undertaking is not required to prepare financial statements, or if its consolidated sustainability reporting is prepared in accordance with Article 48(j) of Directive 2013/34/EU.
59. In the case of group reporting, the reporting undertaking usually considers as part of its own operations: the assets and liabilities, income and expense of the parent undertaking and its subsidiaries, located in or outside the EU, as determined in accordance with the applicable accounting requirement. Paragraphs 60 to 69 provide further provisions and exceptions for determining the reporting boundaries of own operations and upstream and downstream **value chain**. The undertaking may exclude from the sustainability reporting boundary a subsidiary that has been excluded from the scope of the consolidated financial statements due to its non-**materiality** from a financial perspective, unless there are specific facts and circumstances that expose the group to material **impacts, risks** and **opportunities** arising from such subsidiary.

APPLICATION REQUIREMENTS – ARs

AR 27 for para. 59  (subsidiary with different reporting period)	The undertaking may include subsidiaries with different reporting periods in the consolidated report, by adopting the applicable accounting provisions providing relief in those circumstances.
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Please provide general comments on the DR below. When providing specific comments on paragraph level, please use the Excel Template instead

Do you agree with the amendments of this chapter?

## 5.2. Inclusion of upstream and downstream value chain information

60. (63) The reported information shall be extended beyond own operations to cover material **impacts, risks** and **opportunities** connected with the undertaking through its direct and indirect **business relationships** in the upstream and/or downstream **value chain** ('value chain information'). This shall be done, based on reasonable and supportable information that is available without undue cost or effort, when this is necessary to allow an understanding of the undertaking's material impacts, risks and opportunities and to meet the qualitative characteristics of information (see Appendix B).
61. The undertaking shall include material upstream and downstream **value chain** information:
- (a) following the outcome of its **materiality** assessment as informed by any due diligence process in place; and
  - (b) in accordance with any specific requirements related to the upstream and downstream value chain in the ESRS.
62. (69 amended). In the identification of material **impacts, risks** and **opportunities** that are connected with the undertaking through its **business relationships** in the upstream and downstream **value chain**, and when reporting on **metrics** that comprise of upstream and downstream value chain information, the undertaking may use information collected directly from counterparties in the upstream and downstream value chain, or estimates, depending on practicability and reliability considerations related to the necessary input. When developing estimates, it may use internal and external information, such as data from indirect sources, sector-average data, sample analyses, market and peer groups data, other proxies or spend-based data.
63. In this context, the information required by the ESRS to be obtained from undertakings in the upstream and/or downstream **value chain** shall not exceed the limit set by the relevant EU law and regulation. This limitation also applies to non-EU undertakings.
64. (64) Paragraph 60 does not require information on each and every actor in the value chain, but only the inclusion of material upstream and downstream **value chain** information. Different **impacts, risks** or **opportunities** can be material in relation to different parts of the undertaking's upstream and downstream value chain. The information shall be extended to include upstream and downstream value chain information only in relation to the parts of the value chain for which material impacts, risks or opportunities exist or are likely to exist (in line with paragraph 31).
65. The **materiality** assessment regarding upstream and downstream **value chain** may be conducted without direct information from counterparts, using average regional or sector data, or generally available information about the incidence of **impacts, risks** and **opportunities** in the given context. Where the **materiality** of specific impacts, risks or opportunities remains unclear, the undertaking may need to seek additional information from entities in its value chain.
66. (66) When determining at which level within its own operations and its upstream and downstream **value chain** a material **impact, risk** or **opportunity** arises, the undertaking shall use its assessment of impacts, risks and opportunities following the **double materiality** principle (see Chapter 3.3).
67. (71 amended) The information reported about **policies, actions**, and **targets** shall include upstream and/or downstream **value chain** information only when (and to the extent that) those policies, actions and targets address material **impacts, risks** and **opportunities** in the value chain. With reference to **metrics**, in many cases, in particular for environmental **topics** for which proxies are available, the undertaking may be able to comply with the reporting requirements by using an estimate without collecting data from the actors in its upstream and downstream value chain, especially from SMEs, such as, for instance, when calculating its greenhouse gas ('GHG') Scope 3 emissions (see Chapters 7.2, 7.3 and 7.4).
68. **Business relationships** include shareholding positions in associates or joint ventures, as well as other investments.
69. (67) In some cases, associates or joint ventures that are accounted for under the equity method are also part of the undertaking's upstream and downstream **value chain** beyond the shareholding relationship, such as when they are also **suppliers** or customers. In these cases, the undertaking shall include information related to the supply/customer relationship with them, in accordance with paragraph 60, consistent with the approach adopted for the other similar **business relationships** in the value chain. In these cases, when determining **metrics**, the data of the associate or joint venture is not limited to the share of equity held but it shall reflect the **impacts** that are connected with the undertaking through the supply relationships and the related **risks** and **opportunities**. This means that the undertaking considers both its relationship as investor and its supply/customer relationship in calculating the relevant metrics, while avoiding double counting.

### APPLICATION REQUIREMENTS – ARs

AR 28 for para. 67	<b>Metrics</b> in topical ESRS do not require inclusion of upstream and <b>downstream value chain</b> data, with the exception of <b>GHG</b> emissions Scope 3. For the following items, the standardised metric in ESRS is limited to own operations, however the disclosure is able to inform about aspects of the value chain: removals of GHG ([Draft] Amended ESRS E1-9), microplastic ([Draft] Amended ESRS E2-4), substances of high concern in procured material ([Draft] Amended ESRS E2-5), and waste ([Draft] Amended ESRS E5-5). When necessary, in accordance with paragraph 10 the undertaking shall on an entity-specific basis, include upstream and downstream value chain data when disclosing on metrics.
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Please provide general comments on the DR below. When providing specific comments on paragraph level, please use the Excel Template instead

Do you agree with the amendments of this chapter?

### 5.3. Provisions and exceptions for determining the respective reporting boundaries of own operations and value chain

70. *Impacts, risks and opportunities* arising from the use of a leased asset do not depend on whether the asset is legally owned or leased. The lessee is causing and contributing to the impacts of the leased asset, therefore reports the impacts and related risks and opportunities in its own operations, during the lease period. The lessor is directly connected with the impacts of the leased asset; therefore, it reports the impacts and related risks and opportunities as part of its downstream *value chain*.
71. The *impacts, risks or opportunities* arising from assets that are held by an undertaking's long-term employee benefit fund are connected with the undertaking through its *business relationship* in the upstream *value chain*.

Please provide general comments on the DR below. When providing specific comments on paragraph level, please use the Excel Template instead

Do you agree with the amendments of this chapter?

### 5.4. Relief for acquisitions and disposals

72. When the undertaking acquires a subsidiary or a business in the reporting period, it may defer the inclusion of the subsidiary or business in the *materiality* assessment and in the *sustainability statement* to the subsequent reporting period. Similarly, when it loses control over a subsidiary or business in the reporting period, it may adjust the scope of the materiality assessment and the reporting boundaries from the beginning of the current reporting period.
73. If the undertaking uses this relief for major acquisitions (disposals) and based on available information, it shall disclose significant events that affected the acquired (sold) subsidiary or business between the date of acquisition and the end of the reporting period (between the start of the reporting period and the date of disposal), when they could have an effect on the subsidiary's or business's exposure to material *impacts, risks and opportunities*.

Please provide general comments on the DR below. When providing specific comments on paragraph level, please use the Excel Template instead

Do you agree with the amendments of this chapter?

## 6. Reporting period, base year and time horizons

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### 6.1. Reporting period and base year

74. (73 amended) The reporting period for the undertaking's *sustainability statement* – including for the calculation of *metrics* – shall be consistent with that of its financial statements.
75. (75) A base year is the historical reference date or period for which information is available and against which subsequent information can be compared over time.
76. (76) The undertaking shall present comparative information in respect of the base year for *metrics* reported in the current period when reporting the progress towards a *target*, unless the relevant DR specifically defines how to report progress. It may also include historical information about achieved milestones between the base year and the reporting period.

### 6.2. Time horizon: definition of short-, medium- and long-term for reporting purposes

77. (77) When preparing its *sustainability statement*, the undertaking shall adopt the following time intervals as of the end of the reporting period:
- (a) short-term time horizon: the length of the period adopted for its financial statements;
  - (b) medium-term time horizon: from the end of the short-term period up to five years; and
  - (c) long-term time horizon: more than five years.
78. (78) The undertaking shall use additional breakdowns for a long-term time horizon when *impacts* or *actions* are expected in a period longer than five years and adding such a breakdown provides relevant information.
79. (80) The undertaking may adopt a different definition for medium- and/or long-term time horizons when the use of the medium- or long-term horizons defined in paragraph 77 results in non-relevant information. This may happen when the undertaking uses a different definition for (i) its processes of identification and management of material *impacts, risks and opportunities* or (ii) its *actions* and *targets*. These circumstances may be due to industry-specific characteristics, such as cash flow and business cycles, the expected duration of capital investments, the time horizons over which the *users* conduct their assessments, or the planning horizons typically used in their industry for decision-making.
80. (81) References to 'short-term', 'medium-term' and 'long-term' in the ESRS refer to the time horizon as determined by the undertaking in accordance with the provisions in paragraphs 77 to 79.

Please provide general comments on the DR below. When providing specific comments on paragraph level, please use the Excel Template instead

Do you agree with the amendments of this chapter?

#### 6.1. Reporting period and base year

74. (73 amended) The reporting period for the undertaking's **sustainability statement** – including for the calculation of **metrics** – shall be consistent with that of its financial statements.
75. (75) A base year is the historical reference date or period for which information is available and against which subsequent information can be compared over time.
76. (76) The undertaking shall present comparative information in respect of the base year for **metrics** reported in the current period when reporting the progress towards a **target**, unless the relevant DR specifically defines how to report progress. It may also include historical information about achieved milestones between the base year and the reporting period.

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Do you agree with the amendments of this chapter?

#### 6.2. Time horizon: definition of short-, medium- and long-term for reporting purposes

77. (77) When preparing its **sustainability statement**, the undertaking shall adopt the following time intervals as of the end of the reporting period:
- (a) short-term time horizon: the length of the period adopted for its financial statements;
  - (b) medium-term time horizon: from the end of the short-term period up to five years; and
  - (c) long-term time horizon: more than five years.
78. (78) The undertaking shall use additional breakdowns for a long-term time horizon when **impacts** or **actions** are expected in a period longer than five years and adding such a breakdown provides relevant information.
79. (80) The undertaking may adopt a different definition for medium- and/or long-term time horizons when the use of the medium- or long-term horizons defined in paragraph 77 results in non-relevant information. This may happen when the undertaking uses a different definition for (i) its processes of identification and management of material **impacts**, **risks** and **opportunities** or (ii) its **actions** and **targets**. These circumstances may be due to industry-specific characteristics, such as cash flow and business cycles, the expected duration of capital investments, the time horizons over which the **users** conduct their assessments, or the planning horizons typically used in their industry for decision-making.
80. (81) References to 'short-term', 'medium-term' and 'long-term' in the ESRS refer to the time horizon as determined by the undertaking in accordance with the provisions in paragraphs 77 to 79.

Please provide general comments on the DR below. When providing specific comments on paragraph level, please use the Excel Template instead

Do you agree with the amendments of this chapter?

### 7. Preparation and presentation of sustainability information

#### ✓ 7.1. Presenting comparative information

81. (83) The undertaking shall disclose comparative information in respect of the previous period for all quantitative **metrics** and amounts. When relevant to an understanding of the current period's **sustainability statement**, it shall also disclose comparative information for narrative disclosures.
82. (85) When it is impracticable to adjust comparative information for one or more prior periods, the undertaking shall disclose this fact.
83. (86) When an ESRS requires the undertaking to present more than one comparative period for a **metric** or datapoint, the requirements of that ESRS shall prevail.
84. For **metrics** and monetary amounts:
- (a) (84) when the undertaking reports comparative amounts that significantly differ from the information reported in the previous period, it shall provide the reasons for the change and the difference between the amounts reported in the previous period and the revised amounts;
  - (b) the undertaking is not required to present comparative information for new material **impacts**, **risks** and **opportunities** or related new reported **topics** for the reporting period where they are reported for the first time;
  - (c) when necessary to provide an understanding of the progresses against a **target**, following a major acquisition or disposal, the undertaking shall adjust the base year and the comparative information provided. When the undertaking applies the relief for acquisitions (or disposals) in paragraph 72, the timing of this adjustment shall reflect the timing adopted for the inclusion (exclusion) of the subsidiary in the **sustainability statement**.

## 7.2 Judgement, measurement uncertainty and outcome uncertainty

85. (87 and 88) The undertaking shall disclose information to enable **users** to understand:

- (a) the judgements it makes that have the most significant effect on the reported information;
- (b) the significant uncertainties affecting the qualitative information, quantitative information, **metrics** and monetary amounts presented, including whether they rely on estimates; and
- (c) significant assumptions and limitations in the estimates.

86. (91) Some ERSs require the disclosure of information such as explanations about possible future events that have uncertain outcomes. In judging whether information about such possible future events is material, the undertaking shall refer to the criteria in Chapter 3.3.2 and consider:

- (a) the **anticipated financial effects** of the events (the possible outcome);
- (b) the severity and likelihood of the **potential impacts** on people or the environment resulting from possible future events; and
- (c) the range of possible outcomes and the likelihood of the possible outcomes within that range.

### APPLICATION REQUIREMENTS

AR 29 for para. 85	In preparing its <b>sustainability statement</b> , the undertaking makes various judgements, beyond those involving estimations, that can significantly affect the reported information, such as when: <ul style="list-style-type: none"> <li>(a) identifying material <b>impacts, risks</b> and <b>opportunities</b>, associating them to the relevant <b>topic(s)</b>, and assessing whether an update of the <b>materiality</b> assessment is necessary (see paragraph 30); and</li> <li>(b) identifying material information to include in the sustainability statement.</li> </ul>
AR 30 for para. 85 (Use of reasonable and supportable assumptions and estimates)	The use of reasonable and supportable assumptions and estimates, including when in developing <b>scenario</b> or sensitivity analysis, is an essential part of preparing the undertaking's <b>sustainability statement</b> . It does not undermine the usefulness of that information, provided that the significant assumptions and estimates are accurately explained. Even a high level of measurement uncertainty would not necessarily prevent such an assumption or estimate from providing useful information or meeting the qualitative characteristics of information (see Appendix B).
AR 31 for para. 85 (Use of reasonable and supportable assumptions and estimates)	The requirement in paragraph 85(b) for the undertaking to disclose information about the uncertainties affecting the reported amounts relates to the estimates that require the most difficult, subjective or complex judgements.
AR 32 for para. 86	When assessing the possible outcomes, considerations for the undertaking include the relevant facts and circumstances, including information about low-probability
(Future events that have uncertain outcomes)	and high-impact outcomes, which, when aggregated, could become material. The undertaking might be exposed to several <b>impacts</b> or <b>risks</b> , each of which could cause the same type of disruption, such as disruptions to its upstream value (supply) chain. Information about an individual source of risk might not be material if disruption from that source is highly unlikely to occur. However, information about the aggregate risk of <b>supply chain</b> disruption from all sources might be material.

## 7.3. Use of reasonable and supportable information that is available without undue cost or effort

87. The undertaking shall use reasonable and supportable information available at the reporting date without undue cost or effort (see paragraph 90):

- (a) to identify material **impacts, risks** and **opportunities**;
- (b) to determine the scope of its upstream and downstream **value chain**, including its breadth and composition, in relation to material impacts, risks and opportunities;
- (c) when extending the information to include upstream or downstream value chain information, as required by paragraph 60 and to determine the scope of its **value chain**, including its breadth and composition, in relation to material impacts, risks and opportunities; and
- (d) to prepare information on **metrics**.

88. Reasonable and supportable information shall cover factors that are specific to the undertaking, as well as general conditions in the external environment. Reasonable and supportable information includes information about past events, current conditions and forecasts of future conditions.

89. The assessment of what constitutes undue cost or effort depends on the undertaking's specific circumstances and requires a balanced consideration of the costs and efforts for the undertaking and the benefits of the resulting information for **users**. That assessment can change over time as circumstances change.



#### 7.4. Reliefs for metrics

90. Activities within the undertaking or group may be excluded from *metric* calculations if, due to their nature, they are not expected to be a significant driver of the *impacts, risks and opportunities* the metric purports to represent, and their exclusion from the calculation is not expected to impair the relevance or faithful representation of the reported information.
91. Except for [Draft] Amended ESRS E1-6 GHG Emissions, when without undue cost and effort the undertaking is able to use reliable direct or estimated data only for part of the scope of the relevant reporting boundary (or part of the *value chain*), the undertaking shall specify, when relevant, that it has identified material *impacts, risks and opportunities* in its own operations or value chain, but the corresponding metric can currently only be partially estimated. In this circumstance, the undertaking shall disclose the *actions* it has taken to increase the coverage and quality in future reporting periods, and the progress compared to the previous reporting period. The undertaking shall also assess at the subsequent reporting dates whether reliable data or input to be used in the estimate has become available, and if this is the case, adjust the estimates and the disclosure accordingly.
92. The undertaking may exclude joint operations over which it does not have *operational control* from the calculation scope of environmental *metrics* reported in accordance with [Draft] Amended ESRS E2 *Pollution*, [Draft] Amended ESRS E3 *Water*, [Draft] Amended ESRS E4 *Biodiversity and ecosystems* and [Draft] Amended ESRS E5 *Resource use and circular economy*.

#### 7.5. Updating disclosures about events after the end of the reporting period

93. (93) When the undertaking receives information after the reporting period but before the management report is approved for issuance, providing evidence or insights about:
- (a) conditions existing at end of the reporting period, the undertaking shall, where appropriate, update estimates and sustainability disclosures in the light of the new information; and
  - (b) (94) material transactions, other events and conditions that arise after the end of the reporting period, the undertaking shall, where appropriate, provide narrative information indicating the existence, nature and potential consequences of these post year-end events.

#### 7.6. Changes in the preparation or presentation of sustainability information

94. (95) The definition and calculation of *metrics*, including metrics used to set *targets* and monitor progress towards those targets, shall be consistent over time. The undertaking shall provide contextual information and restated comparative figures unless it is impracticable to do so when it has:
- (a) redefined or replaced a metric or target; and
  - (b) identified new information in relation to the estimated figures disclosed in the preceding period, and the new information provides evidence of circumstances that existed in that period (change in estimate).

#### 7.7. Reporting errors in prior periods

95. (96) The undertaking shall correct material prior period errors by restating the comparative amounts for the prior period(s) disclosed unless it is impracticable to do so. This requirement does not extend to reporting periods before the first year of application of the ESRS by the undertaking.
96. (99) Potential errors in the current period discovered in that period are corrected before the management report is authorised for issue. In case of material errors discovered in a subsequent period, when it is impracticable to determine the effect of an error on all prior periods presented, the undertaking shall restate the comparative information to correct the error from the earliest date practicable.
97. (101) Corrections of errors are distinguished from changes in estimates. Estimates may need to be revised as additional information becomes known.

#### APPLICATION REQUIREMENTS

AR 33 for para. 95  (Prior Period Errors)	Prior period errors are omissions from, and misstatements in, the undertaking's <i>sustainability statement</i> for one or more prior periods. Such errors arise from a failure to use, or the misuse of, reliable information that: <ul style="list-style-type: none"><li>(a) was available when the management report that includes the sustainability statement for those periods was authorised for issuance; and</li><li>(b) could reasonably be expected to have been obtained and considered in the preparation of sustainability disclosures included in these reports.</li></ul>
AR 34 for para. 95  (Prior Period Errors)	Such errors include: the effects of mathematical mistakes, mistakes in applying the definitions for <i>metrics</i> or <i>targets</i> , oversights or misinterpretations of facts, and fraud.

#### 7.8. Classified and sensitive information, and information on intellectual property, know-how or results of innovation

98. (105) The undertaking is not required to disclose *classified information* or *sensitive information* even if such information is considered material.



99. (106) When disclosing information about its **strategy** and **action plans**, where a specific piece of information corresponding to intellectual property, know-how or the results of innovation is relevant to meet the objective of a DR, the undertaking may omit that specific piece of information if it:
- (a) is secret in the sense that it is not, as a body or in the precise configuration and assembly of its components, generally known among or readily accessible to persons within the circles that normally deal with the kind of information in question;
  - (b) has commercial value because it is secret; and
  - (c) has been subject to reasonable steps by the undertaking to keep it secret.
100. (107) If the undertaking omits **classified information** or **sensitive information** or a specific piece of information corresponding to intellectual property, know-how or the results of innovation because it meets the criteria established in the previous paragraph, it shall comply with the DR in question by disclosing all other required information.
101. (108) The undertaking shall make every effort to ensure that beyond the omission of the **classified information** or **sensitive information**, or of the specific piece of information corresponding to intellectual property, know-how or the results of innovation, the overall relevance of the disclosure in question is not impaired.

#### APPLICATION REQUIREMENTS – ARs

<b>AR 35 for para. 98</b>	<p>The CSRD leaves to the Member States ('MS') an option to provide the following relief, which is therefore available to undertakings in MS that have exercised this option. The undertaking may limit information relating to impending developments or matters in the course of negotiation in exceptional cases where, in the duly justified opinion of the members of the <b>administrative, management and supervisory bodies</b>, acting within the competences assigned to them by national law and having collective responsibility for that opinion, the disclosure of such information would be seriously prejudicial to the commercial position of the undertaking, provided that such omission does not prevent a fair and balanced understanding of the undertaking's development, performance and position, and the <b>impact</b> of its activity.</p> <p>If the undertaking elects to use this exemption, disclosing this fact provides useful information.</p>
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#### 7.9. Reporting on opportunities

102. (109) When reporting on **opportunities**, the disclosure shall consist of descriptive information allowing the reader to understand the opportunity. The undertaking shall not report general opportunities for the sector but only opportunities that are currently being pursued or incorporated in its general strategy. The provisions on **financial effects** in [Draft] Amended ESRS 2 apply when reporting on **material opportunities**.

Please provide general comments on the DR below. When providing specific comments on paragraph level, please use the Excel Template instead

Do you agree with the amendments of this chapter?

#### 7.1 Presenting comparative information

81. (83) The undertaking shall disclose comparative information in respect of the previous period for all quantitative **metrics** and amounts. When relevant to an understanding of the current period's **sustainability statement**, it shall also disclose comparative information for narrative disclosures.
82. (85) When it is impracticable to adjust comparative information for one or more prior periods, the undertaking shall disclose this fact.
83. (86) When an ESRS requires the undertaking to present more than one comparative period for a **metric** or datapoint, the requirements of that ESRS shall prevail.
84. For **metrics** and monetary amounts:
- (a) (84) when the undertaking reports comparative amounts that significantly differ from the information reported in the previous period, it shall provide the reasons for the change and the difference between the amounts reported in the previous period and the revised amounts;
  - (b) the undertaking is not required to present comparative information for new material **impacts, risks** and **opportunities** or related new reported **topics** for the reporting period where they are reported for the first time;
  - (c) when necessary to provide an understanding of the progresses against a **target**, following a major acquisition or disposal, the undertaking shall adjust the base year and the comparative information provided. When the undertaking applies the relief for acquisitions (or disposals) in paragraph 72, the timing of this adjustment shall reflect the timing adopted for the inclusion (exclusion) of the subsidiary in the **sustainability statement**.

Please provide general comments on the DR below. When providing specific comments on paragraph level, please use the Excel Template instead

Do you agree with the amendments of this chapter?

## 7.2 Judgement, measurement uncertainty and outcome uncertainty

85. (87 and 88) The undertaking shall disclose information to enable **users** to understand:

- (a) the judgements it makes that have the most significant effect on the reported information;
- (b) the significant uncertainties affecting the qualitative information, quantitative information, **metrics** and monetary amounts presented, including whether they rely on estimates; and
- (c) significant assumptions and limitations in the estimates.

86. (91) Some ESRS require the disclosure of information such as explanations about possible future events that have uncertain outcomes. In judging whether information about such possible future events is material, the undertaking shall refer to the criteria in Chapter 3.3.2 and consider:

- (a) the **anticipated financial effects** of the events (the possible outcome);
- (b) the severity and likelihood of the **potential impacts** on people or the environment resulting from possible future events; and
- (c) the range of possible outcomes and the likelihood of the possible outcomes within that range.

### APPLICATION REQUIREMENTS

AR 29 for para. 85	In preparing its <b>sustainability statement</b> , the undertaking makes various judgements, beyond those involving estimations, that can significantly affect the reported information, such as when: <ul style="list-style-type: none"> <li>(a) identifying material <b>impacts</b>, <b>risks</b> and <b>opportunities</b>, associating them to the relevant <b>topic(s)</b>, and assessing whether an update of the <b>materiality</b> assessment is necessary (see paragraph 30); and</li> <li>(b) identifying material information to include in the sustainability statement.</li> </ul>
AR 30 for para. 85 (Use of reasonable and supportable assumptions and estimates)	The use of reasonable and supportable assumptions and estimates, including when in developing <b>scenario</b> or sensitivity analysis, is an essential part of preparing the undertaking's <b>sustainability statement</b> . It does not undermine the usefulness of that information, provided that the significant assumptions and estimates are accurately explained. Even a high level of measurement uncertainty would not necessarily prevent such an assumption or estimate from providing useful information or meeting the qualitative characteristics of information (see Appendix B).
AR 31 for para. 85 (Use of reasonable and supportable assumptions and estimates)	The requirement in paragraph 85(b) for the undertaking to disclose information about the uncertainties affecting the reported amounts relates to the estimates that require the most difficult, subjective or complex judgements.
AR 32 for para. 86	When assessing the possible outcomes, considerations for the undertaking include the relevant facts and circumstances, including information about low-probability
(Future events that have uncertain outcomes)	and high-impact outcomes, which, when aggregated, could become material. The undertaking might be exposed to several <b>impacts</b> or <b>risks</b> , each of which could cause the same type of disruption, such as disruptions to its upstream value (supply) chain. Information about an individual source of risk might not be material if disruption from that source is highly unlikely to occur. However, information about the aggregate risk of <b>supply chain</b> disruption from all sources might be material.

Please provide general comments on the DR below. When providing specific comments on paragraph level, please use the Excel Template instead

### 7.3. Use of reasonable and supportable information that is available without undue cost or effort

87. The undertaking shall use reasonable and supportable information available at the reporting date without undue cost or effort (see paragraph 90):
- (a) to identify material **impacts, risks and opportunities**;
  - (b) to determine the scope of its upstream and downstream **value chain**, including its breadth and composition, in relation to material impacts, risks and opportunities;
  - (c) when extending the information to include upstream or downstream value chain information, as required by paragraph 60 and to determine the scope of its **value chain**, including its breadth and composition, in relation to material impacts, risks and opportunities; and
  - (d) to prepare information on **metrics**.
88. Reasonable and supportable information shall cover factors that are specific to the undertaking, as well as general conditions in the external environment. Reasonable and supportable information includes information about past events, current conditions and forecasts of future conditions.
89. The assessment of what constitutes undue cost or effort depends on the undertaking's specific circumstances and requires a balanced consideration of the costs and efforts for the undertaking and the benefits of the resulting information for **users**. That assessment can change over time as circumstances change.

Please provide general comments on the DR below. When providing specific comments on paragraph level, please use the Excel Template instead

Do you agree with the amendments of this chapter?

#### 7.4. Reliefs for metrics

90. Activities within the undertaking or group may be excluded from **metric** calculations if, due to their nature, they are not expected to be a significant driver of the **impacts, risks and opportunities** the metric purports to represent, and their exclusion from the calculation is not expected to impair the relevance or faithful representation of the reported information.
91. Except for [Draft] Amended ESRS E1-6 GHG Emissions, when without undue cost and effort the undertaking is able to use reliable direct or estimated data only for part of the scope of the relevant reporting boundary (or part of the **value chain**), the undertaking shall specify, when relevant, that it has identified material **impacts, risks and opportunities** in its own operations or value chain, but the corresponding metric can currently only be partially estimated. In this circumstance, the undertaking shall disclose the **actions** it has taken to increase the coverage and quality in future reporting periods, and the progress compared to the previous reporting period. The undertaking shall also assess at the subsequent reporting dates whether reliable data or input to be used in the estimate has become available, and if this is the case, adjust the estimates and the disclosure accordingly.
92. The undertaking may exclude joint operations over which it does not have **operational control** from the calculation scope of environmental **metrics** reported in accordance with [Draft] Amended ESRS E2 *Pollution*, [Draft] Amended ESRS E3 *Water*, [Draft] Amended ESRS E4 *Biodiversity and ecosystems* and [Draft] Amended ESRS E5 *Resource use and circular economy*.

Please provide general comments on the DR below. When providing specific comments on paragraph level, please use the Excel Template instead

Do you agree with the amendments of this chapter?

#### 7.5. Updating disclosures about events after the end of the reporting period

93. (93) When the undertaking receives information after the reporting period but before the management report is approved for issuance, providing evidence or insights about:
- (a) conditions existing at end of the reporting period, the undertaking shall, where appropriate, update estimates and sustainability disclosures in the light of the new information; and
  - (b) (94) material transactions, other events and conditions that arise after the end of the reporting period, the undertaking shall, where appropriate, provide narrative information indicating the existence, nature and potential consequences of these post year-end events.

Please provide general comments on the DR below. When providing specific comments on paragraph level, please use the Excel Template instead

Do you agree with the amendments of this chapter?

#### 7.6. Changes in the preparation or presentation of sustainability information

94. (95) The definition and calculation of *metrics*, including metrics used to set *targets* and monitor progress towards those targets, shall be consistent over time. The undertaking shall provide contextual information and restated comparative figures unless it is impracticable to do so when it has:
- (a) redefined or replaced a metric or target; and
  - (b) identified new information in relation to the estimated figures disclosed in the preceding period, and the new information provides evidence of circumstances that existed in that period (change in estimate).

Please provide general comments on the DR below. When providing specific comments on paragraph level, please use the Excel Template instead

Do you agree with the amendments of this DR?

#### 7.7. Reporting errors in prior periods

95. (96) The undertaking shall correct material prior period errors by restating the comparative amounts for the prior period(s) disclosed unless it is impracticable to do so. This requirement does not extend to reporting periods before the first year of application of the ESRS by the undertaking.
96. (99) Potential errors in the current period discovered in that period are corrected before the management report is authorised for issue. In case of material errors discovered in a subsequent period, when it is impracticable to determine the effect of an error on all prior periods presented, the undertaking shall restate the comparative information to correct the error from the earliest date practicable.
97. (101) Corrections of errors are distinguished from changes in estimates. Estimates may need to be revised as additional information becomes known.

#### APPLICATION REQUIREMENTS

AR 33 for para. 95  (Prior Period Errors)	Prior period errors are omissions from, and misstatements in, the undertaking's <i>sustainability statement</i> for one or more prior periods. Such errors arise from a failure to use, or the misuse of, reliable information that: <ul style="list-style-type: none"><li>(a) was available when the management report that includes the sustainability statement for those periods was authorised for issuance; and</li><li>(b) could reasonably be expected to have been obtained and considered in the preparation of sustainability disclosures included in these reports.</li></ul>
AR 34 for para. 95  (Prior Period Errors)	Such errors include: the effects of mathematical mistakes, mistakes in applying the definitions for <i>metrics</i> or <i>targets</i> , oversights or misinterpretations of facts, and fraud.

Please provide general comments on the DR below. When providing specific comments on paragraph level, please use the Excel Template instead

Do you agree with the amendments of this chapter?

**7.8. Classified and sensitive information, and information on intellectual property, know-how or results of innovation**

98. (105) The undertaking is not required to disclose *classified information* or *sensitive information* even if such information is considered material.

99. (106) When disclosing information about its *strategy* and *action plans*, where a specific piece of information corresponding to intellectual property, know-how or the results of innovation is relevant to meet the objective of a DR, the undertaking may omit that specific piece of information if it:

- (a) is secret in the sense that it is not, as a body or in the precise configuration and assembly of its components, generally known among or readily accessible to persons within the circles that normally deal with the kind of information in question;
- (b) has commercial value because it is secret; and
- (c) has been subject to reasonable steps by the undertaking to keep it secret.

100. (107) If the undertaking omits *classified information* or *sensitive information* or a specific piece of information corresponding to intellectual property, know-how or the results of innovation because it meets the criteria established in the previous paragraph, it shall comply with the DR in question by disclosing all other required information.

101. (108) The undertaking shall make every effort to ensure that beyond the omission of the *classified information* or *sensitive information*, or of the specific piece of information corresponding to intellectual property, know-how or the results of innovation, the overall relevance of the disclosure in question is not impaired.

**APPLICATION REQUIREMENTS – ARs**

<b>AR 35 for para. 98</b>	<p>The CSRD leaves to the Member States ('MS') an option to provide the following relief, which is therefore available to undertakings in MS that have exercised this option. The undertaking may limit information relating to impending developments or matters in the course of negotiation in exceptional cases where, in the duly justified opinion of the members of the <i>administrative, management and supervisory bodies</i>, acting within the competences assigned to them by national law and having collective responsibility for that opinion, the disclosure of such information would be seriously prejudicial to the commercial position of the undertaking, provided that such omission does not prevent a fair and balanced understanding of the undertaking's development, performance and position, and the <i>impact</i> of its activity.</p> <p>If the undertaking elects to use this exemption, disclosing this fact provides useful information.</p>
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Please provide general comments on the DR below. When providing specific comments on paragraph level, please use the Excel Template instead

Do you agree with the amendments of this chapter?

**7.9. Reporting on opportunities**

102. (109) When reporting on *opportunities*, the disclosure shall consist of descriptive information allowing the reader to understand the opportunity. The undertaking shall not report general opportunities for the sector but only opportunities that are currently being pursued or incorporated in its general strategy. The provisions on *financial effects* in [Draft] Amended ESRS 2 apply when reporting on *material opportunities*.

Please provide general comments on the DR below. When providing specific comments on paragraph level, please use the Excel Template instead

Do you agree with the amendments of this chapter?

## 8. Presentation requirements and structure of the sustainability statement

### 8.1. General presentation requirement, structure and content of the sustainability statement

103. (112 amended) The undertaking shall present all the disclosures required by the ESRS within a dedicated section of the management report identified as the undertaking's **sustainability statement** except for those incorporated by reference in accordance with Chapter 9.3.

104. (111) Sustainability information shall be presented:

- (a) in a way that allows for clear identification of information required by the ESRS and other information included in the management report; and
- (b) under a structure that facilitates access to and understanding of the **sustainability statement** in a format that is both human-readable and machine-readable.

105. (115 amended) The undertaking shall structure its **sustainability statement** in four parts in the following order: general information, environmental information, social information and governance information. It may use appendices or separate sub-parts in accordance with paragraphs 107 – 110.

106. (113 amended) If the undertaking prepares disclosures pursuant to Article 8 of Regulation (EU) 2020/852 of the European Parliament and the Council and to the Commission Delegated Regulations, it shall include them in its **sustainability statement**, and it may include them in a separate appendix.

### 8.2 Presentation of additional information included in the sustainability statement

107. (114) The undertaking may include in its **sustainability statement** additional disclosures stemming from (i) other legislation which requires the undertaking to disclose sustainability information, or (ii) generally accepted sustainability reporting standards and frameworks, including non-mandatory guidance and sector-specific guidance, published by other standard-setting bodies (such as technical material issued by the International Sustainability Standards Board or the Global Reporting Initiative). Such disclosures shall:

- (a) be clearly identified with an appropriate reference to the related legislation, standard or framework; and
- (b) meet the requirements for qualitative characteristics of information specified in Chapter 2 and Appendix B.

108. The undertaking may include in its **sustainability statement** additional disclosures that do not relate to a **topic** to be reported following the **materiality** assessment, such as when this information is needed by a specific **user**. In these cases, the additional disclosures shall:

- (a) be clearly identified and presented in a way that they do not obscure material information; and
- (b) provide a faithful representation of the relevant item of information.

### 8.3 Options in presenting information across parts of the sustainability statement

109. The undertaking may provide an executive summary in the **sustainability statement** which includes the key messages about its material environmental, social and governance **impacts, risks or opportunities** and their management. The content and presentation of this executive summary shall meet the qualitative characteristics of information. It may also incorporate information by reference to an executive summary placed outside its sustainability statement, such as in another section of the management report, provided that it meets the conditions for incorporation by reference.

110. The undertaking may use appendices or separate sub-parts in its **sustainability statement**:

- (a) to present more detailed information related to any of the four parts; and
- (b) to facilitate readability with content indices, tables mapping different disclosures, or cross-reference tables;
- (c) to present the additional information prepared in accordance with Chapter 8.2 above.

#### APPLICATION REQUIREMENTS

AR 36 for para. 109  (Presentation of more detailed information)	The undertaking may present more detailed information about the calculation of its reported GHG emissions in a dedicated appendix or section of its <b>sustainability statement</b> , with an internal cross-reference to the environmental disclosures.
AR 37 for para. 109 (Presentation of more detailed information)	(new) The undertaking may use internal references across different parts or sub-parts (including appendices) in the <b>sustainability statement</b> to facilitate the understanding of linkages that exist between the respective contents. These internal references are not incorporation by reference; see Chapter 9.

Please provide general comments on the DR below. When providing specific comments on paragraph level, please use the Excel Template instead



Do you agree with the amendments of this chapter?

### 8.1. General presentation requirement, structure and content of the sustainability statement

103. (112 amended) The undertaking shall present all the disclosures required by the ESRS within a dedicated section of the management report identified as the undertaking's **sustainability statement** except for those incorporated by reference in accordance with Chapter 9.3.
104. (111) Sustainability information shall be presented:
- (a) in a way that allows for clear identification of information required by the ESRS and other information included in the management report; and
  - (b) under a structure that facilitates access to and understanding of the **sustainability statement** in a format that is both human-readable and machine-readable.
105. (115 amended) The undertaking shall structure its **sustainability statement** in four parts in the following order: general information, environmental information, social information and governance information. It may use appendices or separate sub-parts in accordance with paragraphs 107 – 110.
106. (113 amended) If the undertaking prepares disclosures pursuant to Article 8 of Regulation (EU) 2020/852 of the European Parliament and the Council and to the Commission Delegated Regulations, it shall include them in its **sustainability statement**, and it may include them in a separate appendix.

Please provide general comments on the DR below. When providing specific comments on paragraph level, please use the Excel Template instead

Do you agree with the amendments of this chapter?

### 8.2 Presentation of additional information included in the sustainability statement

107. (114) The undertaking may include in its **sustainability statement** additional disclosures stemming from (i) other legislation which requires the undertaking to disclose sustainability information, or (ii) generally accepted sustainability reporting standards and frameworks, including non-mandatory guidance and sector-specific guidance, published by other standard-setting bodies (such as technical material issued by the International Sustainability Standards Board or the Global Reporting Initiative). Such disclosures shall:
- (a) be clearly identified with an appropriate reference to the related legislation, standard or framework; and
  - (b) meet the requirements for qualitative characteristics of information specified in Chapter 2 and Appendix B.
108. The undertaking may include in its **sustainability statement** additional disclosures that do not relate to a **topic** to be reported following the **materiality** assessment, such as when this information is needed by a specific **user**. In these cases, the additional disclosures shall:
- (a) be clearly identified and presented in a way that they do not obscure material information; and
  - (b) provide a faithful representation of the relevant item of information.

Please provide general comments on the DR below. When providing specific comments on paragraph level, please use the Excel Template instead

Do you agree with the amendments of this chapter?

### 8.3 Options in presenting information across parts of the sustainability statement

109. The undertaking may provide an executive summary in the **sustainability statement** which includes the key messages about its material environmental, social and governance **impacts, risks or opportunities** and their management. The content and presentation of this executive summary shall meet the qualitative characteristics of information. It may also incorporate information by reference to an executive summary placed outside its sustainability statement, such as in another section of the management report, provided that it meets the conditions for incorporation by reference.
110. The undertaking may use appendices or separate sub-parts in its **sustainability statement**:
- (a) to present more detailed information related to any of the four parts; and
  - (b) to facilitate readability with content indices, tables mapping different disclosures, or cross-reference tables;
  - (c) to present the additional information prepared in accordance with Chapter 8.2 above.

#### APPLICATION REQUIREMENTS

AR 36 for para. 109  (Presentation of more detailed information)	The undertaking may present more detailed information about the calculation of its reported GHG emissions in a dedicated appendix or section of its <b>sustainability statement</b> , with an internal cross-reference to the environmental disclosures.
AR 37 for para. 109 (Presentation of more detailed information)	(new) The undertaking may use internal references across different parts or sub-parts (including appendices) in the <b>sustainability statement</b> to facilitate the understanding of linkages that exist between the respective contents. These internal references are not incorporation by reference; see Chapter 9.

Please provide general comments on the DR below. When providing specific comments on paragraph level, please use the Excel Template instead

Do you agree with the amendments of this DR?



## 9. Connected information and linkages with other parts of corporate reporting

### 9.1. Connected information

111. (118 amended) The undertaking shall provide information that enables *users* of its *sustainability statement* to understand the connections:
- (a) within the sustainability statement; and
  - (b) between the sustainability statement and other corporate reporting documents published by the undertaking, including its related financial statements.
112. Repeating the same content in two or more parts (including appendices) of the *sustainability statement* may obscure material information and impair the provision of concise and understandable information. When the same information is relevant to more than one DR in the ESRS, the undertaking may present the information where it considers it to be more appropriate and refer to that *location* in the other part.
113. When the description of the material *impacts, risks* and *opportunities* prepared in accordance with [Draft] Amended ESRS 2 IRO-2 is not presented alongside the respective *policies, actions* and *targets*, the undertaking shall make explicit which policies, actions and targets relate to which material impacts, risks, or opportunities, in accordance with paragraph 22.

#### APPLICATION REQUIREMENTS

AR 38 for para. 111(b)	Connections within the <i>sustainability statement</i> include those between the general disclosures on governance and strategy and the disclosures about a specific <i>topic</i> , as well as those between material <i>impacts, risks</i> and <i>opportunities</i> management and the respective <i>policies, actions, targets</i> and <i>metrics</i> .
AR 39 for para. 113 (Presenting connected information about policies, actions and targets)	(AR 18) The undertaking that covers environmental and social <i>topics</i> in the same <i>policy</i> may report on the policy in its environmental disclosures and cross-refer to it from the relevant social disclosures, or vice versa.

### 9.2. Direct/indirect connectivity with financial statements and consistency of assumptions

114. The undertaking may cross-refer its financial statements when reporting on monetary amounts or other quantitative information presented in the financial statements ('direct connectivity').
115. (125 amended) When the *sustainability statement* includes monetary amounts or other quantitative datapoints that are either an aggregation of, or a part of, monetary amounts or quantitative data presented in the undertaking's financial statements ('indirect connectivity'), the undertaking may explain how these amounts or datapoints relate to the most relevant amounts presented in the financial statements.
116. (90 amended) Data and assumptions used in preparing the *sustainability statements* shall be consistent to the extent possible with the corresponding data and assumptions used in preparing the financial statements; to support the understanding of significant data and assumptions, the undertaking shall explain the level of consistency.

### 9.3. Incorporation by reference

117. (119) Provided that the conditions in paragraph 118 are met, information or a specific datapoint prescribed by a DR may be incorporated in the *sustainability statement* by cross-reference to:
- (a) another section of the management report;
  - (b) the financial statements;
  - (c) the corporate governance statement (if not part of the management report);
  - (d) the remuneration report required by Directive 2007/36/EC of the European Parliament and of the Council;
  - (e) the universal registration document, as referred to in Article 9 of Regulation (EU) 2017/1129; and
  - (f) public disclosures under Regulation (EU) No 575/2013 of the European Parliament and of the Council (Pillar 3 disclosures). In this case, the information shall match the scope of consolidation used for the sustainability statement by complementing the incorporated information with additional elements as necessary.
118. (120 amended) The undertaking may incorporate information by reference to the documents, or part of the documents, listed in paragraph 117, provided that the information incorporated by reference:
- (a) constitutes a separate element of information clearly identified in the source document as addressing the relevant ESRS DR or datapoint;
  - (b) is published before or at the same time as the management report;
  - (c) is in the same language as the *sustainability statement*;
  - (d) is subject to at least the same level of assurance as the sustainability statement (i.e. the information incorporated by reference is considered as part of the ESRS sustainability statement subject to assurance, not to the entire document referred to); and
  - (e) meets the same technical digitalisation requirements as the sustainability statement.
119. (121) Provided that the conditions established in paragraph 118 are met, information prescribed by an ESRS DR or datapoint may be incorporated in the *sustainability statement* by reference to the undertaking's report prepared in accordance with EU Eco-Management and Audit Scheme ('EMAS') Regulation (EU) No 1221/2009. In this case, the undertaking shall ensure that the information incorporated by reference is produced using the same basis for preparation of ESRS information, including scope of consolidation and treatment of upstream and downstream *value chain* information.
120. (122 amended) The undertaking shall consider the overall cohesiveness of the reported information and ensure that the incorporation by reference does not impair the readability of the *sustainability statement*.

Please provide general comments on the DR below. When providing specific comments on paragraph level, please use the Excel Template instead

Do you agree with the amendments of this chapter?

#### 9.1. Connected information

111. (118 amended) The undertaking shall provide information that enables *users* of its *sustainability statement* to understand the connections:
- (a) within the sustainability statement; and
  - (b) between the sustainability statement and other corporate reporting documents published by the undertaking, including its related financial statements.
112. Repeating the same content in two or more parts (including appendices) of the *sustainability statement* may obscure material information and impair the provision of concise and understandable information. When the same information is relevant to more than one DR in the ESRS, the undertaking may present the information where it considers it to be more appropriate and refer to that *location* in the other part.
113. When the description of the material *impacts, risks* and *opportunities* prepared in accordance with [Draft] Amended ESRS 2 IRO-2 is not presented alongside the respective *policies, actions* and *targets*, the undertaking shall make explicit which policies, actions and targets relate to which material impacts, risks, or opportunities, in accordance with paragraph 22.

#### APPLICATION REQUIREMENTS

AR 38 for para. 111(b)	Connections within the <i>sustainability statement</i> include those between the general disclosures on governance and strategy and the disclosures about a specific <i>topic</i> , as well as those between material <i>impacts, risks</i> and <i>opportunities</i> management and the respective <i>policies, actions, targets</i> and <i>metrics</i> .
AR 39 for para. 113 (Presenting connected information about policies, actions and targets)	(AR 18) The undertaking that covers environmental and social <i>topics</i> in the same <i>policy</i> may report on the policy in its environmental disclosures and cross-refer to it from the relevant social disclosures, or vice versa.

Please provide general comments on the DR below. When providing specific comments on paragraph level, please use the Excel Template instead

Do you agree with the amendments of this chapter?

#### 9.2. Direct/indirect connectivity with financial statements and consistency of assumptions

114. The undertaking may cross-refer its financial statements when reporting on monetary amounts or other quantitative information presented in the financial statements ('direct connectivity').
115. (125 amended) When the *sustainability statement* includes monetary amounts or other quantitative datapoints that are either an aggregation of, or a part of, monetary amounts or quantitative data presented in the undertaking's financial statements ('indirect connectivity'), the undertaking may explain how these amounts or datapoints relate to the most relevant amounts presented in the financial statements.
116. (90 amended) Data and assumptions used in preparing the *sustainability statements* shall be consistent to the extent possible with the corresponding data and assumptions used in preparing the financial statements; to support the understanding of significant data and assumptions, the undertaking shall explain the level of consistency.

Please provide general comments on the DR below. When providing specific comments on paragraph level, please use the Excel Template instead

Do you agree with the amendments of this chapter?

### 9.3. Incorporation by reference

117. (119) Provided that the conditions in paragraph 118 are met, information or a specific datapoint prescribed by a DR may be incorporated in the **sustainability statement** by cross-reference to:
- (a) another section of the management report;
  - (b) the financial statements;
  - (c) the corporate governance statement (if not part of the management report);
  - (d) the remuneration report required by Directive 2007/36/EC of the European Parliament and of the Council;
  - (e) the universal registration document, as referred to in Article 9 of Regulation (EU) 2017/1129; and
  - (f) public disclosures under Regulation (EU) No 575/2013 of the European Parliament and of the Council (Pillar 3 disclosures). In this case, the information shall match the scope of consolidation used for the sustainability statement by complementing the incorporated information with additional elements as necessary.
118. (120 amended) The undertaking may incorporate information by reference to the documents, or part of the documents, listed in paragraph 117, provided that the information incorporated by reference:
- (a) constitutes a separate element of information clearly identified in the source document as addressing the relevant ESRS DR or datapoint;
  - (b) is published before or at the same time as the management report;
  - (c) is in the same language as the **sustainability statement**;
  - (d) is subject to at least the same level of assurance as the sustainability statement (i.e. the information incorporated by reference is considered as part of the ESRS sustainability statement subject to assurance, not to the entire document referred to); and
  - (e) meets the same technical digitalisation requirements as the sustainability statement.
119. (121) Provided that the conditions established in paragraph 118 are met, information prescribed by an ESRS DR or datapoint may be incorporated in the **sustainability statement** by reference to the undertaking's report prepared in accordance with EU Eco-Management and Audit Scheme ('EMAS') Regulation (EU) No 1221/2009. In this case, the undertaking shall ensure that the information incorporated by reference is produced using the same basis for preparation of ESRS information, including scope of consolidation and treatment of upstream and downstream **value chain** information.
120. (122 amended) The undertaking shall consider the overall cohesiveness of the reported information and ensure that the incorporation by reference does not impair the readability of the **sustainability statement**.

Please provide general comments on the DR below. When providing specific comments on paragraph level, please use the Excel Template instead

Do you agree with the amendments of this chapter?

### 10. Transitional provisions

121. The transitional provisions in this Chapter apply only from the first financial year the undertaking is subject to the preparation and publication of a **sustainability statement**, as required by Directive 2013/34/EU.

#### 10.1. Transitional provision related to Chapter 5 Value chain

122. (132 amended) For the first three years of preparation of the **sustainability statement** under the ESRS, in the event that not all the necessary information regarding its upstream and downstream **value chain** is available, the undertaking shall explain the efforts made to obtain the necessary information, the reasons why not all of the necessary information could be obtained and its plans to obtain the necessary information in the future.
123. (133) For the first three years of preparation of the **sustainability statement** under the ESRS, to take account of the difficulties that the undertaking may encounter in gathering information from actors throughout its upstream and downstream **value chain** and to limit the burden for SMEs in the **value chain**:
- (a) when disclosing information on **policies, actions and targets** in accordance with [Draft] Amended ESRS 2 and other ESRS, the undertaking may limit upstream and downstream value chain information to information available in-house, such as data already available and publicly available information; and
  - (b) when disclosing **metrics**, it is not required to include upstream and downstream value chain information except for datapoints derived from other EU legislation, as listed in [Draft] Amended ESRS 2, Appendix A.
124. (134) Paragraphs 123 and 124 apply irrespective of whether the relevant **actor in the** upstream and downstream **value chain** is an SME.
125. (135 amended) Starting from the fourth year of reporting under the ESRS, the undertaking shall include upstream and/or downstream **value chain** information in accordance with paragraph 60.

#### 10.2. Transitional provision related to Chapter 7.1 Presenting comparative information

126. (136) To ease the first-time application of this Standard, the undertaking is not required to disclose the comparative information required by Chapter 7.1 in the first year of preparation of the **sustainability statement** under the ESRS. For disclosure requirements listed in Appendix D, this transitional provision applies with reference to the first year of mandatory application of the phased-in DR.

#### 10.3. Transitional provision: List of Disclosure Requirements that are phased in [CHANGES DUE TO DELEGATED "QUICK FIX" NOT REFLECTED HERE]

127. (137) Appendix D sets phase-in provisions for the DRs or datapoints in the ESRS that may be omitted or that are not applicable in the first year(s) of mandatory application of the ESRS in the preparation of the **sustainability statement**.

Please provide general comments on the DR below. When providing specific comments on paragraph level, please use the Excel Template instead

Do you agree with the amendments of this chapter?

#### 10.1. Transitional provision related to Chapter 5 Value chain

122. (132 amended) For the first three years of preparation of the *sustainability statement* under the ESRS, in the event that not all the necessary information regarding its upstream and downstream *value chain* is available, the undertaking shall explain the efforts made to obtain the necessary information, the reasons why not all of the necessary information could be obtained and its plans to obtain the necessary information in the future.

123. (133) For the first three years of preparation of the *sustainability statement* under the ESRS, to take account of the difficulties that the undertaking may encounter in gathering information from actors throughout its upstream and downstream *value chain* and to limit the burden for SMEs in the *value chain*:

- (a) when disclosing information on *policies*, *actions* and *targets* in accordance with [Draft] Amended ESRS 2 and other ESRS, the undertaking may limit upstream and downstream value chain information to information available in-house, such as data already available and publicly available information; and
- (b) when disclosing *metrics*, it is not required to include upstream and downstream value chain information except for datapoints derived from other EU legislation, as listed in [Draft] Amended ESRS 2, Appendix A.

124. (134) Paragraphs 123 and 124 apply irrespective of whether the relevant *actor in the* upstream and downstream *value chain* is an SME.

125. (135 amended) Starting from the fourth year of reporting under the ESRS, the undertaking shall include upstream and/or downstream *value chain* information in accordance with paragraph 60

Please provide general comments on the DR below. When providing specific comments on paragraph level, please use the Excel Template instead

Do you agree with the amendments of this chapter?

#### 10.2. Transitional provision related to Chapter 7.1 Presenting comparative information

126. (136) To ease the first-time application of this Standard, the undertaking is not required to disclose the comparative information required by Chapter 7.1 in the first year of preparation of the *sustainability statement* under the ESRS. For disclosure requirements listed in Appendix D, this transitional provision applies with reference to the first year of mandatory application of the phased-in DR.

Please provide general comments on the DR below. When providing specific comments on paragraph level, please use the Excel Template instead

Do you agree with the amendments of this chapter?

#### 10.3. Transitional provision: List of Disclosure Requirements that are phased in [CHANGES DUE TO DELEGATED "QUICK FIX" NOT REFLECTED HERE]

127. (137) Appendix D sets phase-in provisions for the DRs or datapoints in the ESRS that may be omitted or that are not applicable in the first year(s) of mandatory application of the ESRS in the preparation of the *sustainability statement*.

Please provide general comments on the DR below. When providing specific comments on paragraph level, please use the Excel Template instead

## 7. Part 3: ESRS 2

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Overall agreement on the proposed amendments to the revised ESRS 2 text

You can access the Exposure Drafts of the Amended ESRS at this [link](#)

In case you would like to see the rationale behind the amendments, you can access the Log of Amendments at this [link](#)

Do you agree that the proposed Amended ESRS strikes an appropriate balance between the need for significant simplification and meeting the core objectives of the European Green Deal?

If you would like to comment at paragraph level, you are invited to do so by using the provided XLSX template at the end of the chapters / DRs level part.

Do you agree with the amendments of this DR?

**Disclosure requirement BP-1 – Basis for preparation of the sustainability statement**

3. (4 and 7 amended) The objective of this DR is to provide an understanding of the basis for preparation of the **sustainability statement**, including the disclosures required by ESRS 1 in specific circumstances, and information about the use of phasing-in options and reliefs.
4. (5 amended) The undertaking shall disclose:
- (a) whether the **sustainability statement** has been prepared on a consolidated or individual basis and in case the reporting boundary is different from the one adopted in the consolidated financial statements, a description of and the reasons for these circumstances; and
  - (b) an overview of the extent to which the sustainability statement covers the undertaking's upstream and downstream **value chain**.
5. The undertaking shall state that the general requirements of ESRS 1 have been applied for the preparation of its **sustainability statement** with an indication of either (i) that none of the provisions listed in ESRS 2, paragraph 5 apply, or (ii) which of the provisions listed in ESRS 2, paragraph 5 have been applied, leading to the disclosure of information required in the relevant paragraphs of ESRS 1:
- (a) deviation from pre-defined time horizons (ESRS 1, paragraph 78);
  - (b) adjustments to comparative information (ESRS 1, paragraphs 83, 84 and 85);
  - (c) application of material judgement, and information subject to significant uncertainties (ESRS 1, paragraph 86);
  - (d) use of relief when the undertaking discloses **metrics** with a partial scope (ESRS 1, paragraph 91);
  - (e) update of disclosures for events after the end of the reporting period (ESRS 1, paragraph 94);
  - (f) changes in preparation or presentation of sustainability information (ESRS 1, paragraph 95);
  - (g) reporting errors in prior periods (ESRS 1, paragraphs 96 and 97);
  - (h) use of the option to omit **classified** and **sensitive information** or information about impending developments or matters in the course of negotiation (ESRS 1, paragraphs 99 and 101);
  - (i) presentation of additional information (ESRS 1, paragraphs 108 and 109);
  - (j) use of relief for metrics in the **value chain** (ESRS 1, paragraph 92); and
  - (k) use of relief for acquisitions and disposals (ESRS 1, paragraph 74).

**APPLICATION REQUIREMENTS**

<b>AR 1 for BP-1</b>	(new) The undertaking may present the information stemming from BP-1 in the General information Section of its <b>sustainability statement</b> , or alongside the relevant disclosures / <b>metrics</b> to which the information pertains.
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Please provide general comments on the DR below. When providing specific comments on paragraph level, please use the Excel Template instead

Do you agree with the amendments of this DR?

**Disclosure requirement BP-2 – Specific information if the undertaking uses phasing-in options**

6. If the undertaking uses one of the transition provisions in Appendix D of ESRS 1, allowing to omit all the information required by ESRS E4, ESRS S1, ESRS S2, ESRS S3 or ESRS S4, it shall nevertheless disclose whether the **sustainability topics** covered respectively by them have been assessed to be material as a result of the undertaking's **materiality** assessment.
7. In addition, for each **topic** that relates to **material impacts, risks** and **opportunities**, the undertaking shall:
- (a) disclose the topic or sub-topic(s) in Appendix A of ESRS 1 that relate to the undertaking's material impacts, risks and opportunities, and briefly describe how the undertaking's **business model** and strategy interact with them. The undertaking may disclose at the level of topic or sub-topic;
  - (b) briefly describe any time-bound **targets** it has set related to the **topics** in question, the progress it has made towards achieving those targets, and whether its targets related to **biodiversity** and **ecosystems** are based on conclusive scientific evidence;
  - (c) briefly describe its **policies** in relation to the **topics** in question;
  - (d) briefly describe **actions** it has taken to identify, monitor, prevent, mitigate, remediate or bring an end to **actual or potential** adverse **impacts** related to the **topic** in question, and the result of such actions; and
  - (e) disclose **metrics** relevant to the **topic** in question.

Please provide general comments on the DR below. When providing specific comments on paragraph level, please use the Excel Template instead



Do you agree with the amendments of this DR?

## Governance

### Disclosure requirement GOV-1 – *The role of the administrative, management and supervisory bodies in relation to sustainability*

8. (20 amended) The objective of this DR is to provide an understanding of the roles and responsibilities of the **administrative, management and supervisory bodies**, as well as the processes, controls and procedures, to monitor, manage and oversee **material impacts, risks and opportunities**, either individually or at a higher level (i.e. groups of impacts, risks and opportunities or related **topics**).
9. The undertaking shall disclose:
- (a) (21(d), (e) and (b)) with respect to specific aspects of the composition of its **administrative, management and supervisory bodies**, the percentage of **independent board members**<sup>1</sup>, where it exists, the representation of **employees** and other workers, and the percentage by gender and by other aspects of diversity that the undertaking takes into account;
  - (b) (23 amended) how the administrative, management and supervisory bodies determine whether appropriate skills and expertise are available or will be developed to oversee strategies and other measures designed to respond to **material impacts, risks and opportunities** (or groups of them / related topics);
  - (c) (22(a)(b), (former 26(6) amended) the identity and responsibilities of the individuals, board committee or similar body within the administrative, management and supervisory bodies which are responsible for the oversight of material impacts, risks and opportunities (or groups of them / related topics), with an indication, if relevant, of those for which the administrative, management and supervisory bodies have not delegated the key decisions to another body;
  - (d) (22(d)) how the administrative, management and supervisory bodies oversee the setting of **targets** related to material impacts, risks and opportunities (or groups of them / related topics), and how they monitor progress towards them; and
  - (e) (26(b)) how the administrative, management and supervisory bodies take into account material impacts, risks and opportunities (or groups of them / related topics) when overseeing the undertaking's strategy, its decisions on major transactions, and its risk management process and related **policies**, including whether the body(ies) or individual(s) have considered trade-offs associated with those impacts, risks and opportunities.

#### APPLICATION REQUIREMENTS

AR 2 for para. 9(a)	(21(d)) The board's gender diversity shall be calculated as an average ratio of female to male board members <sup>2</sup> .
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<sup>1</sup> This information supports the information needs of benchmark administrators to disclose ESG factors subject to Regulation (EU) 2020/1816 as set out by indicator 'Weighted average percentage of board members who are independent' in section I of Annex II.

<sup>2</sup> This information supports the information needs of: financial market participants subject to Regulation (EU) 2019/2088 because it is derived from an additional indicator related to principal adverse impacts set out by indicator #13 in Table I of Annex I of Commission Delegated Regulation (EU) 2022/1288 of 6 April 2022 supplementing Regulation (EU) 2019/2088 of the European Parliament and of the Council with regard to disclosures rules on sustainable investments ('Board gender diversity') and benchmark administrators to disclose ESG factors subject to Commission Delegated Regulation (EU) 2020/1816 of 17 July 2020 supplementing Regulation (EU) 2016/1011 of the European Parliament and of the Council as set out by indicator 'Weighted average ratio of female to male board members' in section 1 and 2 of Annex II.

#### APPLICATION REQUIREMENTS

AR 3 for para. 9(b)	Sustainability-related expertise refers to the one that the bodies either directly possess or can <b>leverage</b> (for example through access to experts, training or other educational initiatives)
AR 4 for para. 9(c)	(new) The description of the responsibilities shall consist in an overview of how each body's or individual's responsibilities for <b>material impacts, risks and opportunities</b> and related <b>topics</b> are reflected in the undertaking's terms of reference, board mandates and other related <b>policies</b> .

Please provide general comments on the DR below. When providing specific comments on paragraph level, please use the Excel Template instead

Do you agree with the amendments of this DR?

### Disclosure requirement GOV-2 – *Integration of sustainability-related performance in incentive schemes*

10. (28) The objective of this DR is to provide an understanding of whether incentive schemes that are linked to sustainability **topics** are offered to members of the **administrative, management and supervisory bodies**.
11. (29) Where they exist, the undertaking shall disclose the following information about the incentive schemes and remuneration **policies** linked to sustainability **topics** for members of the **administrative, management and supervisory bodies**:
- (a) a description of the key characteristics of the incentive schemes;
  - (b) (29(b)) when performance is assessed against specific sustainability-related **targets** and/or impacts, the targets or **metrics** used; and
  - (c) (29(d)) the proportion of variable remuneration dependent on sustainability-related targets and/or impacts' performance.

Please provide general comments on the DR below. When providing specific comments on paragraph level, please use the Excel Template instead

Do you agree with the amendments of this DR?

**Disclosure requirement GOV-3 – *Statement on due diligence***

12. (31) The objective of this DR is to facilitate an understanding of the main aspects and steps of the due diligence process (see chapter 4, ESR51) that the undertaking has applied with regard to sustainability **topics** reported in its **sustainability statement**.
13. (32) The undertaking shall explain where its application of the main aspects and steps of the due diligence process are reflected in its **sustainability statement**<sup>3</sup>.

**APPLICATION REQUIREMENTS**

<b>AR 5 for para. 13</b>	(AR 8) The undertaking may present the description required by paragraph 13 in the form of a table, cross-referencing the core elements of due diligence for impacts on people and the environment- to the relevant disclosures in its <b>sustainability statement</b> .
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<sup>3</sup> This information supports the information needs of financial market participants subject to Regulation (EU) 2019/2088 because it is derived from an additional indicator related to principal adverse impacts as set out by indicator #10 in Table III of Annex I of Commission Delegated Regulation (EU) 2022/1288 with regard to disclosure rules on sustainable investments ('Lack of due diligence').

Please provide general comments on the DR below. When providing specific comments on paragraph level, please use the Excel Template instead

Do you agree with the amendments of this DR?

**Disclosure requirement GOV-4 – *Risk management and internal controls over sustainability reporting***

14. (35) The objective of this DR is to provide an understanding of the undertaking's **risk** management and internal control processes and systems in relation to sustainability reporting.
15. (36(a)) The undertaking shall disclose the scope, main features and components of its **risk** management and internal control processes and systems in relation to sustainability reporting.

**APPLICATION REQUIREMENTS**

<b>AR 6 for para. 15</b>	(AR 11) The undertaking shall consider the completeness and integrity of the data, and the accuracy of estimation results, as aspects that are relevant in the context of <b>risks</b> associated to the reporting process.
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Please provide general comments on the DR below. When providing specific comments on paragraph level, please use the Excel Template instead

Do you agree with the amendments of this DR?



## Strategy

### Disclosure requirement SBM-1 – Strategy, business model and value chain

16. (39) The objective of this DR is to describe the key elements of the undertaking's general strategy, as well as the key elements of its **business model** and **value chain**, that relate to or affect **material impacts, risks** and **opportunities**, in order to provide an understanding of its exposure to material impacts, risks and opportunities and where they originate.
17. (40 amended) The undertaking shall disclose the following information about the key elements of its general strategy that relate to or affect **material impacts, risks** and **opportunities**, either individually or at a higher level (i.e. groups of impacts, risks and opportunities or related **topics**):
- (a) a description of:
    - i. the significant groups of products and/or services offered, significant markets and/or customer groups served, and the sustainability-related goals that it has associated to them, including significant changes in the reporting period (new/removed products, services, markets and/or customer groups);
    - ii. where applicable and material, products and services banned in certain markets;
  - (b) the list of its significant sectors including activities that are internal to the group, when those activities are significant and/or are connected or may be connected to materials impacts, risk and opportunities, and the sector classification system adopted for this disclosure;
  - (c) where applicable, a statement indicating, along with the respective revenues, whether the undertaking is active in:
    - i. the **fossil fuel** (coal, oil and gas) sector<sup>4</sup>;
    - ii. chemicals production<sup>5</sup>, i.e., whether its activities fall under Division 20.2 of Annex I to Regulation (EC) No 1893/2006;
    - iii. the controversial weapons industry<sup>6</sup> (anti-personnel mines, cluster munitions, chemical weapons or biological weapons); and/or
    - iv. the cultivation and production of tobacco<sup>7</sup>.
18. (42 amended) The undertaking shall disclose a description of its **business model** and **value chain**, covering the main features of them, as well as its position in the latter.

<sup>4</sup> This information supports the information needs of financial market participants subject to Regulation (EU) 2019/2088 because it is derived from an additional indicator related to principal adverse impacts set out by indicator #4 in Table I of Annex I of Commission Delegated Regulation (EU) 2022/1288 with regard to disclosures rules on sustainable investments ("Exposure to companies active in the fossil fuel sector").

<sup>5</sup> This information supports the information needs of financial market participants subject to Regulation (EU) 2019/2088 because it is derived from an additional indicator related to principal adverse impacts set out by indicator #9 in Table II of Annex I of Commission Delegated Regulation (EU) 2022/1288 with regard to disclosures rules on sustainable investments ("Investments in companies producing chemicals").

<sup>6</sup> This information supports the information needs of financial market participants subject to Regulation (EU) 2019/2088 because it is derived from an additional indicator related to principal adverse impacts set out by indicator #14 in Table I of Annex I of Commission Delegated Regulation (EU) 2022/1288 with regard to disclosures rules on sustainable investments ("Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)").

<sup>7</sup> This information supports the needs of benchmark administrators to disclose ESG factors subject to Regulation (EU) 2020/1818 as set out by paragraph b) of article 12.1.

### APPLICATION REQUIREMENTS

AR 7 for para. 17(b)	(new) Disclosing the list of significant sectors is relevant for <b>users</b> , as it supports the understanding of the <b>material impacts</b> (and as a consequence <b>risks</b> and <b>opportunities</b> ) to which the undertaking is potentially connected, as they are common in a given sector. In addition, this supports the understanding of possible entity-specific information included in the <b>sustainability statement</b> to cover aspects that are either specific or common in a given sector.
AR 8 for para. 17(b)	The undertaking is not considered to be active in the sectors of operations of its counterparts in the upstream and downstream <b>value chain</b> .
AR 9. for para. 17(c)(i)	(40 (d)(i)) In preparing the disclosure of its revenues derived from the <b>fossil fuel</b> sector, the calculation shall be based on revenues from the exploration, mining, extraction, production, processing, storage, refining and/or distribution, including transportation, storage and trade, of fossil fuels as defined in Article 2, point (62), of Regulation (EU) 2018/1999 of the European Parliament and the Council). The undertaking may present a disaggregation of revenues derived from coal, oil and gas.
AR 10. for para. 17 (a)(b)	(AR 13 amended) When disclosing information on a group of products and/or services, a group of markets and/or customers, and on a sector, the undertaking shall apply the following criteria to assess if they are significant: <ul style="list-style-type: none"> <li>(a) whether it accounts for more than 10 per cent of the undertaking's revenue or is a reportable sector in accordance with IFRS 8 / local generally accepted accounting principles; or</li> <li>(b) whether it is connected with its <b>actual material impacts</b> or <b>potential</b> material negative impacts.</li> </ul>

Please provide general comments on the DR below. When providing specific comments on paragraph level, please use the Excel Template instead

Do you agree with the amendments of this DR?

**Disclosure requirement SBM-2 – Interests and views of stakeholders**

19. (44 amended) The objective of this DR is to provide an understanding of the undertaking's **stakeholder engagement** and whether and how **stakeholders'** interests and views are brought to the attention of its **administrative, management and supervisory bodies** and inform its strategy and **business model**.
20. (45 amended) The undertaking shall disclose:
- (a) a summarised description of its **stakeholder engagement**, including information about the key stakeholders with which it engaged;
  - (b) its understanding of the interests and views of its key stakeholders as they relate to its strategy and **business model**;
  - (c) whether and how the **administrative, management and supervisory bodies** are informed about the views and interests of key affected stakeholders (including workers' representatives) with regard to its **material impacts, risks and opportunities**, either individually or at a higher level (i.e. groups of impacts, risks and opportunities or related **topics**).

**APPLICATION REQUIREMENTS**

AR 11 for para. 20(a)	(new) Key <b>stakeholders</b> refer to key categories of affected stakeholders (as defined in ESRS 1 AR 10).
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Please provide general comments on the DR below. When providing specific comments on paragraph level, please use the Excel Template instead

Do you agree with the amendments of this DR?

**Disclosure requirement SBM-3 – Interaction of material impacts risks and opportunities with strategy and business model, and financial effects**

21. (47 amended) The objective of this DR is to provide an understanding of the interactions between the undertaking's **material impacts, risks and opportunities**, and its strategy and **business model**, at the appropriate level of aggregation, i.e. individually, aggregated or at topic level, including **financial effects**.
22. (48 amended) The undertaking shall provide a high-level description of the interaction of the **material impacts, risks and opportunities**, with its **business model, value chain**, strategy and decision-making. This includes how material impacts originate from its strategy and business model, and how material risks and opportunities affect or may affect substantially its strategy and business model, as well as how the undertaking has addressed or plans to address them.
23. The undertaking shall disclose **current and anticipated financial effects** of its **material risks and opportunities**. This includes:
- (a) the effects on its financial position, financial performance and cash flows for the reporting period (**current financial effects**), by reference to the financial statements where this information is presented;

**Option 1**

- (b) the anticipated effects on its financial position, financial performance and cash flows, including the time horizons (short, medium or long term) for which those effects could reasonably be expected to occur. This shall be done by taking into consideration how risks and opportunities are included in the undertaking's financial planning for the various time horizons used for strategic management purposes. This shall be done by separately disclosing those for which there is a significant risk of a material adjustment within the next annual reporting period to the carrying amounts of assets and liabilities reported in the related financial statements;
- (c) if the undertaking cannot provide quantitative information about the current or anticipated financial effects of a risk or opportunity applying the criteria set out in AR 17, it shall:
  - i. explain why it has not provided quantitative information;
  - ii. provide qualitative information about those financial effects, including identifying line items, totals and subtotals within the related financial statements that are likely to be affected, or have been affected, by that risk or opportunity; and
  - iii. provide quantitative information about the combined financial effects of that risk or opportunity with other risks or opportunities and other factors, unless the undertaking determines that quantitative information about the combined financial effects would not be useful.

**Option 2**

- (b) qualitative information about anticipated financial effects on its financial position, financial performance and cash flows, including the time horizons (short, medium or long term) for which those effects could reasonably be expected to occur. This shall be done by taking into consideration how risks and opportunities are included in the undertaking's financial planning and how they relate to the various time-horizons the undertaking uses for management and strategic purposes. This shall be done by separately disclosing those for which there is a significant risk of a material adjustment within the next annual reporting period to the carrying amounts of assets and liabilities reported in the related financial statements. In addition, the undertaking may present quantitative information about anticipated financial effects.

24. The undertaking shall disclose information about the resilience of its strategy and **business model** regarding its capacity to address its **material risks**, either individually or at a higher level (i.e. groups of risks or related **topics**). The undertaking shall disclose a qualitative analysis of its resilience to the material risks disclosed in accordance with paragraph 22, including how the analysis was conducted and the time horizons considered. Topical ESRS may set specific requirements about resilience.

## APPLICATION REQUIREMENTS

AR 12 for para. 22	(new) The description of the interaction of <b>impacts, risks</b> and <b>opportunities</b> with the undertaking's <b>business model, value chain</b> , strategy and decision-making shall be provided at the appropriate level of aggregation, either individually or at a higher level (groups of impacts, risks and opportunities or related <b>topics</b> ) to reflect the level at which the undertaking manages them.
AR 13 for para. 22	This DR is focused on the explanation of the interaction between <b>material impacts, risks</b> and <b>opportunities</b> on the one hand and <b>business model</b> and strategy, on the other hand. A description of them is required in accordance with IRO-2, paragraph 28(a). The undertaking may present the descriptions of its material impacts, risks and opportunities in the same location as its disclosures on the related <b>policies, actions, targets</b> and <b>metrics</b> through which it addresses them, in order to avoid duplication and support a coherent narrative.
AR 14 for para. 22	(new) Information on how the undertaking addresses or plans to address its <b>material impacts, risks</b> and <b>opportunities</b> , which interact with its <b>business model</b> or strategy, includes a clear reference to the specific <b>policies, actions, targets</b> and other measures it implemented during the reporting period to manage them, as disclosed in line with the GDRs and the relevant topical standards.
AR 15 for para. 23	(new) In preparing disclosures about its <b>anticipated financial effects</b> , an undertaking shall use reasonable and supportable information available to it at the reporting date without undue cost or effort (see paragraphs 88, 89 and 90 of ESRS 1).
AR 16 for para. 23(b)	<p>(48(d) amended) In preparing the disclosure on <b>anticipated financial effects</b>, the undertaking shall consider how it expects its financial position, financial performance and cash flows to change over the short, medium- and long-term, given its strategy to manage <b>risks</b> and <b>opportunities</b>, taking into consideration:</p> <ul style="list-style-type: none"> <li>(a) its announced investment and disposal plans (for example, capital expenditure, major acquisitions and divestments, joint ventures, business transformation, innovation, new business areas and asset retirements), including plans to which the undertaking is not contractually committed; and</li> <li>(b) its planned sources of funding to implement its strategy.</li> </ul>
AR 17 for para. 23(b)	<p><b>Option 1</b></p> <p>(new) An undertaking need not provide quantitative information about the <b>current</b> or <b>anticipated financial effects</b> if it determines that:</p> <ul style="list-style-type: none"> <li>(a) the effects related to a specific <b>topic</b> (or its impact(s), risk(s) and opportunities) are not separately identifiable from those related to another topic or impact, risk or, opportunity; or</li> <li>(b) the level of measurement uncertainty involved in estimating those effects is so high that the resulting quantitative information would not be useful (see paragraphs 86 and 87 of ESRS 1), such as when there is no reasonable and supportable information derived from its business plans to be used as input in the calculation of anticipated long-term financial effects.</li> </ul>
AR 18 for para. 23	(48(f) amended) When providing quantitative information, the undertaking may present single amounts or ranges.

Please provide general comments on the DR below. When providing specific comments on paragraph level, please use the Excel Template instead

Do you agree with the amendments of this DR?

**Disclosure requirement IRO-1 – Description of the process to identify and assess material impacts, risks and opportunities and material information to be reported**

- 25.(52) The objective of this DR is to provide an understanding of the process through which the undertaking identifies **impacts, risks, opportunities** and the related **topic**, and assesses their **materiality**, as the basis for determining the disclosures to be made in its **sustainability statement** (see ESRS 1, Chapter 3).
- 26.(53 amended) The undertaking shall disclose the following
- (a) an overview of the process, the key methodologies applied, the input parameters used and key data sources, and how it determines qualitative or quantitative thresholds;
  - (b) the scope of operations and **value chain** covered, with an indication of whether it focuses on specific activities, **business relationships**, geographies or other factors that give rise to heightened risk of adverse **impacts**;
  - (c) whether and how the undertaking prioritises negative impacts based on their relative severity and likelihood, and whether this is informed by the undertaking's due diligence process;
  - (d) whether and how the process includes consultations with affected **stakeholders** and external experts to understand the impacts;
  - (e) the approach used to consider impacts and **dependencies** in identifying and assessing its **risks and opportunities**;
  - (f) whether and how the undertaking prioritises sustainability risks relative to other types of business risks, including its use of risk assessment tools;
  - (g) a description of the decision-making procedures; and
  - (h) whether and how the process has changed compared to the prior reporting period.

**APPLICATION REQUIREMENTS**

AR 19 for para. 26(a)	(new) Input parameters may include – where relevant and beyond generic information – due diligence processes <b>leveraged</b> , specific data sources, sector benchmark analysis, and key inputs.
AR 20. for para. 26(b)–(g)	(new) Information outlined under (b)–(g) specifies, rather than expand the disclosures outlined under (a). The undertaking shall focus on information that is specific to its own process. It shall avoid standardised, generic disclosures, sometimes referred to as 'boilerplate', such as information describing in detail that the undertaking applied the criteria outlined in ESRS 1 and/or followed the recommended process.
AR 21. for para. 26(d)	<p>(new) Information concerning engagement with affected <b>stakeholders</b> is addressed in IRO-1 and SBM-2, and in ESRs S1-S4..</p> <p>Relevant disclosures under IRO-1, paragraph 26(d), include whether and how the <b>materiality</b> process includes consultation with affected stakeholders and external experts.</p> <p>Information on ongoing engagement with affected stakeholders (as defined in [Draft] Amended ESRs 1 AR 10) is addressed in the respective social standards.</p> <p>Disclosures related to whether and how key affected stakeholders' (including workers' representatives') interests and views are brought to the attention of the undertakings' <b>administrative, management and supervisory bodies</b> and inform its strategy and <b>business model</b>, with regard to its <b>material impacts, risks and opportunities</b>, are covered under SBM-2.</p>
AR 22 for para. 26 (a)–(e)	When the undertaking screens <b>site locations</b> , assets and business activities in its own operations and, where appropriate, in its upstream and downstream <b>value chain</b> , to

**APPLICATION REQUIREMENTS**

	<p>evaluate heightened risks of adverse environmental <b>impacts</b>, the approach to such screening is a relevant aspect of disclosures addressed in (a) to (e).</p> <p>Location-specific considerations include how a site or asset interacts with local context, taking into account, for example:</p> <ul style="list-style-type: none"> <li>(a) local air, water and <b>soil</b> quality;</li> <li>(b) water availability in <b>areas at water risk</b>; and</li> <li>(c) threatened species and <b>ecosystems</b> in <b>biodiversity-sensitive areas</b>.</li> </ul> <p>The first three phases of the LEAP approach, as outlined in the guidance provided by the Taskforce on Nature-related Financial Disclosures ('TNFD'), offer a useful reference for how to (i) locate where in own operations and along the <b>value chain</b> the interface with nature takes place, (ii) evaluate the <b>dependencies</b> and impacts, and (iii) assess <b>risks and opportunities</b>.</p>
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Please provide general comments on the DR below. When providing specific comments on paragraph level, please use the Excel Template instead



Do you agree with the amendments of this DR?

**Disclosure requirement IRO-2 – Material impacts, risks and opportunities and disclosure requirements included in the sustainability statement**

27.(55) The objective of this DR is to provide an understanding of the outcome of the **materiality** assessment, in terms of **material impacts, risks and opportunities** and material information reported in accordance with ESRs DRs.

28.(56) The undertaking shall disclose:

- (a) (48(a) amended) a concise description of its **actual and potential**, positive and negative **material impacts**, including how they affect or are likely to affect people or the environment, as well as its **material risks and opportunities**, specifying the related **topics** and how and where impacts, risks and opportunities are connected to its **business model**, its own operations and its upstream and downstream **value chain**;
- (b) (57 amended) if it concludes that climate change is not material and therefore omits all DRs in [Draft] Amended ESRs E1 *Climate change*, the basis for that conclusion;
- (c) (48(g) amended) changes related to its material impacts, risks and opportunities compared to the previous reporting period;
- (d) a list of the DRs complied with in preparing the **sustainability statement** allowing to identify where the related disclosures are located in the sustainability statement and giving a separate indication of those that are incorporated by reference ([Draft] Amended ESRs 1, Chapter 9.3);
- (e) if the undertaking is connected through its own operations or upstream and downstream value chain to material impacts, risks and opportunities related to **forced or compulsory labour or child labour**, it shall disclose its exposure to the heightened risk of **incidents** related to child labour and forced or compulsory labour by type of operations (such as manufacturing plant), or by countries or geographies with operations<sup>8</sup>. This disclosure relates to [Draft] Amended ESRs S1 and [Draft] Amended ESRs S2; and
- (f) a table of all the datapoints that derive from other EU legislation as listed in Appendix A of this Standard, indicating where they can be found in the sustainability statement or, for those that the undertaking has assessed as not material, that they are 'Not material'.

<sup>8</sup> This information supports the information needs of financial market participants subject to Regulation (EU) 2019/2088 because it is derived from additional indicators related to principal adverse impacts as set out by indicator # 12 and 13 in Table II of Annex I of Commission Delegated Regulation (EU) 2022/1288 with regard to disclosure rules on sustainable investments ("Operations and suppliers at significant risk of incidents of forced or compulsory labour" and "Operations and suppliers at significant risk of child labour").

**APPLICATION REQUIREMENTS**

AR 23 for para. 28(a)	(new) The description of its <b>material impacts, risks and opportunities</b> shall be provided at the appropriate level of aggregation, either individually or for group(s) of impacts, risks and opportunities, or for the related <b>topic(s)</b> , depending on the nature of the impacts, risks and opportunities and reflecting the level at which the undertaking manages them.
AR 24 for para. 28(a)	The undertaking may present the description of its <b>material impact, risk or opportunity</b> in the same location as its disclosures on the related <b>policies, actions, targets and metrics</b> through which it addresses them, in order to avoid duplication and support a coherent narrative. If the undertaking exercises this option, it shall still present a concise description of its material impacts, risks and opportunities alongside its disclosures prepared in accordance with IRO-2.
AR 25 for para. 28(d)	(AR 19) The undertaking may present the disclosure as a content index, i.e. a tabular list of the DRs included in the <b>sustainability statement</b> , to support the identification of where they are located (page/paragraphs). It may present the list of information incorporated by reference in an appendix within its sustainability statement, or by including the necessary information in the list of reported DRs as required in paragraph 28(d).

Please provide general comments on the DR below. When providing specific comments on paragraph level, please use the Excel Template instead

Do you agree with the amendments of this DR?

#### General Disclosure Requirements for policies, actions, metrics and targets

29. (new) Information about **policies, actions and targets** shall enable an understanding of the level at which the undertaking is addressing its **material impacts, risks and opportunities**, i.e. at **topic** or sub-topic level. In instances where the undertaking has adopted policies or put in place actions or set targets for certain aspects only, this shall be reflected in the way the disclosure is prepared and presented, enabling an understanding of how the covered aspects relate to the corresponding material impacts, risks and opportunities.
30. (62 amended) If the undertaking has not adopted **policies, actions and targets** with reference to a **topic** related to **material impacts, risks and opportunities**, it shall disclose this fact.
31. If the undertaking categorises its **material impacts, risks and opportunities** in accordance with a set of management priorities, reflecting their relevance to the undertaking's strategy and **business model**, the way disclosures are structured and presented may reflect this approach.
32. (56) The undertaking shall apply the requirements provided in this section, when it discloses either in accordance with a topical standard or on an entity-specific basis, on **policies, actions, targets and metrics** related to **material impacts, risks and opportunities**, either individually or at a higher level (i.e. groups of impacts, risks and opportunities or related **topics**), covering:
- (a) its policies, actions and targets which address the prevention, mitigation and **remediation** of actual and **potential** material impacts to address material risks and/or to pursue material opportunities; or
  - (b) the metrics to assess progress over time in relation to its material impacts, risks and opportunities.

#### APPLICATION REQUIREMENTS

AR 26 for para. 29	(new) Where the undertaking applies the same <b>policies, actions, metrics</b> and/or <b>targets</b> across more than one <b>material impact, risk</b> and/or <b>opportunity</b> (or <b>topic</b> ), it may disclose the information just once, in aggregate, reflecting the level at which they are managed, while making clear the scope of its application. It may cross-refer to that information from other locations in the report where it is relevant.
AR 27 for para. 30	(new) When the undertaking uses a tabular form for presenting its <b>material impacts, risks and opportunities</b> (IRO-2 paragraph 28(a)) and the related <b>topics</b> , it can indicate

#### APPLICATION REQUIREMENTS

	the material topics and/or material impacts, risks and opportunities for which it has not in place <b>policies, actions or targets</b> , by using a check mark in the table.
AR 28 for para. 29	<p>(new) The information provided may vary in the level of detail provided with regard to each DR, depending on the nature of <b>material impacts, risks and opportunities</b>, and on differences in the undertaking's current approach to their management. The information should, wherever possible, be specific to the reporting period and avoid generic descriptions except where necessary to enable an understanding of the undertaking's current approach to manage its material impacts, risks and opportunities.</p> <p>(new) When reporting on <b>policies, actions and targets</b>, the undertaking shall report relevant information, avoiding information that is boilerplate, and therefore not relevant for <b>users</b> for example when policies and actions have been implemented to comply with law and regulation, or when the necessary information is already provided in accordance with [Draft] Amended ESRS 2 SBM-1.</p>
AR 29 for para. 32	(new) The undertaking may present the description of its <b>material impacts, risks and opportunities</b> , as required under IRO-2, paragraph 28(a), alongside information about the <b>policies, actions, targets and metrics</b> through which it addresses them, to avoid duplication and support a coherent narrative.

Please provide general comments on the DR below. When providing specific comments on paragraph level, please use the Excel Template instead

Do you agree with the amendments of this DR?

<b>General Disclosure Requirement for policies – GDR-P</b>	
33. (64)	The objective of this GDR is to provide an understanding of the <b>policies</b> that the undertaking has in place to address the prevention, mitigation and <b>remediation</b> of material <b>actual</b> and <b>potential material impacts</b> , manage <b>material risks</b> and pursue <b>material opportunities</b> , either individually or at a higher level (i.e. groups of them or related <b>topics</b> ), including an understanding of significant changes to the policies adopted during the reporting period.
34. (65 amended)	The undertaking shall disclose the following information about <b>policies</b> adopted to manage <b>material impacts, risks and opportunities</b> : <ul style="list-style-type: none"><li>(a) a description of the key contents of the policy, including its general objectives and material impacts, risks or opportunities to which the policy relates;</li><li>(b) a description of the scope of the policy, or of its exclusions, in terms of the undertaking’s own operations, upstream and/or downstream <b>value chain</b> and geographies and, if relevant, affected <b>stakeholder</b> groups;</li><li>(c) when the policy refers to third party-standards or initiatives the undertaking commits to respect through the implementation of the policy, a reference to such third-party standard or initiative; and</li><li>(d) for social <b>topics</b>, a description of the consideration given to the interest of affected stakeholders in setting this policy, when applicable.</li></ul>
35. (new from S1-S4)	The undertaking shall disclose whether it has an overarching human rights <b>policy</b> committing to implement <sup>9</sup> the UN Guiding Principles on Business and Human Rights, ILO Declaration on Fundamental Principles and Rights at Work and the OECD Guidelines for Multinational Enterprises. If this is the case, the undertaking shall disclose the information according to the provision defined in paragraph 34. The human rights policy shall specify which groups of affected <b>stakeholders</b> are covered (for example, <b>own workforce</b> and workers in the <b>value chain</b> being distinct from <b>consumers</b> and <b>end-users</b> ).

<sup>9</sup> (SFDR table 1 indicator 11 and SFDR table 3 indicator 9).

APPLICATION REQUIREMENTS	
AR 30 for para. 35 (moved from Social AR as indicated in the Social PAT version zero)	When disclosing on its human rights <b>policy</b> to implement the UN Guiding Principles on Business and Human Rights, the undertaking shall consider the International Bill of Human Rights, which consists of the Universal Declaration of Human Rights and the two Covenants that implement them, and the ILO principles concerning fundamental rights set out in the International Labour Organization’s Declaration on Fundamental Principles and Rights at Work.

Please provide general comments on the DR below. When providing specific comments on paragraph level, please use the Excel Template instead



Do you agree with the amendments of this DR?

**General Disclosure Requirement for actions and resources – GDR-A**

36. (67) The objective of this GDR is to provide an understanding of the undertaking's key **actions** taken and/or planned to manage its **material impacts, risks** and **opportunities**, either individually or at a higher level (i.e. groups of them or related **topics**), so as to prevent, mitigate and remediate its material **actual** and **potential impacts** and to address its material risks and opportunities, and where applicable, achieve the objectives of related **policies**.
37. (68 amended) When the undertaking implements key **actions** to manage **material impacts, risks** and **opportunities**, it shall disclose:
- (a) the description of the key actions taken in the reporting year and planned for the future, including their scope and timeframe; and
  - (b) the expected outcomes and, where applicable, how their implementation contributes to the achievement of the related **policy** objectives.
38. (69 amended) Where significant resources (operational and/or capital expenditure) have been or are expected to be allocated to the implementation of the key **actions**, the undertaking shall:
- (a) describe the type of current and future financial resources and other resources allocated to the key actions, and whether the ability to implement these key actions depends on specific preconditions (e.g. granting of financial support or public **policy** and market developments);
  - (b) disclose the amount of financial resources allocated to the key actions in the reporting period (if any), and indicate the corresponding line items and/or notes where they are included in the financial statements; and
  - (c) provide an indicative range of future financial resources expected to be allocated for the implementation of the key actions.

**APPLICATION REQUIREMENTS**

AR 31 for para. 37	(AR 22) Key <b>actions</b> in the context of this DR are those actions that play a significant role in addressing the undertaking's <b>material impacts, risks</b> and <b>opportunities</b> related to a reported <b>topic</b> , including the actions taken to support the provision for <b>remedy</b> .  For the sake of understandability, key actions may be aggregated where appropriate. Conversely, when key actions cover more than one material impact, risk or opportunity, this can be indicated and cross-referenced if necessary.
AR 32 for para. 37	(new) <b>Actions</b> can be individual or taken in collaboration with other undertakings, especially when <b>actual</b> or <b>potential impacts</b> are systemic or widespread in nature and cannot be addressed by the undertaking alone.  Whether a key action is collaborative is a useful information when describing it.
AR 33 for para. 37	(new) Environmental <b>actions</b> can be classified according to the mitigation hierarchy (i.e. contributing to avoidance, minimisation, restoration and compensation). Such information is a possible aspect to cover in the description of the actions, which may be provided implicitly or explicitly.

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AR 34 for para. 38(a)	(68(a)(b) amended) The scope of the key <b>actions</b> refers to coverage in terms of activities within own operations, upstream/downstream <b>value chain</b> , (group of) subsidiaries, geographies and, if applicable, affected <b>stakeholder</b> groups. These include actions that are part of the undertaking's business practices, overall management and <b>risk</b> management. The timeframe refers to the time horizons over which the undertaking intends to complete each action.
AR 35 for para. 38 (AR 23)	The undertaking may present the information on resource allocation in the form of a table broken down between (i) capital expenditure and operating expenditure, and between (ii) resources applied in the current reporting year and the planned allocation of resources over specific time horizons.
AR 36 for para. 38(a)(c)	(new) Examples of other non-monetary resources that may be included are human capital (full-time equivalent allocation) or natural resources allocated.

Please provide general comments on the DR below. When providing specific comments on paragraph level, please use the Excel Template instead

Do you agree with the amendments of this DR?

**General Disclosure Requirement for metrics – GDR-M**

39. (74) The objective of this GDR is to provide an understanding of the **metrics** the undertaking discloses, which include those used to evaluate its performance and to track the effectiveness of its **actions** to manage its **material impacts, risks** and **opportunities**, either individually or at a higher level (i.e. groups of impacts, risks and opportunities or related **topics**).
40. (75 amended) The undertaking shall disclose the **metrics** that it uses to evaluate its performance, as well as those required by topical ESRS, in relation to **material impacts, risks** and **opportunities** including those defined on an entity-specific basis.
41. (77 amended) For each **metric**, the undertaking shall disclose:
- (a) the metric itself, its unit of measurement, the calculation methodology, data types and sources used as input to the calculation, and where relevant, the estimation methodology, including significant assumptions and limitations;
  - (b) for environmental metrics, the specific environmental conditions and characteristics of the area where the impact is occurring;
  - (c) for **value chain** metrics, the reliance on data from indirect sources or proxies, and where applicable, the planned **actions** to improve the data quality in the future (see [Draft] Amended ESRS 1 Chapter 5); and
  - (d) contextual information about the metric and an explanation of significant changes in the performance compared to the previous reporting periods.

**APPLICATION REQUIREMENTS**

AR 37 for para. 41	(76 amended) The <b>metrics</b> include those defined in the ESRS, as well as metrics identified on an entity-specific basis, whether taken from other sources or developed by the undertaking itself, such as for [Draft] Amended ESRS S2-S4 topical standards that do not contain metrics at sector agnostic level.
AR 38 for para. 41(a)	(77(d) amended) When a currency is specified as the unit of measurement, the undertaking shall use the presentation currency of the financial statements.

Please provide general comments on the DR below. When providing specific comments on paragraph level, please use the Excel Template instead

Do you agree with the amendments of this DR?

**General Disclosure Requirement for targets – GDR-T**

42. (79 amended) The objective of this GDR is to provide an understanding of how the undertaking sets **targets**, as defined in terms of expected results for people, the environment or the undertaking, and of how it tracks the effectiveness of its **policies** and **actions** in relation to its **material impacts, risks** and **opportunities**, either individually or at a higher level (i.e. groups of impacts, risks and opportunities or related **topics**) and of the overall progress and effectiveness towards the adopted targets over time. This includes – where applicable – whether the progress is aligned with related action plan and/or whether any significant facts and circumstances related to the action plan affect the achievement of the target.
43. (80 amended) The undertaking shall disclose the measurable, time-bound, outcome-oriented qualitative or quantitative **targets** it has set related to its **impacts, risks** and **opportunities**, either individually or at a higher level (i.e. groups of impacts, risks and opportunities or related **topics**). For each target, the undertaking shall disclose:
- (a) a description of the relationship of the target to its **policy** objectives and **actions**;
  - (b) the defined target value (or level when qualitative) to be achieved, including, where applicable, whether the target is absolute or relative and in which unit it is measured;
  - (c) the scope of the target, in terms of the undertaking's activities within own operations and/or upstream and/or downstream **value chain**, as well as geographical boundaries;
  - (d) where applicable, the baseline value (or level when the target is qualitative) and base year from which progress is measured;
  - (e) the target year or period to which the target applies and, if applicable, any milestones or interim targets set;
  - (f) the methodologies, significant assumptions used to define targets, whether the target is required by law, the selected **scenarios** on which it is based, the key data sources and the level compatibility with national, EU or international policy goals; and
  - (g) whether the undertaking's targets related to environmental **topics** are based on conclusive scientific evidence and, if this is the case, how the target considers **ecological thresholds**.
44. (81 amended) If the undertaking has not set any measurable outcome-oriented **targets**, it shall disclose whether and, if so, how it nevertheless tracks the effectiveness of its **policies** and **actions** in relation to its **material impacts, risks** and **opportunities**, either individually or at a higher level (groups of impacts, risks and opportunities or related **topics**).

**APPLICATION REQUIREMENTS**

AR 39 for para. 43	(AR 24 amended) When disclosing <b>targets</b> related to the prevention or mitigation of environmental <b>impacts</b> , a clarification may be provided on whether targets related to the reduction of the impacts are in absolute or relative terms. When targets address the prevention or mitigation of social impacts, they can be specified in terms of the effects on outcomes for affected <b>stakeholders</b> .
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Please provide general comments on the DR below. When providing specific comments on paragraph level, please use the Excel Template instead

Overall agreement on the proposed amendments to the revised ESRS E1 text

You can access the Exposure Drafts of the Amended ESRS at this [link](#)

In case you would like to see the rationale behind the amendments, you can access the Log of Amendments at this [link](#)

Do you agree that the proposed Amended ESRS strikes an appropriate balance between the need for significant simplification and meeting the core objectives of the European Green Deal?

If you would like to comment at paragraph level, you are invited to do so by using the provided XLSX template at the end of the chapters / DRs level part.

Do you agree with the amendments of this DR?

## Strategy

### Disclosure Requirement E1-1 – *Transition plan for climate change mitigation*

13. (15 amended) The objective of this DR is to enable an understanding of the undertaking's past, current and future mitigation efforts to ensure that its strategy and **business model** are compatible with the transition to a sustainable economy and with limiting global warming to 1.5 °C in line with the Paris Agreement and the objectives of the European Climate Law (Regulation (EU) 2021/1119), including achieving climate neutrality by 2050.
14. (16 amended) The information about the **transition plan for climate change mitigation** shall include:
- (a) a description of its key features. This includes **GHG emission reduction targets**, the **decarbonisation levers**, key **actions**, financial and investment planning, the role of the **administrative, management and supervisory bodies**, and how the plan is embedded in and aligned with the undertaking's overall business strategy. It shall also include information on how the undertaking's strategy and **business model** are compatible with the limiting global warming to 1.5°C in line with the Paris Agreement and with the EU's objective of achieving climate neutrality by 2050;
  - (b) disclosure of significant CapEx amounts invested during the reporting period related to coal, oil and gas economic activities<sup>1</sup>, if the undertaking has them;
  - (c) information about **dependencies** on which the **transition plan** relies, including a qualitative assessment of how potential **locked-in GHG emissions** from key assets and products may jeopardise the achievement of the plan and drive **transition risk**; and
  - (d) an explanation of the undertaking's progress in implementing the **transition plan**.
15. (17 amended) If the undertaking does not have a **transition plan for climate change mitigation** in place, it shall indicate whether and, if so, when it will adopt one.

### APPLICATION REQUIREMENTS

AR 1 for para. 14	A <b>transition plan for climate change mitigation</b> sets out how the undertaking intends to transform its strategy and <b>business model</b> to ensure compatibility with
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<sup>1</sup> The CapEx amounts considered are related to the following NACE codes: (a) 8.05 Mining of coal and lignite, 8.06 Extraction of crude petroleum and natural gas (limited to crude petroleum), 8.09.1 Support activities for petroleum and natural gas extraction (limited to crude petroleum), (b) C.19 Manufacture of coke and refined petroleum products, (c) D.35.1 - Electric power generation, transmission and distribution, (d) D.35.3 - Steam and air conditioning supply (limited to coal-fired and oil-fired power and/or heat generation), (e) D.46.81 - Wholesale of solid, liquid and gaseous fuels and related products (limited to solid and liquid fuels).

(Transition Plan for Climate Change Mitigation)	the transition to a sustainable economy. It is a specific type of <b>action</b> plan, distinguished by its direct implications for the undertaking's strategic direction and business model. According to [Draft] Amended ESRS E1, para. 14(a), the undertaking shall disclose the key features of their transition plan for climate change mitigation. In doing so, the undertaking shall apply the qualitative characteristics of information (Appendix B of [Draft] Amended ESRS 1) to the disclosure on transition plan for climate change mitigation ([Draft] Amended ESRS E1-1) as a whole. This is particularly important given the complexity of transition plans, which bring together multiple sustainability aspects of the undertaking's business.
AR 2 for para. 14(a)  (Transition Plan for Climate Change Mitigation)	<p>The key features referred to in para. 14(a) shall refer to disclosures on <b>policies, actions, resources</b> and <b>targets</b> made elsewhere (e.g. [Draft] Amended ESRS E1-5 and E1-6 as well as [Draft] Amended ESRS 2) without necessarily duplicating content but by consolidating them into a coherent narrative that demonstrates how these elements are strategically aligned to drive business transformation. The relevant disclosures for this paragraph are:</p> <ul style="list-style-type: none"> <li>(a) with reference to <b>targets</b>, a statement on whether the <b>GHG emission reduction targets</b> are science-based and compatible with limiting global warming to 1.5 °C ([Draft] Amended ESRS E1-6). The explanation of how the targets are compatible with limiting global warming to 1.5 °C in line with the Paris Agreement is done by benchmarking the target value against a 1.5 °C reference target value (in accordance with the provisions in [Draft] Amended ESRS E1-6, AR 17) and/or by providing validation through an independent third party, including information on the third party, the methodology/standard applied and the trajectory used.</li> <li>(b) with reference to <b>actions</b>, the key actions and an explanation of the <b>decarbonisation levers</b> identified ([Draft] Amended ESRS E1-5), including changes in the undertaking's product and service portfolio and the adoption of new technologies in its own operations, or the upstream and/or downstream value chain;</li> <li>(c) with reference to financial resources, the disclosure of the investment and financial planning (including the short- and medium-term financial and investment plan) and financial resources supporting the implementation and strategic ambition of its <b>transition plan for climate change mitigation</b>, including quantitative short- and medium-term CapEx, and/or OpEx figures, as well as anticipated long-term CapEx and/or OpEx ranges ([Draft] Amended ESRS 2 GDR-A, [Draft] Amended ESRS E1-5).</li> </ul> <p>While this information helps demonstrate the coherence and credibility of the <b>transition plan</b>, there is no expectation that the undertaking disclose all internal information used to manage the plan.</p>
AR 3 for para. 14(c)  (Transition Plan for Climate Change Mitigation)	<p>Information on <b>dependencies</b> relate to, e.g. deployment of certain technologies, market demand or <b>policies</b>. The DR shall include an explanation of the plans to manage – e.g. by transforming, decommissioning or phasing out – its GHG-intensive and energy-intensive assets and products. Where relevant, it shall also include information in line with [Draft] Amended ESRS 2, GDR-A, regarding dependencies of future financial <b>resources</b> and other resources and how these may constrain the ability to implement the <b>transition plan actions</b>.</p>
	<p>The qualitative <b>locked-in emission</b> assessment seeks to ensure that these emissions were adequately considered by the undertaking in its <b>transition plan</b> - explaining how the magnitude of the <b>locked-in emissions</b> can potentially put at risk – or not - the eventual implementation of the climate mitigation transition plan.</p>
AR 4 for para. 14(d)  (Transition Plan for Climate Change Mitigation)	<p>When explaining its progress in implementing the <b>transition plan</b>, the undertaking shall describe the deployment of <b>resources</b>, the <b>actions</b> taken and the <b>GHG emission reductions</b> achieved or expected to be achieved. Information on progress shall include, where appropriate, sector-specific <b>metrics</b> that can be used to track progress against specific climate <b>targets</b> the undertaking may have set, using recognised sectoral decarbonisation standards.</p>

Please provide general comments on the DR below. When providing specific comments on paragraph level, please use the Excel Template instead



Do you agree with the amendments of this DR?

**Disclosure Requirement E1-2 – Climate-related risks and scenario analysis**

16. The objective of this DR is to enable **users** an understanding of how the undertaking identifies and assesses climate-related **impacts, risks and opportunities** for **materiality**.
17. The undertaking shall explain for each climate-related material risk identified (per [Draft] Amended ESRS 2, paragraph 28) whether it classifies the risk as a **climate-related physical risk** or a **climate-related transition risk**.
18. In addition to the disclosure provided in accordance with [Draft] Amended ESRS 2 IRO-1 and IRO-2, the undertaking shall disclose key elements of the methodology used to assess how its assets and business activities in own operations and upstream and downstream value chain may be exposed:
  - (a) to climate-related hazards (over the short-, medium- and long-term);
  - (b) to climate-related transition events and trends (over the short-, medium- and long-term).
19. The key elements of the methodology include: the scope of the analysis, the methodologies and/or tools used for the analysis, the ranges of scenarios used, the time period when it was carried out and how the undertaking has used climate-related **scenario analysis**. In addition, for paragraph 18 (a) the undertaking shall include the spatial resolution of the analysis and for paragraph 18(b) it shall include the type of transition events analysed.

**APPLICATION REQUIREMENTS**

<b>AR 5 for para. 18</b> <b>(Climate-related physical risk)</b>	In conducting its <b>climate-related physical risk</b> analysis supported by <b>scenario analysis</b> , the undertaking shall: <ol style="list-style-type: none"> <li>(a) identify <b>climate-related hazards</b> over the short, medium and long term and screen whether its assets and business activities are exposed to these hazards;</li> <li>(b) assess the extent to which its assets and business activities are exposed and are sensitive to the identified climate-related hazards, taking into consideration the likelihood, magnitude and duration of the hazards as well as the geospatial coordinates specific to its locations and <b>supply chains</b>; and</li> <li>(c) base its analysis on at least one high-emission climate scenario.</li> </ol>
<b>AR 6 for para. 19</b> <b>(Climate-related transition risk)</b>	In conducting its <b>climate-related transition risk</b> analysis, the undertaking shall: <ol style="list-style-type: none"> <li>(a) identify transition events over the short, medium and long term and screen whether its assets and business activities are exposed to these events;</li> </ol>
	<ol style="list-style-type: none"> <li>(b) assess the extent to which its assets and business activities are exposed and are sensitive to the identified transition events, taking into account the likelihood, magnitude and duration of the transition events; and</li> <li>(c) base its analysis on at least one climate <b>scenario</b> in line with limiting global warming to 1.5 °C with no, or limited, overshooting.</li> </ol>
<b>AR 7 for para. 18</b> <b>(Methodology to assess climate-related hazards and transition events)</b>	The quantification of the exposure of assets and business activities to material climate-related <b>risks</b> is required under DR E1-11 on <b>anticipated financial effects</b> .

Please provide general comments on the DR below. When providing specific comments on paragraph level, please use the Excel Template instead

Do you agree with the amendments of this DR?

**Disclosure Requirement E1-3 – Resilience in relation to climate change**

20. The objective of this DR is to provide users an understanding of the extent to which the undertaking's strategy and **business model** are prepared for, and can adapt to, climate-related **risks**.
21. In addition to the information disclosed in accordance with [Draft] Amended ESRS 2 SBM-3, the undertaking shall disclose the following information related to the resilience of its strategy and **business model** in response to identified climate-related **risks**:
- (a) the results of its resilience analysis in relation to climate-related risks, explaining the implications, if any, of its assessment of its strategy and business model and how it would need to respond to the effects identified in the climate-related **scenario analysis**, and explaining how its current and planned mitigation and adaptation **actions** (as per DR E1-5) and **transition plans** (as per DR E1-1) support, strengthen or impact its resilience towards climate-related risks;
  - (b) significant areas of uncertainty in the assessment of its **climate resilience**; and
  - (c) its capacity to adjust or adapt its strategy and business model to climate change over the short-, medium- and long-term.

**APPLICATION REQUIREMENTS**

<b>AR 8 for para. 20 (Resilience of strategy)</b>	When performing a qualitative <b>scenario analysis</b> , the undertaking shall consider the implications of the combined assessments performed according to DRs E1-2 (with its assessment of the exposure to different climate hazards and transition events) and E1-11 ( <b>anticipated financial effects</b> ) for its strategy and <b>business model</b> , including <b>actions</b> required to respond to the climate-related <b>risks</b> and <b>opportunities</b> identified through scenario analysis.
<b>AR 9 for para. 21(a) (Resilience of strategy)</b>	When disclosing the results and implications of its resilience analysis according to paragraph 21(a), the undertaking shall provide its assessment of its <b>climate resilience</b> as at the reporting date.
<b>AR 10 for para. 21(c) (Resilience of strategy)</b>	When disclosing on its capacity to adjust its strategy and <b>business model</b> according to paragraph 21(c), the undertaking shall consider: <ul style="list-style-type: none"> <li>(a) the availability and flexibility of existing financial <b>resources</b> to manage financial <b>impacts</b> of climate-related <b>risks</b> and to capitalise on <b>climate-related opportunities</b>;</li> <li>(b) its ability to redeploy, <b>repurpose</b>, upgrade or decommission existing assets in response to climate-related changes;</li> </ul>
	(c) the effects of current and planned investments in climate mitigation, adaptation and transition <b>opportunities</b> on <b>climate resilience</b> enhancement.

Please provide general comments on the DR below. When providing specific comments on paragraph level, please use the Excel Template instead

Do you agree with the amendments of this DR?

**Disclosure Requirement E1-4 – Policies related to climate change**

22. (24 amended) The undertaking shall disclose its climate change **policies** in accordance with the provisions of [Draft] Amended ESRS 2 GDR-P.

Please provide general comments on the DR below. When providing specific comments on paragraph level, please use the Excel Template instead

Do you agree with the amendments of this DR?

**Disclosure Requirement E1-5 – Actions and resources in relation to climate change**

23. (28 amended) The undertaking shall disclose its key climate change **actions** and resources allocated to their implementation in accordance with the provisions of [Draft] Amended ESRS 2 GDR-A.
24. (29 amended) In addition to [Draft] Amended ESRS 2 GDR-A, when disclosing current and planned actions, the undertaking shall:
- (a) present its key **climate change mitigation actions** by **decarbonisation lever**;
  - (b) in relation to the outcome of the key **climate change mitigation actions**, include the achieved and expected **GHG emission reduction**; and
  - (c) in relation to the type of current and future financial **resources** and other resources allocated to the key actions as per [Draft] Amended ESRS 2 GDR-A, paragraph 38, include quantitative short- and medium-term CapEx and/or OpEx figures, as well as anticipated long-term CapEx and/or OpEx ranges.

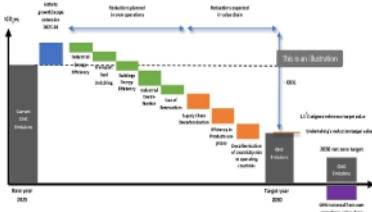
Please provide general comments on the DR below. When providing specific comments on paragraph level, please use the Excel Template instead

Do you agree with the amendments of this DR?



**Disclosure Requirement E1-6 – Targets related to climate change**

25. (32 amended) The undertaking shall disclose its **climate change targets** in accordance with the provisions of [Draft] Amended ESRS 2 GDR-T.
26. (34 amended) The undertaking shall disclose the **GHG emission reduction targets** it has set, including:
- absolute GHG emission reduction targets for Scope 1, 2 and 3, either separately or combined and, where relevant, in intensity value. The undertaking shall specify, in case of combined GHG emission reduction targets, which **GHG emission** Scopes (1, 2 and/or 3) are covered by the target and the share related to each respective GHG emission Scope;
  - if the scope of the GHG emission reduction targets diverges from the scope of the GHG inventory boundary emissions (reported under DR E1-8), the percentages for Scope 1, 2 and 3 covered by the target, as well as which GHGs are covered;
  - a statement on whether the GHG emission reduction targets are science-based and compatible with limiting global warming to 1.5 °C. The undertaking shall state which framework and methodology has been used to determine these targets, including whether they are derived using a sectoral decarbonisation pathway and the underlying climate and policy scenarios. As part of the critical assumptions used for setting GHG emission reduction targets, the undertaking shall briefly explain how it has considered future developments (e.g. changes in sales volumes, shifts in customer preferences and demand, regulatory factors, and new technologies) and how these will potentially impact both its **GHG emissions** and emissions reductions.

AR 11 for para. 26 (GHG emissions reduction targets)	The <b>GHG emission reduction targets</b> shall be gross targets, meaning that the undertaking shall not include GHG removals, <b>carbon credits</b> or avoided emissions as a means of achieving the <b>GHG emission reduction targets</b> .
AR 12 for para. 26 (GHG emissions reduction targets)	Under paragraph 26(a), the undertaking can disclose <b>GHG emission reduction targets</b> in intensity value. Intensity targets are formulated as ratios of <b>GHG emissions</b> relative to a unit of physical activity or economic output. In cases where the undertaking has only set a GHG intensity reduction target, it shall nevertheless disclose the associated absolute values for the target year and interim target year(s). This may result in a situation where the undertaking is required to disclose an increase of absolute <b>GHG emissions</b> for the target year and interim target year(s), e.g. because it anticipates the organic growth of its business.
AR 13 for para. 26 (GHG emissions reduction targets)	When applying GDR-T (base year and target year, baseline value and target year values): <ol style="list-style-type: none"> <li>the baseline value and base year are not to be changed unless key changes in either the <b>target</b> or reporting boundary occur; and</li> <li>the undertaking is to select a recent base year that does not precede the first reporting year of the new target period by longer than three years. Before 2030, the base year chosen by the undertaking may be either the currently applied base year for existing <b>targets</b> or the first year of application of the sustainability reporting requirements.</li> </ol>
AR 14 for para. 25 (Presentation of targets and actions)	<p>(AR 31 amended) The undertaking may present its <b>GHG emission reduction targets</b> together with its <b>climate change mitigation actions</b> (see paragraph 24) showing the <b>decarbonisation levers</b> and their quantitative contributions to achieve the GHG emission reduction targets (e.g. energy or material efficiency and consumption reduction, fuel switching, use of <b>renewable energy</b>, phase-out or substitution of product and process):</p> <ol style="list-style-type: none"> <li>as a list of key decarbonisation levers with disaggregation by key climate change mitigation actions (see, e.g. Figure 2); or</li> <li>as a table (see, e.g. Figure 2) or graphic over time (see, e.g. Figure 1).</li> </ol>  <p>Figure 1: [Draft] Amended ESRS E1 – Graphic 1</p>

	<table> <tr> <th></th><th>Base year (e.g., 2019)</th><th>2030 target</th><th>2050 target</th><th>...</th><th>Up to 2050 target</th></tr> <tr> <td>GHG emissions (aCO<sub>2</sub>e)</td><td>100</td><td>40</td><td>40</td><td></td><td></td></tr> <tr> <td>Energy efficiency and consumption reduction</td><td>-</td><td>-10</td><td>-4</td><td></td><td></td></tr> <tr> <td>Material efficiency and consumption reduction</td><td>-</td><td>-5</td><td>-</td><td></td><td></td></tr> <tr> <td>Fuel-switching</td><td>-</td><td>-2</td><td>-</td><td></td><td></td></tr> <tr> <td>Renewables</td><td>-</td><td>-</td><td>-30</td><td></td><td></td></tr> <tr> <td>Use of sustainable energy</td><td>-</td><td>-10</td><td>-3</td><td></td><td></td></tr> <tr> <td>Phase out, substitution or modification of products</td><td>-</td><td>-5</td><td>-</td><td></td><td></td></tr> <tr> <td>Phase out, substitution or modification of process</td><td>-</td><td>-5</td><td>-3</td><td></td><td></td></tr> <tr> <td>Other</td><td>-</td><td>-</td><td>-</td><td></td><td></td></tr> </table> <p><i>Figure 2: ESRS E1 – Table 1</i></p>		Base year (e.g., 2019)	2030 target	2050 target	...	Up to 2050 target	GHG emissions (aCO <sub>2</sub> e)	100	40	40			Energy efficiency and consumption reduction	-	-10	-4			Material efficiency and consumption reduction	-	-5	-			Fuel-switching	-	-2	-			Renewables	-	-	-30			Use of sustainable energy	-	-10	-3			Phase out, substitution or modification of products	-	-5	-			Phase out, substitution or modification of process	-	-5	-3			Other	-	-	-		
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Other	-	-	-																																																										
AR 15 for para. 26 (GHG emissions reduction targets)	The undertaking reporting under E1-8 using an operational control boundary can report Scope 1 and <b>Scope 2 GHG emission reduction targets</b> referring to this organisational boundary.																																																												
AR 16 for para. 26 (GHG emissions reduction targets compatible with 1.5°C)	(AR 26 amended) When disclosing the information required under para. 26(c), the undertaking shall compare its target value(s) with a sector-specific (if available) or a cross-sector emission pathway compatible with limiting global warming to 1.5 °C. For this purpose, the undertaking shall calculate a 1.5 °C-aligned reference target value for Scope 1 and 2 (and a separate one for Scope 3, if it has Scope 3 <b>GHG emissions reduction targets</b> ) against which its own GHG emission reduction targets or interim targets in the respective Scopes can be compared.																																																												

Please provide general comments on the DR below. When providing specific comments on paragraph level, please use the Excel Template instead

Do you agree with the amendments of this DR?

**Disclosure Requirement E1-7 – Energy consumption and mix**

27. The objective of this DR is to provide an understanding of the undertaking's energy consumption and mix.
28. (35 and 37 amended) The undertaking shall disclose information on its energy consumption and mix, namely on its total energy consumption in MWh related to its own operations, disaggregated by:
- (a) total energy consumption from fossil sources<sup>2</sup>;
  - (b) total energy consumption from nuclear sources;
  - (c) total energy consumption from renewable sources.
29. (38 amended) The undertaking shall further disaggregate its total energy consumption from fossil sources by:
- (a) fuel consumption from coal and coal products;
  - (b) fuel consumption from crude oil and petroleum products;
  - (c) fuel consumption from natural gas;
  - (d) fuel consumption from other fossil sources;
  - (e) consumption of *purchased or acquired electricity, heat, steam, or cooling* from fossil sources.

<sup>2</sup> This information supports the information needs of financial market participants subject to Regulation (EU) 2019/2088 because it is derived from a mandatory indicator related to principal adverse impacts as set out by Indicator #5 in Table I of Annex I of Commission Delegated Regulation (EU) 2022/1288 with regard to disclosure rules on sustainable investments ('Share of non-renewable energy consumption and production'). The breakdown serves as a reference for an additional indicator related to principal adverse impacts as set out by Indicator #5 in Table II of the same Annex ('Breakdown of energy consumption by type of non-renewable sources of energy').

30. (39 amended) The undertaking shall also disaggregate and disclose separately its **non-renewable energy** production and **renewable energy** production in megawatt hours (MWh)<sup>3</sup>.

**APPLICATION REQUIREMENTS**

<b>AR 17 for para. 28</b> <b>(Energy consumption and mix)</b>	<p>(AR 32 amended) When preparing the information on energy consumption required under paragraph 28, the undertaking shall adopt the following calculation approaches:</p> <ul style="list-style-type: none"><li>(a) report energy consumed from processes controlled by it applying the same organisational boundary perimeter applied for reporting GHG Scopes 1 and 2 emissions;</li><li>(b) exclude feedstocks and fuels that are not combusted for energy purposes (e.g. natural gas to produce polymers). The undertaking that consumes fuel as feedstocks can disclose information on this consumption separately from the required disclosures;</li><li>(c) ensure all quantitative combustion-related information is reported in megawatt-hour (MWh) in Lower Heating Value or net calorific value;</li><li>(d) ensure all quantitative energy-related information is reported as final energy consumption, referring to the amount of energy the undertaking actually consumes;</li><li>(e) avoid double counting fuel consumption when disclosing self-generated energy consumption. If the undertaking generates electricity from either a non-renewable or renewable fuel source and then consumes the generated electricity, the energy consumption shall be counted only once under fuel consumption;</li><li>(f) not offset energy consumption even if onsite generated energy is sold to and used by a third party;</li><li>(g) not count energy that is sourced from within the organisational boundary under 'purchased or acquired' energy;</li><li>(h) account for steam, heat or cooling received as 'waste energy' from a third party's industrial processes under 'purchased or acquired' energy;</li><li>(i) account for renewable hydrogen as a renewable fuel. Hydrogen that is not completely derived from renewable sources shall be included under 'fuel consumption from other non-renewable sources'; and</li><li>(j) adopt a conservative approach when splitting the electricity, steam, heat or cooling between renewable and non-renewable sources based on the approach applied to calculate market-based <b>Scope 2 GHG emissions</b>. The undertaking shall only consider these energy consumptions as deriving from renewable sources if the origin of the purchased energy is clearly defined in the contractual arrangements with its <b>suppliers</b> (renewable power purchasing agreement, standardised green electricity tariff, market instruments like Guarantee of Origin from renewable sources in Europe<sup>4</sup> or similar instruments like Renewable Energy Certificates in the US and Canada, etc.).</li></ul>
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<sup>3</sup> This information supports the information needs of financial market participants subject to Regulation (EU) 2019/2088 because it is derived from a mandatory indicator related to principal adverse impacts as set out by Indicator #5 in Table I of Annex I of Commission Delegated Regulation (EU) 2022/1288 with regard to disclosure rules on sustainable investments ('Share of non-renewable energy consumption and production').

<sup>4</sup> Based on Directive (EU) 2018/2001 of the European Parliament and of the Council of 11 December 2018 on the promotion of the use of energy from renewable sources.

Please provide general comments on the DR below. When providing specific comments on paragraph level, please use the Excel Template instead

Do you agree with the amendments of this DR?

**Disclosure Requirement E1-8 – Gross Scopes 1, 2, 3 GHG emissions**

31. The objective of this DR is to provide an understanding of the undertaking's direct and indirect **impacts** on climate change as a result of activities in its own operations and from within its upstream and downstream value chain.
32. The undertaking shall disclose absolute gross **GHG emissions** generated during the reporting period, expressed as metric tonnes of CO<sub>2</sub>eq classified as:
- (a) (44(a) amended) **Scope 1 GHG emissions**, including, the percentage of Scope 1 GHG emissions from regulated emission trading schemes, if it has emissions from such schemes;
  - (b) (44(b) amended) **Scope 2 GHG emissions** (location-based and market-based);
  - (c) (44(c) amended) **Scope 3 GHG emissions** from significant **Scope 3 categories** as a total and per category.
33. (AR 43(c), AR 45(e) and AR 46(j) amended) The undertaking shall disclose its biogenic CO<sub>2</sub> emissions from the combustion or biodegradation of biomass separately from the emission scopes.

**APPLICATION REQUIREMENTS**

<b>AR 18 for para. 32</b> (Emissions reporting boundary)	The organisational boundary to be used in disclosing paragraph 32 shall be the reporting undertaking as defined in [Draft] Amended ESRS 1, paragraph 59, which is equivalent to the financial control (consolidation) boundary of the GHG Protocol.
<b>AR 19 for para. 32</b> (Emissions reporting boundary)	(50 amended) When, due to specific facts and circumstances, the information reported in paragraph 32(a)(b) for the reporting undertaking (equivalent to the financial control organisational boundary) fails to convey a fair presentation of the emissions deriving from operated assets that are outside the reporting undertaking, the undertaking shall also separately disclose its Scope 1 and <b>Scope 2 GHG emissions</b> based on the operational control (consolidation) boundary, as defined in the GHG Protocol Corporate Standard (2004).
<b>AR 20 for para. 32</b> (Emissions reporting boundary)	Emissions connected with assets and liabilities of joint operations that are recognised on balance sheets are classified as 'own operations' and calculated on the basis of the accounting share of financial <b>risks</b> and rewards.
<b>AR 21 for paras. 31 and 32</b> (Emissions reporting)	(AR 39 amended) When preparing the information for reporting <b>GHG emissions</b> , the undertaking shall: <ul style="list-style-type: none"> <li>(a) (AR 39(a) amended) consider the GHG Protocol Corporate Standard (2004). The undertaking can also consider Commission Recommendation (EU) 2021/2279<sup>5</sup> or EN ISO 14064-1:2018. If the undertaking already applies the GHG accounting methodology of ISO 14064-1: 2018, it shall nevertheless comply with the requirements of this Standard (e.g. regarding reporting boundaries);</li> </ul>

<sup>5</sup> Commission Recommendation (EU) 2021/2279 of 15 December 2021 on the use of the Environmental Footprint methods to measure and communicate the life cycle environmental performance of products and organisations (OJ L 471, 30.12.2021, p. 1).

	<p>(b) include emissions of CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, HFCs, PFCs, SF<sub>6</sub>, and NF<sub>3</sub>. Additional GHGs may be considered when significant;</p> <p>(c) use the most recent <b>Global Warming Potential (GWP)</b> values published by the Intergovernmental Panel on Climate Change (IPCC) based on a 100-year time horizon to calculate CO<sub>2</sub>eq emissions of non-CO<sub>2</sub> gases. If emission factors based on older GWP values are the most suitable or available, the undertaking can use these and explain under [Draft] Amended ESRS 2 GDR-M, paragraph 41, which GWPs the GHG inventory is based on;</p> <p>(d) (AR 43(d), AR 45(f) and AR 46(k) amended) not include any removals, any purchased, sold or transferred <b>carbon credits</b> or GHG allowances in the calculation of <b>GHG emissions</b>; and</p> <p>(e) (AR 43(c) amended) include biogenic emissions from the combustion or biodegradation of biomass (in particular, CH<sub>4</sub> and N<sub>2</sub>O).</p>
<p><b>AR 22 for para. 32(a)</b> <b>(Scope 1 EU ETS emissions)</b></p>	<p>(AR 43(e) amended) For activities reporting under the EU Emissions Trading Scheme (ETS), the undertaking shall report on Scope 1 emissions following the EU ETS methodology. The EU ETS methodology may also be applied to activities in geographies and sectors that are not covered by the EU ETS.</p>
<p><b>AR 23 for para. 32(a)</b> <b>(Scope 1 emissions reporting)</b></p>	<p>(AR 44 amended) When preparing the information on the percentage of <b>Scope 1 GHG emissions</b> from regulated emission trading schemes required under para. 32, the undertaking shall:</p> <p>(a) consider <b>GHG emissions</b> from the installations it operates that are subject to regulated ETS, including the EU-ETS, national ETS and non-EU ETS, if it operates such installations;</p> <p>(b) ensure the same accounting period for gross <b>Scope 1 GHG emissions</b> and GHG emissions regulated under the ETS; and</p> <p>(a) ensure the same accounting period for gross <b>Scope 1 GHG emissions</b> and GHG emission</p> <p>(b) calculate the share by using the following formula:</p> <p style="padding-left: 20px;">GHG Emissions in (tCO<sub>2</sub>eq) from EU ETS installations + national ETS installations + non-EU ETS installations (divided by) <b>Scope 1 GHG emissions</b> (t CO<sub>2</sub>eq)</p>
<p><b>AR 24 for para. 32(b)</b> <b>(Scope 2 emissions reporting)</b></p>	<p>(AR 45 amended) When preparing the information on gross <b>Scope 2 GHG emissions</b> required under paragraph 32, the undertaking shall:</p> <p>(a) (AR 45(a) amended) take into account the principles and requirements of the GHG Protocol Scope 2 Guidance (Version 2015, particularly the Scope 2 quality criteria in Chapter 7.1 relating to contractual instruments). The undertaking can also consider Commission Recommendation (EU) 2021/2279 or the relevant requirements for the quantification of <b>indirect GHG emissions</b> from imported energy in EN ISO 14064-1:2018; and</p> <p>(b) (AR 45(d) amended) reflect the share and types of contractual instruments it has used to purchase energy or to claim specific attributes</p>

	about it in its Scope 2 market-based figure, taking also [Draft] Amended ESRS E1-7, AR 18(j), into account.
AR 25 for para. 32(c) (Scope 3 emissions reporting)	<p>When preparing the information on gross <b>Scope 3 GHG emissions</b> required under para. 32, the undertaking shall adopt the following calculation approaches:</p> <ul style="list-style-type: none"> <li>(a) (AR 46(a) amended) consider the principles and provisions of the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (Version 2011). The undertaking can also consider Commission Recommendation (EU) 2021/2279 or the relevant requirements for the quantification of <i>indirect GHG emissions</i> from EN ISO 14064-1:2018;</li> <li>(b) screen its total <b>Scope 3 GHG emissions</b> based on the 15 <b>Scope 3 categories</b> identified by the GHG Protocol Corporate Standard and GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (Version 2011) using appropriate estimates. Alternatively, it may screen its <i>indirect GHG emissions</i> based on the categories provided by EN ISO 14064-1:2018, Clause 5.2.4 (excluding <i>indirect GHG emissions</i> from imported energy);</li> <li>(c) identify and disclose its significant <b>Scope 3 categories</b> based on the magnitude of their estimated <i>GHG emissions</i> and other criteria provided by the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (Version 2011, p. 61 and 65-68) or EN ISO 14064-1:2018, Annex H.3.2, such as financial spend, influence, related <i>transition risks</i> and <i>opportunities</i> or <i>stakeholder</i> views;</li> <li>(d) (AR 46(g) amended) prioritise direct measurement of <b>Scope 3 GHG emissions</b> and, where this is not possible, further prioritise their inputs and assumptions based on the characteristics of the data (e.g. data from specific activities within the entity's upstream and downstream value chain, timely data that faithfully represents the jurisdiction of, and the technology used for, the upstream and downstream value chain activity and its <i>GHG emissions</i>, and data that has been verified);</li> <li>(e) update <b>Scope 3 GHG emissions</b> in each significant category every year on the basis of current activity data and update the full Scope 3 GHG inventory at least every three years or on the occurrence of a significant event or a significant change in circumstances;</li> <li>(f) (AR 46(b) amended) if it reports financed emissions, consider the GHG Accounting and Reporting Standard for the Financial Industry from the Partnership for Carbon Accounting Financial (PCAF), specifically Part A <i>Financed Emissions</i> (Version December 2022); and</li> <li>(g) (AR 51 amended) if significant, disclose <i>GHG emissions</i> from purchased cloud computing and data centre services as a subset of the overarching <b>Scope 3 category 1</b> 'upstream purchased goods and services'.</li> </ul>
AR 26 for paras. 31 and 32 (Emissions disaggregation)	(AR 41 and AR 49 amended) The undertaking shall disaggregate information on its <b>GHG emissions</b> in accordance with the provisions of [Draft] Amended ESRS 1, Chapter 3.7, for common and relevant categories used for disaggregation of GHG emissions, which include reporting by country, operating segments, economic activity, subsidiary, GHG (CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O, HFCs, PFCs, SF <sub>6</sub> , NF <sub>3</sub> , and other GHGs



	by the undertaking) or source type (stationary combustion, mobile combustion, process emissions and fugitive emissions).				
AR 27 for paras. 31 and 32 (Emissions disaggregation)	(AR 48 amended) The undertaking may present its <b>GHG emissions</b> disaggregated by Scopes 1 and 2 and significant Scope 3 in accordance with the table below, populating the rows as relevant in line with its disclosures under para. 32. A comparison of the undertaking's emissions over time may be performed by comparing current year emissions to a meaningful comparative, e.g. a <b>GHG emission reduction target</b> base year, indicating the percentage change (reduction/increase) in the corresponding column.				
		Comparative		Current Year	% Change
		Year	Emissions	Emissions	
	Scope 1 GHG emissions				
	Gross Scope 1 GHG emissions (tCO <sub>2</sub> eq)				
	Percentage of Scope 1 GHG emissions from regulated emission trading schemes (%)				
	Scope 2 GHG emissions				
	Gross location-based Scope 2 GHG emissions (tCO <sub>2</sub> eq)				
	Gross market-based Scope 2 GHG emissions (tCO <sub>2</sub> eq)				
	Significant scope 3 GHG emissions				
	Total gross indirect (Scope 3) GHG emissions (tCO <sub>2</sub> eq)				
	1. Purchased goods and services				
	[Optional sub-category: Cloud computing and data centre services				
2. Capital goods					

	3. Fuel and energy-related activities (not included in Scope 1 or Scope 2)				
	4. Upstream transportation and distribution				
	5. Waste generated in operations				
	6. Business traveling				
	7. Employee commuting				
	8. Upstream leased assets				
	9. Downstream transportation				
	10. Processing of sold products				
	11. Use of sold products				
	12. End-of-life treatment of sold products				
	13. Downstream leased assets				
	14. Franchises				
	15. Investments				

Do you agree with the amendments of this DR?

**Disclosure Requirement E1-9 – GHG removals and GHG mitigation projects financed through carbon credits**

34. (57 amended) The objective of this DR is to provide an understanding of: (1) the undertaking's **actions** to reduce and permanently remove GHGs from the atmosphere; and (2) the extent and quality of **carbon credits** it has purchased or intends to purchase from the voluntary market.
35. (58 amended) If it has implemented **GHG removal and storage** projects, the undertaking shall disclose information about GHG removal projects it has developed in its own operations or contributed to in its upstream and downstream value chain, including:
- (a) a brief description of the GHG removal and storage projects;
  - (b) the amount of GHG removals and storage resulting from those projects;
  - (c) the assumptions regarding permanence and how the risk of non-permanence is managed, including determining and monitoring leakage and reversal events as appropriate; and
  - (d) disclose any reversals (in tCO<sub>2</sub>-e) that may have occurred in the reporting period and decrease the amount of CO<sub>2</sub> removed and stored by the same amount.
36. (59 amended) The undertaking shall disclose information about projects outside its own operations, upstream and downstream value chain that it has financed or intends to finance through any purchase of **carbon credits**, if it has financed such projects, including:
- (a) the amount of carbon credits that are verified against recognised quality standards and cancelled in the reporting period;
  - (b) the amount of carbon credits planned to be cancelled in the future; and
  - (c) (AR 62(a) amended) the share (percentage of volume) of removal projects, with an explanation of whether they are from nature-based or technological sinks.
37. (61 amended) In the case where the undertaking has made public claims of GHG neutrality that involve the use of **carbon credits**, it shall explain:
- (a) whether and how these claims and the reliance on carbon credits neither impede nor reduce the achievement of its **GHG emission reduction targets**;
  - (b) the credibility and integrity of the carbon credits used, namely by referring to **recognised quality standards**, and any other factors necessary to understand the credibility and integrity of the carbon credits the undertaking plans to use.

**APPLICATION REQUIREMENTS**

<p>AR 28 for para. 35 (GHG removals and storage)</p>	<p>(AR 58 amended) GHG removals and storage include both <b>nature-based solutions</b> as well as technological removals and storage. When preparing the information on its projects the undertaking shall:</p> <ul style="list-style-type: none"> <li>(a) apply consensus methods on accounting for GHG removals as soon as they are available, notably the EU Carbon Removals and Carbon Farming Certification (CRCF) Regulation<sup>6</sup>;</li> <li>(b) include in the calculation the removals from operations that it owns, controls or contributes to, that have not been sold to another party through <b>carbon credits</b> and that are not double counted or reported;</li> <li>(c) account for the <b>GHG emissions</b> associated with a removal activity, including transport and storage, under DR E1-8;</li> <li>(d) (AR 59 amended) include in the calculation the removal activities in the upstream and downstream value chain that the undertaking is actively supporting, e.g., through a cooperation project with a <b>supplier</b>.</li> </ul>
<p>AR 29 for para. 36 (Carbon credits)</p>	<p>(AR 62 and AR 63 amended) When preparing the information on <b>carbon credits</b>, the undertaking shall:</p> <ul style="list-style-type: none"> <li>(a) consider recognised quality standards;</li> <li>(b) not include carbon credits issued from <b>GHG emission reduction</b> projects and GHG emission removal projects within its own operations, upstream and downstream value chain to avoid double counting; and</li> </ul>
	<ul style="list-style-type: none"> <li>(c) calculate the amount of carbon credits to be cancelled in the future as the sum of carbon credits in metric tonnes of CO<sub>2</sub>eq over the duration of existing contractual agreements.</li> </ul>

Do you agree with the amendments of this DR?

**Disclosure Requirement E1-10 – Internal carbon pricing**

38. (62 amended) The undertaking shall disclose information related to its use of *internal carbon pricing schemes*, namely:
- (a) an explanation of whether and how the entity is applying a carbon price in decision-making (for example, investment decisions, transfer pricing and *scenario analysis*) and the consistency of the prices used with the prices used in the financial statement for impairment tests;
  - (b) the price per metric tonne of *GHG emissions*.

Please provide general comments on the DR below. When providing specific comments on paragraph level, please use the Excel Template instead

Do you agree with the amendments of this DR?

**Disclosure Requirement E1-11 – Anticipated financial effects from material physical and transition risks and potential climate-related opportunities**

[THE OPTIONS 1 AND 2 ON RELIEF FOR FINANCIAL EFFECTS EQUALLY APPLY TO THIS DISCLOSURE]

39. (64 amended) The objective of this DR is to provide an understanding of how the identified material *impacts, risks and opportunities* are expected to affect the undertaking's financial position and future performance. The information required for this DR is in addition to the information on current financial effects required under [Draft] Amended ESRS 2 SBM-3, paragraphs 23 and 24.
40. (66 amended) The disclosure about *anticipated financial effects* from *material physical risks* shall include:
- (a) the monetary amount and percentage of assets at material physical risk before considering *climate change adaptation actions*;
  - (b) the location of key assets at material physical risks;
  - (c) the percentage of assets at material physical risk addressed by the *climate change adaptation actions*;
  - (d) the monetary amount and percentage of revenue from its business activities at material physical risk before considering *climate change adaptation actions*;
  - (e) the methodology applied to quantify the amounts disclosed under paragraphs 40(a)-(c), including the scope of application, time horizons, critical assumptions, parameters and limitations and whether the calculation *leverages* on the process used to identify and assess *physical risks*.
41. (67 amended) The undertaking shall disclose the *anticipated financial effects* from material *transition risks*, including:
- (a) the monetary amount and percentage of assets at material transition risk before considering climate mitigation *actions*;
  - (b) the percentage of assets at material transition risk addressed by the *climate change mitigation actions*;
  - (c) a breakdown of the carrying amount of its real estate assets that have been used as loan collaterals by energy-efficiency classes;
  - (d) potential liabilities related to climate transition that do not meet the accounting recognition criteria at the reporting date but that may have to be recognised in financial statements;
  - (e) the monetary amount and percentage of revenue from its business activities at material transition risk and, where relevant, the net revenue from its customers operating in coal, oil and gas-related activities;
  - (f) an estimate of the amount of potential *stranded assets* from the reporting year until the mid-term and long-term time horizons as a single value or as a range of values based on different climate and policy scenarios, including a *scenario* aligned with limiting climate change to 1.5 °C; and
  - (g) the methodology applied to quantify the amounts disclosed under paragraphs 41(a)-(f), including the scope of application, time horizons, critical assumptions, parameters and limitations, including whether the calculation *leverages* on the process used to identify and assess *transition risks*.
42. (69 amended) The undertaking shall disclose the amount and percentage of assets or revenue derived from its business activities aligned with climate-related opportunities, including the associated time horizons.

**APPLICATION REQUIREMENTS**

<b>AR 30 for paras. 40-42</b> <b>(Anticipated financial effects)</b>	(amended AR 69) When disclosing the information required under paragraphs 40 to 42, the undertaking shall adopt the following calculation approaches: <ul style="list-style-type: none"><li>(a) consider the time horizons (short, medium and long-term) over which the effects of <i>climate-related risks</i> and <i>opportunities</i> could reasonably be expected to occur;</li><li>(b) include all types of assets including finance-lease / right-of-use assets;</li><li>(c) present the monetary amounts (or percentages) as either a single amount or range;</li><li>(d) for paragraph 41(c), present the energy efficiency class in terms of either ranges of energy consumption in kWh/m2 or the EPC (Energy Performance Certificate) label class. If the undertaking cannot obtain this information based on its best efforts, it shall disclose the total carrying amount of the real estate assets for which the energy consumption is based on internal estimates.</li></ul>
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Please provide general comments on the DR below. When providing specific comments on paragraph level, please use the Excel Template instead

Overall agreement on the proposed amendments to the revised ESRS E2 text

You can access the Exposure Drafts of the Amended ESRS at this [link](#)

In case you would like to see the rationale behind the amendments, you can access the Log of Amendments at this [link](#)

Do you agree that the proposed Amended ESRS strikes an appropriate balance between the need for significant simplification and meeting the core objectives of the European Green Deal?

If you would like to comment at paragraph level, you are invited to do so by using the provided XLSX template at the end of the chapters / DRs level part.

Do you agree with the amendments of this DR?

**Disclosure Requirement E2-1 – Policies related to pollution**

12. (14 amended) The undertaking shall disclose its **pollution-related policies** in accordance with the provisions of [Draft] Amended ESRS 2 GDR-P.

Please provide general comments on the DR below. When providing specific comments on paragraph level, please use the Excel Template instead

Do you agree with the amendments of this DR?

**Disclosure Requirement E2-2 – Actions and resources related to pollution**

13. (18 amended) The undertaking shall disclose its key **pollution-related actions** and significant resources allocated to the implementation of these actions, in accordance with the provisions of [Draft] Amended ESRS 2 GDR-A.

Please provide general comments on the DR below. When providing specific comments on paragraph level, please use the Excel Template instead

Do you agree with the amendments of this DR?

**Disclosure Requirement E2-3 – Targets related to pollution**

14. (22 amended) The undertaking shall disclose its **pollution-related targets** in accordance with the provisions of [Draft] Amended ESRS 2 GDR-T.

Please provide general comments on the DR below. When providing specific comments on paragraph level, please use the Excel Template instead

Do you agree with the amendments of this DR?

**Disclosure Requirement E2-4 – Pollution of air, water and soil**

15. (27 amended) The objective of this DR is to help **users** understand the **pollutant emissions** of the undertaking to air, water and **soil**, and of the manufacturing, use, and release into the environment of **microplastics**.
16. (28 amended) The undertaking shall disclose:
- (a) for its own operations, the amounts of any material **pollutant emissions** to air, water and **soil** from its regular operations and **incidents** in the reporting period; and
  - (b) on **microplastics**:
    - i. the quantities of primary **microplastics** manufactured or used in products, and separately, those directly released into the environment; and/or
    - ii. connected to the undertaking's downstream **value chain**, information on secondary **microplastics** resulting from the breakdown of larger plastic items from the products of the undertaking.

**APPLICATION REQUIREMENTS**

AR 1 for para. 16 (Pollution of air, water and soil)	The <b>pollutants</b> and primary <b>microplastics</b> shall be presented in appropriate mass units, e.g. tonnes or kilogrammes.
AR 2 for para. 16(a) (Pollution of air, water and soil)	The <b>pollutants</b> to be considered for reporting under E2-4, paragraph 16(a) are those from Annex II of Regulation (EU) 2024/1244 (Industrial Emissions Portal Regulation) that are applicable to the undertaking, complemented by pollutants it measures and monitors based on environmental permits. It can include additional pollutants that it considers material.
AR 3 for para. 16(a) (Pollution of air, water and soil)	When determining whether the <b>emission</b> of a specific <b>pollutant</b> is material, the undertaking can consider the thresholds for releases in Annex II of Regulation (EU) 2024/1244.
AR 4 for para. 16(a) (Pollution of air, water and soil)	Transfers of water <b>pollutants</b> to external treatment plants qualify as <b>pollution</b> in downstream <b>value chain</b> .
AR 5 for para. 16(b) (Pollution of air, water and soil)	The information to be reported on secondary <b>microplastics</b> (i.e. those resulting from the breakdown of larger plastic items, or being unintentionally produced throughout the product life cycle, including unintentionally through losses of plastic pellets) under 16(b)(ii) can be qualitative or quantitative (e.g. tonnes or kilogrammes), including through estimations.



Please provide general comments on the DR below. When providing specific comments on paragraph level, please use the Excel Template instead

Do you agree with the amendments of this DR?

**Disclosure Requirement E2-5 – Substances of concern and substances of very high concern**

17. (33 amended) The objective of this DR is to help **users** understand the undertaking's material **impacts** on health and the environment, and connected **risks** and **opportunities** stemming from the manufacturing, trading or use of **substances of concern (SoC)** and **substances of very high concern (SVHC)**, including risks arising from changes in regulations.
18. (34 amended) Manufacturers and importers of **substances** on their own and in mixtures shall disclose the total weight of **SoCs**, and separately, the total weight of **SVHC**, that are:
- (a) procured or manufactured as **substances** on their own or in mixtures;
  - (b) sold as **substances** on their own or in mixtures; and
  - (c) directly released into the environment (air, water, and **soil**), including any unintentional releases from leaks or spills.
19. (34 amended) **Users** of **substances** on their own and in mixtures shall disclose the total weight of **SVHC** that they use during production and the delivery of services, and the total weight of **SVHC** that they directly release into the environment.
20. (35 amended) Manufacturers, importers and **users** of articles with **SVHC** shall disclose the quantities of those **substances** that are:
- (a) part of procured components or articles for levels above the 0.1% threshold of Art. 33 of the REACH Regulation; and
  - (b) part of sold components or articles for levels above the 0.1% threshold of Art. 33 of the REACH Regulation.

**APPLICATION REQUIREMENTS**

AR 6 for para. 18 (Substances of concern and substances of very high concern)	The requirements in paragraph 18 apply to the undertaking that manufactures chemical <b>substances</b> , formulates chemical mixtures and/or operates in the retail of chemical substances.
AR 7 for paras. 18, 19, 20 (Substances of concern and substances of very high concern)	The undertaking reporting on paragraphs 18, 19 and 20: <ul style="list-style-type: none"><li>(a) shall report SoC and SVHC grouped by hazard class (as per CLP Regulation 1272/2008/EC). This implies that a single <b>substance</b> needs to be counted under multiple hazard classes. However, in the total amounts of procured/manufactured, sold and released substances, double counting shall be avoided; and</li><li>(b) can present the information on quantities of SVHC as a percentage of the total amount of SoC by hazard class, instead of the total weight.</li></ul>
AR 8 for paras. 18, 19, 20 (Substances of concern and substances of very high concern)	The <b>substances</b> shall be reported in mass units, e.g. tonnes or kilogrammes, or other mass units appropriate for the quantity and types of <b>pollutants</b> being released.
AR 9 for paras. 18, 19, 20 (Substances of concern and substances of very high concern)	The information provided under this DR may refer to information the undertaking is already required to report under other existing legislation (i.e. Directive 2024/1785/EU, Regulation 2024/1244/EU 'IEPR', etc.).

Please provide general comments on the DR below. When providing specific comments on paragraph level, please use the Excel Template instead

**10. Part 3: ESRS E3**

Overall agreement on the proposed amendments to the revised ESRS E3 text

You can access the Exposure Drafts of the Amended ESRS at this [link](#)

In case you would like to see the rationale behind the amendments, you can access the Log of Amendments at this [link](#)

Do you agree that the proposed Amended ESRS strikes an appropriate balance between the need for significant simplification and meeting the core objectives of the European Green Deal?

If you would like to comment at paragraph level, you are invited to do so by using the provided XLSX template at the end of the chapters / DRs level part.

Do you agree with the amendments of this DR?

**Disclosure Requirement E3-1 – Policies related to water**

11. (11 amended) The undertaking shall report its water-related **policies** in accordance with the provisions of [Draft] Amended ESRS 2 GDR-P.
12. (13 amended) If the undertaking has **sites** located in **areas at water risk**, including **areas of high-water stress** that are not covered by its water-related **policies**, it shall disclose this fact.

Please provide general comments on the DR below. When providing specific comments on paragraph level, please use the Excel Template instead

Do you agree with the amendments of this DR?

**Disclosure Requirement E3-2 – Actions and resources related to water**

13. (17 amended) The undertaking shall disclose its key water-related **actions** and significant resources allocated to their implementation, in accordance with the provisions of [Draft] Amended ESRS 2 GDR-A.
14. (19 amended) The undertaking shall specify any **actions** and resources related to **areas at water risk**, including **areas of high-water stress**.

Please provide general comments on the DR below. When providing specific comments on paragraph level, please use the Excel Template instead

Do you agree with the amendments of this DR?

**Disclosure Requirement E3-3 – Targets related to water**

15. (22 amended) The undertaking shall disclose its water-related **targets**, in accordance with the provisions of [Draft] Amended ESRS 2 GDR-T.

Please provide general comments on the DR below. When providing specific comments on paragraph level, please use the Excel Template instead

Do you agree with the amendments of this DR?

**Disclosure Requirement E3-4 – Water metrics**

16. (27. amended) The objective of this DR is to help **users** understand the undertaking's water management practices and progress over time.
17. (28. amended) The undertaking shall disclose for its own operations:
- (a) total **water consumption**;
  - (b) total **water consumption** in **areas at water risk**, including **areas of high-water stress**;
  - (c) total **water withdrawal**;
  - (d) total **water discharges**;
  - (e) total **water recycled or reused**; and
  - (f) total **water stored**.

**APPLICATION REQUIREMENTS – ARs**

<b>AR 1 for para. 17</b> <b>(Water metrics)</b>	<b>Water consumption</b> shall be calculated using a water balance approach: it equals <b>water withdrawal</b> minus <b>water discharges</b> , adjusted for changes in <b>water storage</b> .
<b>AR 2 for para. 17</b> <b>(Water metrics)</b>	Water <b>metrics</b> under paragraph 17(a)(f) are expressed in cubic meters (m <sup>3</sup> ).

Please provide general comments on the DR below. When providing specific comments on paragraph level, please use the Excel Template instead

**11. Part 3: ESRS E4**

Overall agreement on the proposed amendments to the revised ESRS E4 text

You can access the Exposure Drafts of the Amended ESRS at this [link](#)

In case you would like to see the rationale behind the amendments, you can access the Log of Amendments at this [link](#)

Do you agree that the proposed Amended ESRS strikes an appropriate balance between the need for significant simplification and meeting the core objectives of the European Green Deal?

If you would like to comment at paragraph level, you are invited to do so by using the provided XLSX template at the end of the chapters / DRs level part.



Do you agree with the amendments of this DR?

**Disclosure Requirement E4-1 – Transition plan for biodiversity and ecosystems**

11. (12 amended) The objective of this DR is to enable an understanding of the undertaking's response and contribution to the transition implied by the Global Biodiversity Framework, when it has in place a **biodiversity and ecosystems transition plan**.
12. (15 amended) If the undertaking has in place and has made public a biodiversity and ecosystems **transition plan** to transform its **business model** and strategy so it is aligned with the global goal of halting and reversing **biodiversity loss** as stated in the Kunming-Montreal Global Biodiversity Framework, it shall disclose its key features.

**APPLICATION REQUIREMENTS**

<b>AR 1 for para. 12</b> <b>(Transition plan for biodiversity and ecosystems)</b>	<b>Transition plans</b> for biodiversity and ecosystems are expected to address similar elements than transition plans for climate change mitigation. This includes information on targets, key actions, financial planning, governance of the plan – but also a clear explanation of how the undertaking's strategy and business model will evolve to become compatible with relevant global goals, such as halting and reversing global biodiversity loss in line with the GBF.
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Please provide general comments on the DR below. When providing specific comments on paragraph level, please use the Excel Template instead

Do you agree with the amendments of this DR?

**Disclosure Requirement E4-2 – Policies related to biodiversity and ecosystems**

13. (22 amended) The undertaking shall disclose its **biodiversity and ecosystems policies** in accordance with the provisions of [Draft] Amended ESRS 2 GDR-P.
14. In addition to the provisions of [Draft] Amended ESRS 2 GDR-P the undertaking shall describe the content of its **biodiversity and ecosystems-related policies** related to:
- (a) (23(d) amended) supporting traceability of products, components and **raw materials** with material **actual or potential impacts** on **biodiversity and ecosystems** along the upstream and downstream **value chain**; and
- (b) (24(a) amended) sites in its own operations that are in or near a **biodiversity sensitive area**.

**APPLICATION REQUIREMENTS**

<b>AR 2 for para. 14</b> <b>(Policies related to biodiversity and ecosystems)</b>	Paragraph (14(a)) refers to tangible or physical products and does not apply to financial product.
<b>AR 3 for para. 13</b> <b>(Policies related to biodiversity and ecosystems)</b>	When describing the content of its policies the undertaking shall specify, where relevant, whether they address (24(b) amended) sustainable land / agricultural practices; (24(c) amended) sustainable oceans / seas practices; and (24(d) amended) deforestation.
<b>AR 4 for para. 13</b> <b>(Policies related to biodiversity and ecosystems)</b>	(18 amended) Biodiversity and ecosystems <b>scenario analysis</b> can inform the identification, assessment and management of material <b>risks and opportunities</b> over short, medium and long-term time horizons. The undertaking can consider the use of <b>scenario analysis</b> when defining its <b>policies, actions and targets</b> .

Please provide general comments on the DR below. When providing specific comments on paragraph level, please use the Excel Template instead

Do you agree with the amendments of this DR?

**Disclosure Requirement E4-3 – Actions and resources related to biodiversity and ecosystems**

15. (27 amended) The undertaking shall disclose its key **biodiversity and ecosystems-related actions** and significant resources allocated to their implementation, in accordance with the provisions of [Draft] Amended ESRS 2 GDR-A.
16. (28 amended) In addition, the undertaking shall describe the **biodiversity** offsets used in its action plans, if any, including the aim of the offsets, the financing effects in monetary terms, area, type, the quality criteria applied and the standards that the biodiversity offsets comply with.

Please provide general comments on the DR below. When providing specific comments on paragraph level, please use the Excel Template instead

Do you agree with the amendments of this DR?

**Disclosure Requirement E4-4 – Targets related to biodiversity and ecosystems**

17. (31 amended) The undertaking shall disclose its **biodiversity and ecosystems targets**, in accordance with the provisions of [Draft] Amended ESRS 2 GDR-T.
18. (31, 32(e) amended) If the undertaking uses **biodiversity** offsets in setting its **targets**, the DR required by paragraph 17 shall include how it used them.

**APPLICATION REQUIREMENTS**

<b>AR 5 for para. 17</b> <b>(Targets related to biodiversity and ecosystems)</b>	(AR 23 amended) When disclosing information required under paragraph 17 for the purpose of setting <b>targets</b> the undertaking shall consider the need for a free, prior and informed consent of local and <b>indigenous peoples</b> , the need for appropriate consultations and the need to respect the decisions of these communities.
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Please provide general comments on the DR below. When providing specific comments on paragraph level, please use the Excel Template instead

Do you agree with the amendments of this DR?

**Disclosure Requirement E4-5 – Metrics related to biodiversity and ecosystems change**

19. (34 amended) The objective of this DR is to enable an understanding of the performance of the undertaking against material **biodiversity** and **ecosystems** change-related **impacts, risks** and **opportunities**.
20. (16(a), 19(a) and 35 amended) The undertaking shall disclose the following information for material **biodiversity** and **ecosystem** change-related **impacts, risks** or **opportunities**:
- (a) (16(a)(ii) amended) the locations in its own operations to which the material **impact, risks** or **opportunities** relate;
  - (b) (16(a)(iii) amended) for those locations, if applicable, a list of **biodiversity-sensitive area(s)** negatively affected (name and type); and
  - (c) (16(a)(i) amended) for (b) above, the activities negatively affecting those **biodiversity-sensitive areas**.
21. (33, 36, 38-41 amended) In addition to paragraph 20 and in accordance with [Draft] Amended ESRS 2 GDR-M, the undertaking shall report **metrics** related to its material impacts on **biodiversity** and **ecosystems**.

**APPLICATION REQUIREMENTS**

<b>AR 6 for para. 21</b> (Metrics related to biodiversity and ecosystems change)	When providing description of material <b>impacts, risks</b> and <b>opportunities</b> in accordance with [Draft] Amended ESRS 2 IRO-2 the undertaking shall indicate which material impacts concern (16(b) amended) land degradation, desertification or soil sealing, and (16(c) amended) operations that affect <b>threatened species</b> .
<b>AR 7 for para. 20</b> (Metrics related to biodiversity and ecosystems change)	Information to be disclosed under this paragraph applies for those locations: <ul style="list-style-type: none"><li>(a) where the undertaking has identified material <b>impacts, risks</b> and <b>opportunities</b> arising from its direct operations or that are significant drivers of material impacts, risks and opportunities; and/or</li><li>(b) the undertaking has prioritised them (e.g. for management attention, resource allocation, and monitoring), due to their relevance for achieving sustainability-related objectives covered by its <b>policies, actions</b> and <b>targets</b> (if any); and/or</li><li>(c) the assets and/or activities from own operations in those locations interact negatively with <b>biodiversity sensitive areas</b>.</li></ul>
<b>AR 8 for para. 20</b> (Metrics related to biodiversity and ecosystems change)	If the undertaking's site is in a <b>biodiversity sensitive area</b> , it is highly likely that its activities will negatively affect the area. Whether a site, which is outside of a biodiversity sensitive area, is <i>near</i> such an area shall be determined: <ul style="list-style-type: none"><li>(a) by the capacity of activities related to the site to negatively affect species and ecosystems in the <b>biodiversity sensitive area</b>;</li><li>(b) based on a buffer zone specific to the type of activity and the species and ecosystems in the area. Buffer zones can be determined following industry best practice and science-based recommendations, such as by the Integrated Biodiversity Assessment Tool (IBAT) or based on findings of a site-level survey.</li></ul>
<b>AR 9 for para. 21</b> (Metrics related to biodiversity and ecosystems change)	Depending on which sub-topic is assessed to be material, the undertaking shall include metrics in relation to: <ul style="list-style-type: none"><li>(a) drivers of <b>biodiversity</b> and <b>ecosystem</b> change (terrestrial and marine habitat change, invasive species);</li></ul>

<b>ecosystems change)</b>	(b) the state of <b>species</b> (e.g. related to extinction risk); (c) the extent and condition of terrestrial and marine ecosystems (e.g. related to site condition and landscape condition); and (d) <b>ecosystem services</b> .
<b>AR 10 for para. 21</b> (Metrics related to biodiversity and ecosystems change)	Where possible measurement at site using state of nature metrics is best suited to determine impact on <b>biodiversity</b> and <b>ecosystems</b> . Measurement at site is especially relevant where those sites are in or near <b>biodiversity sensitive areas</b> . Where measurement at site is not feasible, estimation using measurement of impact drivers or estimates of state of nature can be used.
<b>AR 11 for para. 21</b> (Metrics related to biodiversity and ecosystems change)	When identifying metrics to disclose the undertaking shall consider: <ul style="list-style-type: none"><li>(a) (27(f) amended) the frequency of monitoring, and the baseline condition/ value and baseline year/period; and</li><li>(b) whether the metrics enable users to understand how they relate to the material <b>impacts</b>.</li></ul>

Please provide general comments on the DR below. When providing specific comments on paragraph level, please use the Excel Template instead

**12. Part 3: ESRS E5**

Overall agreement on the proposed amendments to the revised ESRS E5 text

You can access the Exposure Drafts of the Amended ESRS at this [link](#)

In case you would like to see the rationale behind the amendments, you can access the Log of Amendments at this [link](#)

Do you agree that the proposed Amended ESRS strikes an appropriate balance between the need for significant simplification and meeting the core objectives of the European Green Deal?

If you would like to comment at paragraph level, you are invited to do so by using the provided XLSX template at the end of the chapters / DRs level part.

Do you agree with the amendments of this DR?

**Disclosure Requirement E5-1 – Policies related to resource use and circular economy**

10. (14 amended) The undertaking shall disclose its **resource use** and **circular economy policies** in accordance with the provisions of [Draft] Amended ESRS 2 GDR-P.
11. (15 amended) In addition to the information required by [Draft] Amended ESRS 2 GDR-P, if the undertaking integrates **circularity** and **eco-design** principles in its **key products** and **services**, it shall explain how this is done.

Please provide general comments on the DR below. When providing specific comments on paragraph level, please use the Excel Template instead

Do you agree with the amendments of this DR?

**Disclosure Requirement E5-2 – Actions and resources related to resource use and circular economy**

12. (19 amended) The undertaking shall disclose its **resource use** and **circular economy actions** in accordance with the provisions of [Draft] Amended ESRS 2 GDR-A.

Please provide general comments on the DR below. When providing specific comments on paragraph level, please use the Excel Template instead

Do you agree with the amendments of this DR?

**Disclosure Requirement E5-3 – Targets related to resource use and circular economy**

13. (23 amended) The undertaking shall disclose its **resource use** and **circular economy targets** in accordance with the provisions of [Draft] Amended ESRS 2 GDR-T.

Please provide general comments on the DR below. When providing specific comments on paragraph level, please use the Excel Template instead

Do you agree with the amendments of this DR?

**Disclosure Requirement E5-4 –Resource Inflows**

14. (29. amended) The objective of this DR is to provide an understanding on the **resource inflows** of the undertaking. This includes information on the types and quantities of resources entering the organisation, with a focus on their **circularity**.
15. (30-31. amended) When '**Resource Inflows**' is assessed as a material topic, the undertaking shall disclose the following information about the **key materials** used to manufacture, were put on the market or were part of the delivery of the undertaking's products and services during the reporting period:
- (a) the key materials used to manufacture products, deliver them and/or provide services;
  - (b) the total weight of key materials with a breakdown per key material (in weight or percentage of total weight);
  - (c) the percentage of total weight of **critical** and **strategic raw materials**;
  - (d) the percentage of total weight of secondary resourced materials;
  - (e) (amended 31(b)) the percentage of total weight of key **biological materials** sustainably sourced.

**APPLICATION REQUIREMENTS – ARs**

<b>AR 1 for para. 15(c)–(e)</b>  <b>(Resource inflows)</b>	<p>The denominator of the percentage indicator required under paragraph 15(c) and 15(d) is the overall total weight of the <b>key materials</b> used during the reporting period.</p> <p>The denominator of the percentage indicator required in paragraph 15(e) is the total weight of key <b>biological materials</b>.</p>
<b>AR 2 for para. 15(a)</b>  <b>(Resource inflows)</b>	<p>When identifying the key materials in paragraph 15(a), if the characteristic of being a <b>technical</b> or a <b>biological material</b> is a driver of <b>impacts, risks</b> or <b>opportunities</b>, the undertaking shall designate the material in such a way as to identify this characteristic, e.g. an undertaking can refer to 'synthetic fibres' and 'natural fibres' instead of just 'fibres'.</p>

Please provide general comments on the DR below. When providing specific comments on paragraph level, please use the Excel Template instead

## Disclosure Requirement E5-5 – Resource outflows

16. (34. amended) The objective of this DR is to provide an understanding of how the undertaking implements **circular economy** by designing, manufacturing and providing goods and services in accordance with **circular economy principles**, and by effectively managing **waste**.

### Products and services

17. (36. amended ) The undertaking shall disclose:
- (a) information on the expected **durability** of its **key products**;
  - (b) information on the **scope of reparability** of its key products;
  - (c) the rate of recyclable materials included in its key products and in their packaging;
  - (d) the rate of recycled materials used in its key products.

### Waste

18. (37-38. amended) The undertaking shall disclose the following information on waste from its own operations:
- (a) a description of the **waste streams** relevant to its sector or activities;
  - (b) the total weight of waste generated;
  - (c) the percentage and/or total weight diverted from disposal, with a breakdown between **hazardous waste** and **non-hazardous waste**, and a breakdown by the following **recovery** operation types:
    - i. preparations for **reuse**;
    - ii. **recycling**;
    - iii. other recovery operation;
  - (d) the percentage and/or total weight directed to disposal, with a breakdown between hazardous waste and non-hazardous waste, and a breakdown by the following disposal operation types:
    - i. thermal-based disposal;
    - ii. **landfill**;
    - iii. other disposal operation;
  - (e) the percentage and/or total weight for which the final destination is unknown.
19. (39. amended) If applicable, the undertaking shall disclose the total amount of radioactive waste it generates, where radioactive waste is defined in Article 3(7) of Council Directive 2011/70/Euratom.

### APPLICATION REQUIREMENTS – ARs

AR 3 for para. 17 (c)  (Products and services)	(AR 26. amended) When disclosing paragraph (c), packaging is to be disclosed separately.
AR 4 for para. 18 and 19  (Waste)	<b>Waste</b> weight is expressed in tons or kilograms.
AR 5 for para. 18  (Waste)	When describing its <b>waste streams</b> , it is sufficient to provide a name and an indication of the <b>key materials</b> that are included in the waste stream. An illustrative example - for a wood furniture producer a waste stream could be 'wood waste' composed of offcuts, sawdust and defective wooden components of the key material 'wood'.

Please provide general comments on the DR below. When providing specific comments on paragraph level, please use the Excel Template instead



Overall agreement on the proposed amendments to the revised ESRS S1 text

You can access the Exposure Drafts of the Amended ESRS at this [link](#)

In case you would like to see the rationale behind the amendments, you can access the Log of Amendments at this [link](#)

Do you agree that the proposed Amended ESRS strikes an appropriate balance between the need for significant simplification and meeting the core objectives of the European Green Deal?

If you would like to comment at paragraph level, you are invited to do so by using the provided XLSX template at the end of the chapters / DRs level part.

Do you agree with the amendments of this DR?

### Disclosure Requirement S1-1 – *Policies related to own workforce*

11. (19 amended) The undertaking shall describe its *policies* for managing the *material impacts, risks and opportunities* related to its *own workforce* in accordance with [Draft] Amended ESRS 2 GDR-P. It shall state whether these policies cover specific groups within its own workforce (for example, *employees* working in a particular factory or geography or self-employed) or all of its own workforce.
12. (22 amended) The undertaking shall state whether its *policies* in relation to its *own workforce* explicitly address trafficking in human beings, *forced labour* or compulsory labour and *child labour* issues.<sup>1</sup>
13. (23 amended) The undertaking shall state whether it has a *policy* or management system for safeguarding the health and safety of its *own workforce* at work and preventing occupational risks.<sup>2</sup>

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<sup>1</sup> This information supports the information needs of financial market participants subject to Regulation (EU) 2019/2088 because it is derived from an additional indicator related to principal adverse impacts as set out by Indicator #11 in Table III of Annex I of Commission Delegated Regulation (EU) 2022/1288 with regard to disclosure rules on sustainable investments ('Lack of processes and measures for preventing trafficking in human beings').

<sup>2</sup> This information supports the information needs of financial market participants subject to Regulation (EU) 2019/2088 because it is derived from an additional indicator related to principal adverse impact as set out by Indicator #1 in Table III of Annex I of Commission Delegated Regulation (EU) 2022/1288 with regard to disclosure rules on sustainable investments ('Investments in companies without workplace accident prevention policies').

### APPLICATION REQUIREMENTS – ARs

AR 1 for para. 11 (Policies related to own workforce)	(AR 14 amended) The channels the undertaking uses to communicate its <i>policies</i> to the individuals, groups of individuals or entities for whom they are relevant, either because they are expected to implement them (for example, the undertaking's <i>employees</i> , contractors and <i>suppliers</i> ) or because they have a direct interest in their implementation (for example, people in its <i>own workforce</i> , investors), are examples of policy aspects to disclose.
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Please provide general comments on the DR below. When providing specific comments on paragraph level, please use the Excel Template instead

Do you agree with the amendments of this DR?

**Disclosure Requirement S1-2 – Engagement with own workforce and workers’ representatives, existence of channels for own workforce to raise concerns or needs and approaches to remedy**

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14. (26 amended) The objective of this DR is to enable an understanding of the undertaking’s general approach to engagement with its **own workforce**, the availability of channels, including ***grievance mechanisms***, and ***remedy***.
15. (27 amended) The undertaking shall disclose how it engages directly with its **own workforce** or ***workers’ representatives*** and how the perspectives of its own workforce inform its decisions or activities aimed at managing the actual and ***potential impacts*** on its own workforce during the reporting year. This shall include, where relevant:
- (a) (28 amended) how it gains insight into the perspectives of people in its own workforce who may be particularly vulnerable to impacts and/or are marginalised (for example, women, migrants, people with disabilities); and
  - (b) the ***Global Framework Agreements*** (***‘GFA’***) or other outcomes that the undertaking has reached with workers’ representatives related to the respect of human rights of its own workforce.
16. (32 amended) The undertaking shall describe the channels available to its **own workforce** to bring their concerns or needs directly to their attention and have them addressed. In particular, it shall state whether it has a ***grievance mechanism***.<sup>3</sup> It shall also explain how it assesses the effectiveness of these channels.
17. (32a amended) The undertaking shall describe its general approach to and processes for providing or contributing to ***remedy*** where it has caused or contributed to a material negative ***impact*** on people in its **own workforce**.

**APPLICATION REQUIREMENTS – ARs**

AR 2 for para. 15  (Engagement)	(AR 19 amended) The engagement with the <b>own workforce</b> can take different forms, such as information, consultation or participation, and occur at different frequencies.
AR 3 for para. 16  (Channels for raising concerns)	(AR 28 amended) Channels for raising concerns or needs are formal structures by the undertaking or a third party (for example, governments, NGOs or industry associations), including business relationships, with dedicated processes through which the undertaking’s <b>own workforce</b> can raise their concerns or needs. They include <b><i>grievance mechanisms</i></b> , hotlines, trade union or staff representatives at workplace level, works councils,

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<sup>3</sup> This information supports the information needs of financial market participants subject to Regulation (EU) 2019/2088 because it is derived from an additional indicator related to principal adverse impacts as set out by Indicator #5 in Table III of Annex I of Commission Delegated Regulation (EU) 2022/1288 with regard to disclosure rules on sustainable investments (‘Lack of grievance/complaints handling mechanisms related to employee matters’).



	dialogue processes, as well as, under certain circumstances, whistleblowing mechanisms.
AR 4 for para. 16  (Grievance mechanism)	(32 amended) The 'effectiveness criteria for non-judicial <i><b>grievance mechanisms</b></i> ', as laid out in the UN Guiding Principles on Business and Human Rights, in particular principle 31, can be used for assessing the effectiveness of the channels.  If the undertaking has <i><b>policies</b></i> for protecting individuals that use these channels against retaliation, including <i><b>workers' representatives</b></i> , and they are disclosed in ESRS G1-1, the undertaking may refer to that disclosure.
AR 5 for para. 17  (Remedy)	(AR 28 amended) 'Processes' for providing or contributing to <i><b>remedy</b></i> may also be used to respond to harms identified. Such processes typically include formalised steps or criteria that are followed to ensure that concerns, complaints or needs are adequately addressed, including, where relevant, by providing or contributing to remedy for <i><b>actual impacts</b></i> . This can include channels to raise concerns or needs as reported under paragraph 16 if they are used for providing or contributing to remedy.

Please provide general comments on the DR below. When providing specific comments on paragraph level, please use the Excel Template instead

Do you agree with the amendments of this DR?

#### Disclosure Requirement S1-3 – ***Actions and resources related to own workforce***

18. (37 amended) The undertaking shall describe the key actions and resources used to manage its ***material impacts, risks*** and ***opportunities*** related to its ***own workforce*** in accordance with [Draft] Amended ESRS 2 GDR-A.
19. (38 amended) In relation to material ***impacts*** related to its ***own workforce***, the undertaking shall describe:
  - (a) key ***actions*** taken, planned or underway to prevent, mitigate and remediate material negative impacts on its own workforce, including its approach in situations where tensions arise between such actions and other business pressures; and
  - (b) how it tracks and assesses the effectiveness of these ***actions*** and initiatives in delivering outcomes for its ***own workforce***. This disclosure can be omitted if the undertaking discloses how it tracks the effectiveness of its actions in accordance with [Draft] Amended ESRS 2 GDR-T or GDR-M. In that case, a reference to that disclosure is sufficient.

## APPLICATION REQUIREMENTS

<p>AR 6 for para. 19</p> <p>(Key actions)</p>	<p>(AR 35 amended) The <b>actions</b> taken by the undertaking differ depending on its connection to the <b>impact</b> (causation, contribution, direct linkage) and how it has identified the actions as appropriate for addressing material impacts.</p> <p>This also applies to key <b>actions</b> to provide for, contribute to, or enable <b>remedy</b> in cases of actual negative <b>impacts</b>. Key actions to prevent, mitigate or remediate impacts encompass the use of <b>leverage</b> and/or collective actions taken through multi-stakeholder and/or industry initiatives.</p>
<p>AR 7 for para. 19</p> <p>(Climate transition)</p>	<p>(AR 43 amended) The undertaking shall present its <b>actions</b> in a way that allows an understanding of the connections that exist between the interaction of different <b>topics</b>, in accordance with Chapters 3.2 and 9.1 of [Draft] Amended ESRS 1. This applies to measures taken to mitigate negative <b>impacts</b> on its <b>own workforce</b> that arise from the transition to a greener, climate-neutral economy. In cases where downscaling or mass dismissal occur, this could lead to measures like intra-company placements or early retirement plans. In addition, current and/or expected external developments that influence whether <b>dependencies</b> turn into <b>risks</b> for a just transition is another aspect that could lead to actions.</p>

Please provide general comments on the DR below. When providing specific comments on paragraph level, please use the Excel Template instead

Do you agree with the amendments of this DR?

### Disclosure Requirement S1-4 – *Targets related to own workforce*

20. (46 amended) The undertaking shall disclose the qualitative and/or quantitative targets related to its **own workforce** in accordance with [Draft] Amended ESRS 2 GDR-T.
21. (47 amended) When disclosing in accordance with [Draft] Amended ESRS 2 GDR-T, the undertaking shall disclose whether and how it has engaged directly with its **own workforce** or **workers' representatives** for the purpose of target-setting and/or tracking performance against those **targets**.

## APPLICATION REQUIREMENTS

<p>AR 8 for para. 21</p> <p>(Tracking performance against targets)</p>	<p>In the context of tracking the undertaking's performance against <b>targets</b>, engagement with the <b>own workforce</b> or <b>workers' representatives</b> can inform the undertaking's understanding of the effectiveness of its management of material negative <b>impacts</b> and the identification of lessons learnt or improvements.</p>
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Please provide general comments on the DR below. When providing specific comments on paragraph level, please use the Excel Template instead

Do you agree with the amendments of this DR?

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**Disclosure Requirement S1-5 – Characteristics of the undertaking's employees**

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22. (49 amended) The objective of this DR is to provide insight into the undertaking's approach to employment practices, including security of employment for its own workforce. It also serves as the basis for calculating certain quantitative **metrics** required by other DRs in this Standard and provides contextual information for those.
23. (50 amended) The undertaking shall disclose:
- (a) the total number of **employees** by head count and breakdowns by gender and by country for the countries in which the undertaking has 50 or more employees and that are the ten largest countries in terms of employee numbers;
  - (b) the total number by head count or full time equivalent (FTE) of:
    - i. permanent **employees** and breakdown by gender;
    - ii. temporary employees and breakdown by gender; and
    - iii. non-guaranteed hours employees;
  - (c) the rate of **employee** turnover in the reporting period; and
  - (d) a qualitative explanation in case of inconsistency between information reported under point (a) above and the most representative number in the financial statements.

**APPLICATION REQUIREMENTS – ARs**

<b>AR 9 for para. 23</b> <b>(Definition of different types of employees)</b>	(AR 56 amended) The definitions of permanent, temporary, non-guaranteed hours, full-time and part-time <b>employees</b> differ among countries. If the undertaking has employees in more than one country, it shall use the definitions as per the national laws of the countries where the employees are based to calculate country-level data. Country-level
	data shall then be added up to calculate the total numbers, disregarding differences in national legal definitions.
<b>AR 10 for para. 23(b)</b> <b>(Methodological context information)</b>	The undertaking's method for compiling <b>employee</b> data (for example, at the end of the reporting year or average) may provide contextual information.

(AR 55 amended) The undertaking shall present the requested disclosures either in a narrative format or in the following tabular formats:

*Table 1: Template for presenting information on **employee** head count by gender.*

Gender	Number of employees (head count)
Male	
Female	
Other	
Not reported	
Total Employees	

AR 11 for para. 23(a)  
(Presentation tables employee headcount)

In some MS, it is possible for persons to legally register themselves as having a third gender option, which is categorised as 'other' in the table above. However, if the undertaking is disclosing data about employees where this is not possible, it may explain this and indicate that the 'other' category is not applicable.

*Table 2: Template for presenting employee head count in the ten largest countries in terms of number of employees, where the undertaking has at least 50 employees*

Country	Number of employees (head count)
Country A	
Country B	
Country C	
Country D	

AR 12 for para. 23(b)  
(Presentation table employee headcount breakdown)

(AR 55 amended) The undertaking shall present the information either as narrative text or using the following table.

*Table 3: Template for presenting information on **employees** by contract type, broken down by gender (head count or FTE)*

	[Reporting period]				
	FEMALE	MALE	OTHER*	NOT DISCLOSED	TOTAL
	Number of employees (head count / FTE)				
	Number of permanent employees (head count / FTE)				
	Number of temporary employees (head count / FTE)				
	Number of non-guaranteed hours employees (head count / FTE)				
	n/a	n/a	n/a	n/a	
	* Gender as specified by the employees themselves				
	In some countries, non-guaranteed hours contracts may be considered permanent or temporary contract, according to national legislation.				
AR 13 For para. 23(c) (Calculation employee turnover)	(AR 59 amended) For <b>employee</b> turnover calculation, the undertaking shall divide the number of employees who leave voluntarily or due to dismissal, retirement or death in service by average employee head count.				

Please provide general comments on the DR below. When providing specific comments on paragraph level, please use the Excel Template instead

Do you agree with the amendments of this DR?

## Disclosure Requirement S1-6 – *Characteristics of non-employees in the undertaking's own workforce*

24. (54 amended) The objective of this DR is to provide an understanding of how much the undertaking relies on *non-employees* as part of its own workforce.
25. (55 amended) The undertaking shall disclose the total number of *non-employees* in the undertaking's *own workforce*.

### APPLICATION REQUIREMENTS

AR 14 for para. 25 (Materiality considerations for non-employees)	This DR is applicable when <i>non-employees</i> within the undertaking's own workforce are a significant driver of <i>impacts</i> , <i>risks</i> and <i>opportunities</i> related to <i>own workforce</i> . This situation arises when non-employees are a key part of the undertaking's <i>business model</i> , for example when they are used to provide flexible labour or when they are used in key processes. <i>Dependencies</i> on non-employees due to the business model can be a risk for the undertaking, particularly when the reliance on non-employees is increasing, for example due to changes in labour market regulations. The use of non-employees can also be a significant driver of negative impacts when non-employees make up a substantial proportion of own workforce or where <i>potential</i> or <i>actual</i> negative <i>impacts</i> are large in relation to non-employees.
AR 15 for para. 25 (Use of estimates)	(AR 63 amended) If the undertaking cannot report exact figures, it shall apply the [Draft] Amended ESRS 1 provisions regarding estimates.

Please provide general comments on the DR below. When providing specific comments on paragraph level, please use the Excel Template instead

Do you agree with the amendments of this DR?



## Disclosure Requirement S1-7 – Collective bargaining coverage and social dialogue

26. (59 amended) The objective of this DR is to enable an understanding of the coverage of **collective bargaining** agreements and **social dialogue** for the undertaking's **employees**.
27. (60 amended) The undertaking shall disclose:
- (a) the percentage of its total **employees** covered by **collective bargaining** agreements;
  - (b) in the European Economic Area ('EEA'), whether it has one or more collective bargaining agreements and, if so, the overall percentage of its **employees** covered by such agreement(s) for each country in which it has significant employment, defined as at 50 or more employees by head count and that are the 10 largest countries in terms of employee numbers for the undertaking, as calculated in paragraph 24 above; and
  - (c) outside the EEA, the percentage of its employees covered by collective bargaining agreements by region.
28. (63 amended) The undertaking shall disclose the following information in relation to **social dialogue** for EEA countries:
- (a) the percentage of **employees** covered by **workers' representatives**, reported at the country level for each EEA country in which the undertaking has significant employment as calculated in accordance with paragraph 27(b) above; and
  - (b) where applicable, the existence of any agreement with its employees for representation by a European Works Council ('EWC'), a Societas Europaea ('SE') Works Council, or a Societas Cooperativa Europaea ('SCE') Works Council.

### APPLICATION REQUIREMENTS – ARs

<p>AR 16 for para. 27(a)</p> <p>(Calculation collective bargaining coverage)</p>	<p>(AR 66 amended) The percentage of <b>employees</b> covered by <b>collective bargaining</b> agreements shall be calculated using the following formula.</p> $\frac{\text{Number of employees covered by collective bargaining agreements}}{\text{Number of employees}} \times 100$ <p>(AR 67 amended) The <b>employees</b> in the undertaking's <b>own workforce</b> covered by <b>collective bargaining</b> agreements are those individuals to whom the undertaking is obliged to apply the agreement. This means that if none of the employees are covered by a collective bargaining agreement, the percentage reported is zero. An employee in the undertaking's own workforce covered by more than one collective bargaining agreement only needs to be counted once.</p>			
<p>AR 17 for para. 27 and 28</p> <p>(Presentation table collective bargaining coverage)</p>	<p>(AR 70 amended) The undertaking shall present the information in a narrative format or following the table below.</p> <p><i>Table 1. Reporting template for collective bargaining coverage and social dialogue</i></p> <table><tr><th></th><th>Collective Bargaining Coverage</th><th>Social dialogue</th></tr></table>		Collective Bargaining Coverage	Social dialogue
	Collective Bargaining Coverage	Social dialogue		

Coverage Rate	Employees – EEA (for countries with >50 empl. for the ten largest countries)	Employees – Non-EEA	Workplace representation (EEA only) (for the EEA countries included in the ten largest countries)
0-19%		Region A	
20-39%	Country A	Region B	
40-59%	Country B		Country A
60-79%			Country B
80-100%			

AR 18 for para. 28(a)  
(Calculation social dialogue coverage)

(AR 69 amended) For calculating the information required by paragraph 28(a), the undertaking shall identify in which EEA countries it has significant employment. For these countries it shall report the percentage of **employees** in that country which are employed in establishments in which employees are represented by **workers' representatives**.

Establishment is defined as any place of operations where the undertaking carries out a non-transitory economic activity with human means and goods. Examples include a factory, a branch of a retail chain or an undertaking's headquarters. For countries in which there is only one establishment, the percentage reported shall be either 100 or 0.

*Number of employees working in establishments with workers' representatives*

x 100

*Number of employees*

Please provide general comments on the DR below. When providing specific comments on paragraph level, please use the Excel Template instead

Do you agree with the amendments of this DR?

### ***Disclosure Requirement S1-8 – Diversity metrics***

29. (65 amended) The objective of this DR is to enable an understanding of gender diversity at top management level.
30. (66(a) amended) The undertaking shall disclose the gender distribution in number (head count) and percentage at top management level.

### **APPLICATION REQUIREMENTS – ARs**

AR 19 for para. 30 (Calculation gender distribution at top management level)	(AR 71 amended) For the purposes of calculating the gender distribution at top management level, 'top management' is defined as the two levels below the administrative and supervisory bodies. However, the undertaking can use its own definition of 'top management'. In this case it shall disclose that fact.
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Please provide general comments on the DR below. When providing specific comments on paragraph level, please use the Excel Template instead

Do you agree with the amendments of this DR?

## Disclosure Requirement S1-9 – Adequate wages

31. (68 amended) The objective of this DR is to enable an understanding of whether or not the undertaking's **employees** are paid an **adequate wage**.
32. (69 amended) The undertaking shall disclose whether or not its **employees** are paid an **adequate wage**. If employees are not paid an adequate wage, it shall disclose the countries and the percentage of employees concerned.

### APPLICATION REQUIREMENTS – ARs

AR 20 for para. 32 (Adequate wages)	(69 amended) If all <b>employees</b> are paid an <b>adequate wage</b> , stating this is sufficient to fulfil this requirement, and no further information is needed.
AR 21 for para. 32 (Calculation of adequate wage)	(AR 72 amended) The basis of this calculation is the lowest <b>wage</b> among the undertaking's <b>employees</b> , excluding interns and apprentices. This means basic wage plus any fixed additional payments that are guaranteed to all employees. The lowest wage shall be considered separately for each country in which the undertaking has operations, except outside the EU when the relevant adequate or minimum wage is defined at sub-national level.
AR 22 for para. 32 (Adequate wage benchmark hierarchy)	<p>The <b>adequate wage</b> benchmark used for comparison with the lowest <b>wage</b> shall not be lower than:</p> <ul style="list-style-type: none"><li>(a) in the EU: the wage level established through <b>collective bargaining</b> or the statutory minimum wage set in accordance with Directive (EU) 2022/2041 of the European Parliament and of the Council<sup>4</sup> on adequate minimum wages in the EU;</li><li>(b) outside of the EU:<ul style="list-style-type: none"><li>i. the wage level established through <b>collective bargaining</b> or the statutory minimum wage established by legislation or collective bargaining agreement, which is periodically reviewed/adjusted every two years and takes into account the ILO wage setting principles;</li><li>ii. if an adequate minimum wage does not exist, any living wage estimate produced by an institution mandated by the public authorities of the country where the workers are based and which takes into account the ILO principles on estimating a living wage;</li></ul></li></ul>

<sup>4</sup> Directive (EU) 2022/2041 of the European Parliament and of the Council of 19 October 2022 on adequate minimum wages in the European Union (OJ L 275, 25.10.2022, p. 33).

- iii. if none of the instruments identified in (i) or (ii) exist, any existing living wage estimate, which takes into account the ILO principles on estimating a living wage.

(AR 73 amended) The **adequate wage** benchmark used under points (i), (ii) or (iii) should take into account both needs of workers and their families, as well as economic factors, as stated in the ILO Minimum Wage Fixing Convention No.131.

Please provide general comments on the DR below. When providing specific comments on paragraph level, please use the Excel Template instead

Do you agree with the amendments of this DR?

#### ***Disclosure Requirement S1-10 – Social protection***

- 33. (73 amended) The objective of this DR is to enable an understanding of whether the undertaking's employees are covered by **social protection** against loss of income due to major life events and, if not, the countries where this is not the case.
- 34. (74 amended) In situations where an undertaking's **employees** lack **social protection**, through public programs or through benefits offered by the undertaking, and with regard to one or more of the four major life events listed below, the undertaking shall disclose the countries where employees lack those protections for the following major life events:
  - (a) sickness;
  - (b) unemployment starting from when the own worker is working for the undertaking;
  - (c) employment injury and acquired disability; and
  - (d) maternity leave.

Please provide general comments on the DR below. When providing specific comments on paragraph level, please use the Excel Template instead

Do you agree with the amendments of this DR?

### Disclosure Requirement S1-11 – Persons with disabilities

35. (78 amended) The objective of this DR is to enable an understanding of the extent to which **persons with disabilities** are included among the undertaking's employees.
36. (79 amended) The undertaking shall disclose the percentage of **persons with disabilities** amongst its employees, subject to legal restrictions on the collection of data.

### APPLICATION REQUIREMENTS – ARs

AR 23 for para. 36  (Data collection for persons with disabilities)	<p>The DR about <b>persons with disabilities</b> requires the undertaking to only report data that can be lawfully collected. Disability status depends on national legal definitions, but the undertaking may use the same definition across the various countries where it operates or use applicable national definitions.</p> <p>(AR 76 amended) In accordance with MDR-T paragraph 41(a), the undertaking shall disclose the calculation methodology, data types and sources used as input, for example this may consist of data about persons with a disability, collected voluntary <b>employee</b> surveys or the information from mandatory disability quotas reported by the undertaking.</p>
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Please provide general comments on the DR below. When providing specific comments on paragraph level, please use the Excel Template instead

Do you agree with the amendments of this DR?

### Disclosure Requirement S1-12 – Training and skills development metrics

37. (82 amended) The objective of this DR is to enable an understanding of the **training** and skills development-related activities that have been offered to **employees** within the context of continuous professional growth to upgrade employees' skills and facilitate continued employability.
38. (83 amended) The undertaking shall disclose the following information for the reporting period:
- (a) the percentage of **employees** that participated in regular performance and career development reviews;
  - (b) the average number of training hours per employee.

### APPLICATION REQUIREMENTS – ARs

AR 24 for para. 38(a)  (Calculation performance review)	<p>(AR 77 amended) A regular performance review is defined as a review based on criteria known to the <b>employee</b> and his or her superior undertaken with the knowledge of the employee at least once per year. The review can include an evaluation by the worker's direct superior, peers, or a wider range of employees. The review can also involve the human resources department. In order to disclose the information required by paragraph 38(a), the undertaking shall use the employee headcount figures from DR ESRS S1-5 in the denominator as follows:</p> $\left( \frac{\text{\# employees who participated in regular performance review}}{\text{\# employees according to S1 – 5}} \right) * 100.$
AR 25 for para. 38(b)  (Calculation average training hours)	<p>(AR 78 amended) The average number of <b>training</b> hours required by paragraph 38(b) shall be calculated as follows: total number of training hours offered to and completed by <b>employees</b> divided by total number of employees. For the calculation of the total average training hours, the head count figures for total employment reported in DR ESRS S1-5 shall be used.</p>

Please provide general comments on the DR below. When providing specific comments on paragraph level, please use the Excel Template instead

Do you agree with the amendments of this DR?



39. (87 amended) The objective of this DR is to allow an understanding of the coverage, quality and performance of the health and safety management system established to prevent **work-related accidents**, ill-health and fatalities.
40. (88 amended) The undertaking shall disclose the following information for the reporting period and, where applicable, broken down between **employees** and **non-employees** for the undertaking's **own workforce**:
- (a) the percentage of people in its own workforce who are covered by the undertaking's health and safety management system based on legal requirements and/or recognised standards or guidelines;
  - (b) the sum of:
    - (i) the number of fatalities from work-related injuries among everybody in the undertaking's own workforce as well as other workers that work on its **sites**; and
    - (ii) the number of fatalities from work-related ill health among its employees;
  - (c) the number and rate of recordable **work-related accidents**;<sup>5</sup>
  - (d) with regard to the undertaking's employees, the number of cases of recordable work-related ill health, subject to legal restrictions on the collection of data; and
  - (e) with regard to the undertaking's employees, the number of days lost to work-related injuries, **recordable work-related accidents** and work-related ill health.<sup>6</sup>

## APPLICATION REQUIREMENTS – ARs

AR 26 for para. 40(a)  (Health & safety management system coverage)	(AR 80 amended) The percentage of the undertaking's <b>own workforce</b> who are covered by its health and safety management system shall be disclosed on a head count rather than a full-time equivalent basis.
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<sup>5</sup> This information supports the information needs of financial market participants subject to Regulation (EU) 2019/2088 because it is derived from an additional indicator related to principal adverse impacts, as set out by indicator #2 in Table III of Annex I of Commission Delegated Regulation (EU) 2022/1288 with regard to disclosure rules on sustainable investments ('Rate of accidents'), and benchmark administrators to disclose ESG factors subject to Regulation (EU) 2020/1816, as set out by indicator 'Weighted average ratio of accidents, injuries, fatalities' in section 1 and 2 of Annex II.

<sup>6</sup> This information supports the information needs of financial market participants subject to Regulation (EU) 2019/2088 because it is derived from an additional indicator related to principal adverse impacts as set out by Indicator #3 in Table III of Annex I of Commission Delegated Regulation (EU) 2022/1288 with regard to disclosure rules on sustainable investments ('Number of days lost to injuries, accidents, fatalities or illness').



AR 27 for para. 40(c)  (Calculation work-related accidents)	<p>(AR 89 amended) For work-related accidents, the undertaking shall use the definitions as per the national laws of the countries where the employees are based.</p> <p>When computing the rate of work-related accidents, the undertaking shall divide the number of cases by the number of total hours worked by people in its <b>own workforce</b> and multiplied by 1 000 000. This represents the number of cases per one million hours worked and roughly corresponds to the total hours worked by 500 full-time workers in one year.</p> <p>(AR 90 amended) If the undertaking uses estimates, it shall use normal or standard hours of work, taking into account entitlements to periods of paid leave of absence from work (for example, paid vacations, paid sick leave, public holidays) and explain this in its disclosures.</p>
AR 28 for para. 40(c)  (Fatalities from work-related injuries)	(AR 91 amended) The undertaking shall include fatalities that result from work-related injury in the number and rate of recordable work-related accidents.
AR 29 for para. 40(d)  (Cases of work-related ill health)	(AR 93 amended) 'Cases of work-related ill health' in paragraph 41(d) refers to cases of work-related ill-health the undertaking has been informed by affected people, compensation agencies or healthcare professionals or to cases that it has identified through medical surveillance during the reporting period. In this context, work-related musculoskeletal disorders are covered under work-related ill health (and not injuries).
AR 30 for para. 40(e)  (Days lost)	(AR 95 amended) The number of days lost shall include the first full day and the last day of absence. Calendar days shall be used for the count. Days on which the affected individual is not scheduled for work (for example weekends, public holidays) will therefore count as lost days.

Please provide general comments on the DR below. When providing specific comments on paragraph level, please use the Excel Template instead

Do you agree with the amendments of this DR?

#### ***Disclosure Requirement S1-14 – Work-life balance metrics***

41. (92 amended) The objective of this DR is to provide an understanding of the entitlement of the undertaking's **employees** to take **family-related leave**.
42. (93 amended) The undertaking shall disclose the percentage of **employees** entitled to take **family-related leave** during the period.

#### **APPLICATION REQUIREMENTS – ARs**

AR 31 for para. 42  (Family leave entitlement)	(94) If all of the undertaking's <b>employees</b> are entitled to <b>family-related leave</b> through social <b>policy</b> and/or <b>collective bargaining</b> agreements, it is sufficient to disclose this to comply with paragraph 42.
AR 32 for para. 42 (Employees entitled to family leave)	(AR 97 amended) For the purposes of paragraph 42, <b>employees</b> entitled to <b>family-related leave</b> are those who are covered by regulations, organisational <b>policies</b> , agreements, contracts or <b>collective bargaining</b> agreements that contain family-related leave entitlements.

Please provide general comments on the DR below. When providing specific comments on paragraph level, please use the Excel Template instead

Do you agree with the amendments of this DR?

**Disclosure Requirement S1-15 – Remuneration metrics**

43. (96 amended) The objective of this DR is to allow an understanding of the global gap in the **pay** between women and men amongst the undertaking's **employees** and the level of remuneration inequality within the undertaking to enable an understanding of whether pay disparities exist.
44. (97 amended) The undertaking shall disclose:
- (a) the gender **pay gap**, defined as the difference of average pay levels between female and male **employees**, expressed as a percentage of the average pay level of male employees;<sup>7</sup> and
  - (b) the **annual total remuneration** ratio of the highest paid individual to the median annual total remuneration for all **employees** (excluding the highest-paid individual).<sup>8</sup>

**APPLICATION REQUIREMENTS – ARs**

<p>AR 33 for para. 44(a)</p> <p>(Calculation gender pay gap)</p>	<p>(AR 98 amended) The gender pay gap disclosure in accordance with paragraph 44(a) shall include all male and female employees' gross hourly pay level and be calculated as follows:</p> $\frac{(\text{Average gross hourly pay level of male employees} - \text{average gross hourly pay level of female employees})}{\text{Average gross hourly pay level of male employees}} \times 100$
<p>AR 34 for para. 44(a) and (b) (Methodological context information)</p>	<p>(AR 99 amended) In accordance with MDR-M paragraph 41(a), the undertaking shall disclose the methodology and/or how the data has been compiled.</p>
<p>AR 35 for para. 44(a)</p> <p>(Comparative information gender pay gap)</p>	<p>(AR 100 amended) The measure of the undertaking's gender <b>pay</b> gap shall be reported for the current reporting period and, if reported in previous sustainability reports, for the previous two reporting periods.</p>
<p>AR 36 for para. 44(b) (Annual total remuneration calculation)</p>	<p>(AR 101 amended) When compiling the information required by paragraph 44 (b), the undertaking shall:</p> <ul style="list-style-type: none"> <li>(a) include all <b>employees</b>;</li> <li>(b) consider, depending on the undertaking's remuneration <b>policies</b>, all of the following: <ul style="list-style-type: none"> <li>i. base salary, which is the sum of guaranteed, short-term, and non-variable cash compensation;</li> <li>ii. benefits in cash, such as cash allowances, bonuses, commissions, cash profit-sharing, and other forms of variable cash payments;</li> </ul> </li> </ul>

<sup>7</sup> This information supports the information needs of: financial market participants subject to Regulation (EU) 2019/2088 because it is derived from a mandatory indicator related to principal adverse impacts, as set out by Indicator #12 in Table I of Annex I of Commission Delegated Regulation (EU) 2022/1288 with regard to disclosure rules on sustainable investments ('Unadjusted gender pay gap'), and benchmark administrators to disclose ESG factors subject to Regulation (EU) 2020/1816, as set out by indicator 'Weighted average gender pay gap' in Sections 1 and 2 of Annex II.

<sup>8</sup> This information supports the information needs of financial market participants subject to Regulation (EU) 2019/2088 because it is derived from an additional indicator related to principal adverse impacts as set out by Indicator #8 in Table III of Annex I of Commission Delegated Regulation (EU) 2022/1288 with regard to disclosure rules on sustainable investments ('Excessive CEO pay ratio').

	<ul style="list-style-type: none"> <li>iii. benefits in kind, such as cars, private health insurance, life insurance, wellness programs; and</li> <li>iv. total fair value of all annual long-term incentives (for example, stock option awards, restricted stock shares or units, performance stock shares or units, phantom stock shares, stock appreciation rights, and long-term cash awards).</li> </ul> <p>(c) apply the following formula for the <b>annual total remuneration</b> ratio:</p> $\frac{\text{Annual total remuneration for the undertaking's highest paid individual}}{\text{Median employee annual total remuneration (excluding the highest - paid individual)}}$
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Please provide general comments on the DR below. When providing specific comments on paragraph level, please use the Excel Template instead

Do you agree with the amendments of this DR?

## Disclosure Requirement S1-16 – Incidents of discrimination and other human rights incidents

45. (101 amended) The objective of this DR is to allow an understanding of the extent to which **incidents of discrimination** and other human rights **incidents** affect the undertaking's **own workforce**.
46. (103 amended) The undertaking shall disclose:
- (a) subject to the relevant privacy regulations, the number of **incidents of discrimination** at work on the grounds of gender, racial or ethnic origin, nationality, religion or belief, disability, age, sexual orientation, or other relevant forms of **discrimination**, including **harassment**, reported in the reporting period;<sup>9</sup>
  - (b) subject to the relevant privacy regulations, the number of human rights **incidents** connected to its **own workforce** that it has identified in the reporting period, but excluding those that relate to **discrimination** which are reported according to paragraph 46(a);<sup>10</sup> and
  - (c) the total amount of fines, penalties and compensation for damages for the **incidents** disclosed under paragraph 46(a)(b) recognised during the reporting period in the financial statements.

<sup>9</sup> This information supports the information needs of financial market participants subject to Regulation (EU) 2019/2088 because it is derived from an additional indicator related to principal adverse impacts as set out by indicator #7 in Table III of Annex I of Commission Delegated Regulation (EU) 2022/1288 with regard to disclosure rules on sustainable investments ('Incidents of discrimination').

<sup>10</sup> This information supports the information needs of financial market participants subject to Regulation (EU) 2019/2088 because it is derived from a mandatory and additional indicator related to principal adverse impacts, as set out by indicator #10 in Table I of Annex I, by indicator #14 in Table III of Annex I of Commission Delegated Regulation (EU) 2022/1288 with regard to disclosure rules on sustainable investments ("Violations of UNGC principles and OECD Guidelines for Multinational Enterprises" and "Number of identified cases of severe human rights issues and incidents"), and the information needs of benchmark administrators to disclose ESG factors subject to Regulation (EU) 2020/1816 as set out by indicator 'Number of benchmark constituents subject to social violations (absolute number and relative divided by all benchmark constituents), as referred to in international treaties and conventions, United Nations principles and, where applicable, national law' in Section 1 and 2 of Annex II.

## APPLICATION REQUIREMENTS

AR 37 for para. 46(b) (Internationally recognised human rights)	The human rights <b>incidents</b> in scope for this disclosure are those that relate to not respecting internationally recognised human rights (the same list as in [Draft] Amended ESRS 2, paragraph 35, and CSRD Art. 29, point 3 – respect for human rights.)
AR 38 for para. 46 (Human rights incidents)	<b>Incidents</b> referred to in paragraph 46(a)(b) include the number of substantiated instances of:  (a) judicial and non-judicial proceedings that have been initiated (such as cases before domestic courts, mediation, complaints filed with the National Contact Points for OECD Multinational Enterprises); and/or(b) incidents registered by the undertaking, including those it identified through its internal processes.
AR 39 for para. 46 (Context information)	In accordance with MDR-M paragraph 41(d), to allow a proper understanding of the significant changes in performance, the undertaking shall consider whether an increase in <b>incidents</b> being reported by or to the undertaking may reflect improvements in the effectiveness, including availability, of channels to raise concerns, including <b>grievance mechanisms</b> .  In addition, it shall disclose the methodology it has used to compile the data on the <b>incidents</b> referred to in paragraph 46(a)(b).
AR 40 for para. 46(a)(b) (Remedy or actions related to incidents disclosed)	The way the undertaking has addressed or is addressing <b>incidents</b> referred to in paragraph 46(a)(b) may be cross-referenced to ESRS S1-3.
AR 41 for para. 46(c) (Connectivity with financial statement data)	This figure derives from the monetary amount recognised in the financial statements, but no formal reconciliation or cross-referencing with the financial statements is required in the <b>sustainability statement</b> . 'Fines, penalties and compensation' refer to those imposed on the undertaking through administrative or judicial proceedings.

#### 14. Part 3: ESRS S2

Overall agreement on the proposed amendments to the revised ESRS S2 text

You can access the Exposure Drafts of the Amended ESRS at this [link](#)

In case you would like to see the rationale behind the amendments, you can access the Log of Amendments at this [link](#)

Do you agree that the proposed Amended ESRS strikes an appropriate balance between the need for significant simplification and meeting the core objectives of the European Green Deal?

If you would like to comment at paragraph level, you are invited to do so by using the provided XLSX template at the end of the chapters / DRs level part.

Do you agree with the amendments of this DR?

#### Disclosure Requirement S2-1 – Policies related to value chain workers

10. (16 amended) The undertaking shall describe its *policies* for managing the *material impacts, risks* and *opportunities* related to *value chain workers* in accordance with [Draft] Amended ESRS 2 GDR-P. It shall state whether these policies cover specific groups of value chain workers (e.g. particular age groups or workers in a particular factory or country) or all value chain workers.
11. (18 amended) The undertaking shall state whether its *policies* in relation to *value chain workers* explicitly address trafficking in human beings<sup>1</sup>, *forced labour* or compulsory labour and *child labour*.
12. (18 amended) The undertaking shall also state whether it has a *supplier* code of conduct.<sup>2</sup>

#### APPLICATION REQUIREMENTS – ARs

AR 1 for para. 10 (Policies related to value chain workers)	(AR 16 amended) The channels the undertaking uses to communicate its <i>policies</i> to the individuals, groups of individuals or entities for whom they are relevant, either because they are expected to implement them (e.g. the undertaking's <i>employees</i> , contractors and <i>suppliers</i> ), or because they have a direct interest in their implementation, are examples of policy aspects to disclose.
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Please provide general comments on the DR below. When providing specific comments on paragraph level, please use the Excel Template instead

Do you agree with the amendments of this DR?

#### Disclosure Requirement S2-2 – Engagement with value chain workers, existence of channels for value chain workers to raise concerns or needs and approaches to remedy

13. (21 amended) The objective of this DR is to enable an understanding of the undertaking's general approach to engagement with *value chain workers*, the use of channels to raise concerns or *grievance mechanisms* and *remedy*.
14. (22 amended) The undertaking shall disclose how it engages, as part of its ongoing due diligence process, directly with *value chain workers* or their legitimate representatives or with *credible proxies*, and how the perspectives of its value chain workers inform its decisions or activities aimed at managing the *actual* and *potential impacts* on value chain workers during the reporting year. This shall include, where relevant:
  - (a) (23 amended) how it gains insight into the perspectives of *workers in the value chain* who may be particularly vulnerable to *impacts* and/or are marginalised (e.g., women workers, migrant workers, workers with disabilities); and



(b) (22 amended) where applicable, the *Global Framework Agreements ('GFA')* or other outcomes that the undertaking has reached with *value chain workers' representatives* related to the respect of human rights of value chain workers.

15. (27 amended) The undertaking shall describe the channels available to *value chain workers* to bring their concerns or needs directly to their attention and have them addressed. In particular, it shall state whether it has a *grievance mechanism*<sup>3</sup>. It shall also explain how it assesses the effectiveness of these channels.

16. (27a amended) The undertaking shall describe its general approach to and processes for providing or contributing to *remedy* where it has caused or contributed to a material negative *impact* on *value chain workers*.

#### APPLICATION REQUIREMENTS – ARs

AR 2 for para. 14 (Engagement)	(AR 18 amended) The engagement with <i>value chain workers</i> can take different forms such as information, consultation or participation, and occur at different frequencies.
AR 3 for para. 15 (Channels for raising concerns)	(AR 22 amended) Channels for raising concerns or needs are formal structures by the undertaking or a third party (for example, governments, NGOs or industry associations), including business relationships, with dedicated processes to which <i>value chain workers</i> can raise such concerns or needs. They include <i>grievance mechanisms</i> , hotlines, trade unions, works councils, dialogue processes, as well as, under certain circumstances, whistleblowing mechanisms. They can be channels provided by the undertaking itself or channels provided by the entities where the value chain workers are working, in addition to any other mechanisms it may use to gain insight into the management of impacts on workers, such as compliance audits.
AR 4 for para. 15 (Grievance mechanism)	(AR 28 amended) The 'effectiveness criteria for non-judicial <i>grievance mechanisms</i> ', as laid out in the UN Guiding Principles on Business and Human Rights, in particular principle 31, can be used for assessing the effectiveness of the channels.  If the undertaking has <i>policies</i> for protecting individuals that use these channels against retaliation and they are disclosed in [Draft] Amended ESRS G1-1, it may refer to that disclosure.
AR 5 for para. 16 (Remedy)	(AR 22 amended) 'Processes' for providing or contributing to <i>remedy</i> may also be used to respond to harms identified. Such processes typically include formalised steps or criteria that are followed to ensure that concerns, complaints or needs are adequately addressed, including, where relevant, providing or contributing to remedy for <i>actual impacts</i> . This can include channels to raise concerns or needs as reported under paragraph 15 if they are used for providing or contributing to remedy.

Please provide general comments on the DR below. When providing specific comments on paragraph level, please use the Excel Template instead

Do you agree with the amendments of this DR?

## Disclosure Requirement S2-3 – *Actions and resources related to value chain workers*

17. (31 amended) The undertaking shall describe the key **actions** and **resources** used to manage its **material impacts, risks** and **opportunities** related to **value chain workers** in accordance with [Draft] Amended ESRS 2 GDR-A.
18. (32 amended) In relation to material **impacts** related to **value chain workers**, the undertaking shall describe:
- (a) key **actions** taken, planned or underway, to prevent, mitigate and remediate material negative impacts on value chain workers, including its approach in situations where tensions arise between such **actions** and other business pressures (for example, in procurement or sales); and
  - (b) how it tracks and assesses the effectiveness of these **actions** and initiatives in delivering outcomes for value chain workers. This disclosure can be omitted if the undertaking discloses how it tracks the effectiveness of its actions in accordance with [Draft] Amended ESRS 2 GDR-T or GDR-M. In that case, a reference to that disclosure is sufficient.
19. (36 amended) Subject to the relevant privacy regulation, the undertaking shall also disclose whether human rights **incidents** connected to workers in its upstream and downstream **value chain** have been reported and, if applicable, disclose these.<sup>4</sup>

### APPLICATION REQUIREMENTS – ARs

<p>AR 6 for para. 18 (Key actions)</p>	<p>(AR 30 amended) The <b>actions</b> taken by the undertaking differ depending on its connection to the <b>impact</b> (causation, contribution, direct linkage), and how it has identified the actions as appropriate for addressing material impacts.</p> <p>This also applies to key actions to provide for, contribute to, or enable <b>remedy</b> in cases of actual negative impacts. Key actions to prevent, mitigate or remediate impacts encompass the use of leverage and/or collective actions taken through multistakeholder and/or industry initiatives.</p>
<p>AR 7 for para. 18 (Climate transition)</p>	<p>(11c amended) The undertaking shall present its actions in a way that allows an understanding of the connections that exist between the interaction of different <b>topics</b> in accordance with Chapters 3.2 and 9.1 of [Draft] Amended ESRS 1. This applies to the measures taken to mitigate negative <b>impacts</b> on its <b>workers in the value chain</b> that arise from the transition to a greener, climate-neutral economy. In cases where innovation and restructuring occur, this could lead to mine closures or increased mining of minerals needed for the transition to a sustainable economy and solar panel production. Conversely, positive impacts may arise from initiatives such as updating purchasing practices, capacity-building to <b>supply chain</b> workers. In addition, present and/or expected external developments that influence whether <b>dependencies</b> turn into <b>risks</b> for just transition is another aspect that could lead to <b>actions</b>.</p>

Please provide general comments on the DR below. When providing specific comments on paragraph level, please use the Excel Template instead



Do you agree with the amendments of this DR?

#### Disclosure Requirement S2-4 – *Targets related to value chain workers*

20. (41 amended) The undertaking shall disclose the qualitative and/or quantitative targets related to ***value chain workers*** in accordance with [Draft] Amended ESRS 2 GDR-T.
21. (42 amended) When disclosing in accordance with [Draft] Amended ESRS 2 GDR-T, the undertaking shall disclose whether and how it has engaged directly with ***workers in the value chain***, their legitimate representatives, or with ***credible proxies*** that have insight into their situation, for the purpose of ***target*** setting and/or tracking performance against those targets.

#### APPLICATION REQUIREMENTS – ARs

AR 8 for para. 21 (Tracking performance against targets)	In the context of tracking the undertaking's performance against <b><i>targets</i></b> , engagement with <b><i>workers in the value chain</i></b> , their legitimate <b><i>representatives</i></b> , or with <b><i>credible proxies</i></b> can inform its understanding of the effectiveness of its management of material negative <b><i>impacts</i></b> and the identification of lessons learnt or improvements.
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Please provide general comments on the DR below. When providing specific comments on paragraph level, please use the Excel Template instead

#### 15. Part 3: ESRS S3

Overall agreement on the proposed amendments to the revised ESRS S3 text

You can access the Exposure Drafts of the Amended ESRS at this [link](#)

In case you would like to see the rationale behind the amendments, you can access the Log of Amendments at this [link](#)

Do you agree that the proposed Amended ESRS strikes an appropriate balance between the need for significant simplification and meeting the core objectives of the European Green Deal?

If you would like to comment at paragraph level, you are invited to do so by using the provided XLSX template at the end of the chapters / DRs level part.

Do you agree with the amendments of this DR?

#### Disclosure Requirement S3-1 – *Policies related to affected communities*

8. (14 amended) The undertaking shall describe its policies for managing the ***material impacts, risks*** and ***opportunities*** related to ***affected communities*** in accordance with [Draft] Amended ESRS 2 GDR-P. It shall state whether these ***policies*** cover specific affected communities (e.g. a community of ***indigenous people*** or a community living around its ***site***) or all affected communities.
9. (15 amended) The undertaking shall disclose any particular ***policy*** provisions for preventing and addressing ***impacts*** on ***indigenous peoples***.

#### APPLICATION REQUIREMENTS – ARs

AR 1 for para. 8 (Policies related to affected communities)	(AR 11 amended) The channels the undertaking uses to communicate its <b><i>policies</i></b> to the individuals, groups of individuals or entities for whom they are relevant, either because they are expected to implement them (e.g. the undertaking's <b><i>employees</i></b> , contractors and <b><i>suppliers</i></b> ) or because they have a direct interest in their implementation, are examples of policy aspects to disclose.
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Please provide general comments on the DR below. When providing specific comments on paragraph level, please use the Excel Template instead

Do you agree with the amendments of this DR?

**Disclosure Requirement S3-2 – Engagement with affected communities, existence of channels for affected communities to raise concerns or needs and approaches to remedy**

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10. (20 amended) The objective of this DR is to enable an understanding of the undertaking's general approach to engagement with **affected communities**, the availability of channels, including **grievance mechanisms**, and **remedy**.
11. (21 and 22 amended) The undertaking shall disclose how it engages directly with **affected communities**, their **legitimate representatives**, or with **credible proxies**, and how the perspectives of affected communities inform its decisions or activities aimed at managing the **actual** and **potential impacts** on affected communities during the reporting year. This shall include, where relevant, how it gains insight into the perspectives of affected communities who may be particularly vulnerable to **impacts** and/or are marginalised (for example, women, girls, migrants, people with disabilities).
12. (23 amended) Where **affected communities** are **indigenous peoples**, the undertaking shall also disclose how it takes into account and ensures respect of their particular rights in its **stakeholder engagement** approach, including their right to **free, prior and informed consent ('FPIC')** with regard to: (i) their cultural, intellectual, religious and spiritual property; (ii) activities affecting their lands and territories; and (iii) legislative or administrative measures that affect them. In particular, where engagement occurs with indigenous peoples, it shall also disclose whether and how indigenous peoples have been consulted on the mode and parameters of the engagement (for example, in designing the agenda, nature, and timeliness of the engagement).
13. (27 amended) The undertaking shall describe the channels available to **affected communities** to bring their concerns or needs directly to their attention and have them addressed. In particular, it shall state whether it has a **grievance mechanism**<sup>1</sup>. It shall also explain how it assesses the effectiveness of these channels.
14. (27a amended) The undertaking shall describe its general approach to and processes for providing or contributing to **remedy** where it has caused or contributed to a material negative **impact** on **affected communities**.

**APPLICATION REQUIREMENTS – ARs**

AR 2 for para. 11 (Engagement)	(AR 15 amended) The engagement with <b>affected communities</b> can take different forms, such as information, consultation or participation, and occur at different frequencies.
AR 3 for para. 12 (Engagement process with indigenous people)	(AR 13 amended) Examples for the engagement disclosure in paragraph 14, include the process to obtain consent from <b>indigenous people</b> and good faith negotiations where the undertaking affects lands, territories or resources (for example, relocation or occupation).

<p>AR 4 for para. 13 (Channels for raising concerns)</p>	<p>(AR 18 amended) Channels for raising concerns or needs are formal structures by the undertaking or a third party (for example, governments, NGOs or industry associations), including business relationships, with dedicated processes to which <i>affected communities</i> can raise such concerns or needs. They include <i>grievance mechanisms</i>, hotlines, dialogue processes, as well as, under certain circumstances, whistleblowing mechanisms.</p>
<p>AR 5 for para. 13 (Grievance mechanism)</p>	<p>(28 amended) The ‘effectiveness criteria for non-judicial <i>grievance mechanisms</i>’, as laid out in the UN Guiding Principles on Business and Human Rights, in particular principle 31, can be used for assessing the effectiveness of the channels.</p> <p>If the undertaking has <i>policies</i> for protecting individuals that use these channels against retaliation, and they are disclosed in [Draft] Amended ESRS G1-1, it may refer to that disclosure.</p>
<p>AR 6 for para. 14 (Remedy)</p>	<p>(AR 19 amended) ‘Processes’ for providing or contributing to <i>remedy</i> may also be used to respond to harms identified. Such processes typically include formalised steps or criteria that are followed to ensure that concerns, complaints or needs are adequately addressed, including, where relevant, by providing or contributing to remedy for <i>actual impacts</i>. This can include channels to raise concerns or needs reported under paragraph 13 if they are used for providing or contributing to remedy.</p>

Please provide general comments on the DR below. When providing specific comments on paragraph level, please use the Excel Template instead

### Disclosure Requirement S3-3 – *Actions and resources related to affected communities*

15. (31 amended) The undertaking shall describe the key **actions** and resources used to manage its **material impacts, risks** and **opportunities** related to **affected communities** in accordance with [Draft] Amended ESRS 2 GDR-A.
16. (32 amended) In relation to the material **impacts** related to **affected communities**, the undertaking shall describe:
  - (a) key **actions** taken, planned or underway to prevent, mitigate and remediate material negative impacts on affected communities, including its approach in situations where tensions arise between such actions and other business pressures (e.g. its practices in relation to planning and land acquisition or exploitation and finance of raw materials); and
  - (b) how it tracks and assesses the effectiveness of these **actions** and initiatives in delivering outcomes for affected communities. This disclosure can be omitted if the undertaking discloses how it tracks the effectiveness of its actions in accordance with [Draft] Amended ESRS 2 GDR-T or GDR-M. In that case, a reference to that disclosure is sufficient.
17. (36 amended) Subject to the relevant privacy regulation, the undertaking shall also disclose whether human rights **incidents** connected with **affected communities** have been reported and, if applicable, disclose these<sup>2</sup>.

### APPLICATION REQUIREMENTS – ARs

AR 7 for para. 16 (Key actions)	(AR 27 amended) The <b>actions</b> taken by the undertaking differ depending on its connection to the <b>impact</b> (causation, contribution, direct linkage), and how it has identified the actions as appropriate for addressing material impacts.  This also applies to key actions to provide for, contribute to, or enable <b>remedy</b> in cases of actual negative impacts. Key actions to prevent, mitigate or remediate impacts encompass the use of <b>leverage</b> and/or collective actions taken through multi-stakeholder and/or industry initiatives.
AR 8 for para. 16 (Climate transition)	(9b amended) The undertaking shall present its actions in a way that allows an understanding of the connections that exist between the interaction of different topics in accordance with Chapters 3.2 and 9.1 of [Draft] Amended ESRS 1. This applies to the measures taken to mitigate negative <b>impacts</b> on <b>affected communities</b> that arise from the transition to a greener, climate-neutral economy. In cases where innovation and restructuring occur, this could lead to mine closures or increased mining of minerals needed for the transition to a sustainable economy and solar panel production.
AR 9 for para. 17 (Human rights incidents)	(AR 12 amended) When determining the human rights <b>incidents</b> connected with <b>affected communities</b> , the undertaking shall consider any legal disputes related to land rights and to the <b>free, prior and informed consent (FPIC)</b> of <b>indigenous peoples</b> .



Do you agree with the amendments of this DR?

#### Disclosure Requirement S3-4 – *Targets related to affected communities*

18. (41 amended) The undertaking shall disclose the qualitative and/or quantitative targets related to ***affected communities*** in accordance with [Draft] Amended ESRS 2 GDR-T.
19. (42 amended) When disclosing in accordance with [Draft] Amended ESRS 2 GDR-T, the undertaking shall disclose whether and how it has engaged directly with ***affected communities***, their ***legitimate representatives***, or with ***credible proxies*** that have insight into their situation, for the purpose of ***target*** setting and/or tracking performance against those targets.

#### APPLICATION REQUIREMENTS – ARs

AR 10 for para. 19  (Tracking performance against targets)	In the context of tracking the undertaking's performance against <b><i>targets</i></b> , engagement with <b><i>affected communities</i></b> , their <b><i>legitimate representatives</i></b> , or with <b><i>credible proxies</i></b> , can inform its understanding of the effectiveness of its management of material negative <b><i>impacts</i></b> and the identification of lessons learnt or improvements.
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Please provide general comments on the DR below. When providing specific comments on paragraph level, please use the Excel Template instead

#### 16. Part 3: ESRS S4

Overall agreement on the proposed amendments to the revised ESRS S4 text

You can access the Exposure Drafts of the Amended ESRS at this [link](#)

In case you would like to see the rationale behind the amendments, you can access the Log of Amendments at this [link](#)

Do you agree that the proposed Amended ESRS strikes an appropriate balance between the need for significant simplification and meeting the core objectives of the European Green Deal?

If you would like to comment at paragraph level, you are invited to do so by using the provided XLSX template at the end of the chapters / DRs level part.

Do you agree with the amendments of this DR?

#### Disclosure Requirement S4-1 – *Policies related to consumers and end users*

9. (15 amended) The undertaking shall describe its ***policies*** for managing the ***material impacts, risks*** and ***opportunities*** related to ***consumers*** and/or ***end users*** in accordance with [Draft] Amended ESRS 2 GDR-P. It shall state whether these ***policies*** cover specific groups (for example, particular age groups) or all consumers and/or end users.

#### APPLICATION REQUIREMENTS – ARs

AR 1 for para. 9  (Policies related to consumers and end users)	(AR 13 amended) The channels the undertaking uses to communicate its <b><i>policies</i></b> to the individuals, groups of individuals or entities for whom they are relevant, either because they are expected to implement them (for example, the undertaking's <b><i>employees</i></b> , contractors and <b><i>suppliers</i></b> ), or because they have a direct interest in their implementation, are examples of policy aspects to disclose.
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Please provide general comments on the DR below. When providing specific comments on paragraph level, please use the Excel Template instead

Do you agree with the amendments of this DR?

**Disclosure Requirement S4-2 – Engagement with consumers and end users, existence of channels for consumers and end users to raise concerns or needs and approaches to remedy**

10. (19 amended) The objective of this DR is to enable an understanding of the undertaking's general approach to engagement with *consumers* and/or *end users*, the availability of channels, including *grievance mechanisms*, and *remedy*.
11. (20 and 21 amended) The undertaking shall disclose how it engages directly with *consumers* and/or *end users*, their *legitimate representatives*, or with *credible proxies*, and how the perspectives of consumers and/or end users inform its decisions or activities aimed at managing the *actual* and *potential impacts* on consumers and/or end users during the reporting year. This shall include, where relevant, how it gains insight into the perspectives of consumers and/or end users who may be particularly vulnerable to impacts and/or are marginalised (for example, people with disabilities, children).
12. (25 amended) The undertaking shall describe the channels available to *consumers* and/or *end users* to bring their concerns or needs directly their attention and have them addressed. In particular, it shall state whether it has a *grievance mechanism*<sup>1</sup>. It shall also explain how it assesses the effectiveness of these channels.
13. (25a amended) The undertaking shall describe its general approach to and processes for providing or contributing to *remedy* where it has caused or contributed to a material negative impact on *consumers* and/or *end users*.

**APPLICATION REQUIREMENTS – ARs**

AR 2 for para. 11 (Engagement)	(AR 16 amended) The engagement with <i>consumers</i> and/or <i>end users</i> can take different forms, such as information, consultation or participation, and occur at different frequencies.
AR 3 for para. 12 (Channels for raising concerns)	(AR 19 amended) Channels for raising concerns or needs are formal structures by the undertaking or a third party (e.g. governments, NGOs or industry associations), including business relationships, with dedicated processes through which <i>consumers</i> and/or <i>end users</i> can raise their concerns or needs. This includes <i>grievance mechanisms</i> , hotlines, dialogue processes, as well as, under certain circumstances, whistleblowing mechanisms.
AR 4 for para. 12 (Grievance mechanism)	(26 amended) The 'effectiveness criteria for non-judicial <i>grievance mechanisms</i> ', as laid out in the UN Guiding Principles on Business and Human Rights, in particular principle 31, can be used for assessing the effectiveness of the channels.  If the undertaking has <i>policies</i> for protecting individuals that use these channels against retaliation, and it is disclosed in [Draft] Amended ESRS G1-1, it may refer to that disclosure.
AR 5 for para. 13 (Remedy)	(AR 19 amended) 'Processes' for providing or contributing to <i>remedy</i> may also be used to respond to harms identified. Such processes typically include formalised steps or criteria that are followed to ensure that concerns, complaints or needs are adequately addressed, including, where relevant, by providing or contributing to remedy for <i>actual impacts</i> . This can include channels to raise concerns or needs as reported under paragraph 12 if they are used for providing or contributing to remedy.



#### Disclosure Requirement S4-3 – Actions and resources related to consumers and end users

14. (30 amended) The undertaking shall describe the key **actions** and **resources** used to manage its **material impacts, risks** and **opportunities** related to **consumers** and/or **end users** in accordance with [Draft] Amended ESRS 2 GDR-A.
15. (31 amended) In relation to the material **impacts** related to **consumers** and/or **end users**, the undertaking shall describe:
  - (a) key **actions** taken, planned or underway to prevent, mitigate and remediate material negative **impacts** on **consumers** and/or **end users**, including its approach in situations where tensions arise between such actions and other business pressures (for example, practices related to marketing, sales and data use); and
  - (b) how it tracks and assesses the effectiveness of these **actions** and initiatives in delivering outcomes for **consumers** and/or **end users**. This disclosure can be omitted if the undertaking discloses how it tracks the effectiveness of its actions in accordance with [Draft] Amended ESRS 2 GDR-T or GDR-M. In that case, a reference to that disclosure is sufficient.
16. (35 amended) Subject to relevant privacy regulation, the undertaking shall also disclose whether human rights **incidents** connected with its **consumers** and/or **end users** have been reported and, if applicable, disclose these<sup>2</sup>.

#### APPLICATION REQUIREMENTS – ARs

<p>AR 6 for para. 15 (Key actions)</p>	<p>(AR 27 amended) The <b>actions</b> taken by the undertaking differ depending on its connection to the <b>impact</b> (causation, contribution, direct linkage), and how it has identified the actions as appropriate for addressing material impacts.</p> <p>This also applies to key actions to provide for, contribute to, or enable <b>remedy</b> in cases of actual negative impacts. Key actions to prevent, mitigate or remediate impacts encompass the use of <b>leverage</b> and/or collective actions taken through multistakeholder and/or industry initiatives.</p>
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Please provide general comments on the DR below. When providing specific comments on paragraph level, please use the Excel Template instead

Do you agree with the amendments of this DR?

#### Disclosure Requirement S4-4 – Targets related to consumers and end users

17. (40 amended) The undertaking shall disclose the qualitative and/or quantitative targets related to **consumers** and/or **end users** in accordance with [Draft] Amended ESRS 2 GDR-T.
18. (41 amended) When disclosing in accordance with [Draft] Amended ESRS 2 GDR-T, the undertaking shall disclose whether and how it has engaged directly with **consumers** and/or **end users**, their **legitimate representatives**, or with **credible proxies** that have insight into their situation, for the purpose of **target** setting and /or tracking performance against those targets.

#### APPLICATION REQUIREMENTS – ARs

<p>AR 7 for para. 18 (Tracking performance against targets)</p>	<p>In the context of tracking the undertaking's performance against <b>targets</b>, engagement with <b>consumers</b> and/or <b>end users</b>, their <b>legitimate representatives</b>, or with <b>credible proxies</b>, can inform its understanding of the effectiveness of its management of material negative <b>impacts</b> and the identification of lessons learnt or improvements.</p>
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Please provide general comments on the DR below. When providing specific comments on paragraph level, please use the Excel Template instead

Overall agreement on the proposed amendments to the revised ESRS G1 text

You can access the Exposure Drafts of the Amended ESRS at this [link](#)

In case you would like to see the rationale behind the amendments, you can access the Log of Amendments at this [link](#)

Do you agree that the proposed Amended ESRS strikes an appropriate balance between the need for significant simplification and meeting the core objectives of the European Green Deal?

If you would like to comment at paragraph level, you are invited to do so by using the provided XLSX template at the end of the chapters / DRs level part.

Do you agree with the amendments of this DR?

#### Disclosure Requirement G1-1 – Policies related to business conduct

7. (7) The undertaking shall disclose its business conduct policies in accordance with the provisions of ESRS 2 GDR-P.
8. In addition to the information required by [Draft] Amended ESRS 2 GDR-P, the undertaking shall disclose:
- (a) (10(b)) the circumstance when it has no policies on anti-**corruption** and anti-**bribery** policies consistent with the United Nations Convention against Corruption<sup>1</sup>;
  - (b) (10(d)) the circumstance when it has no policies on the **protection of whistle-blowers**<sup>2</sup>; and
  - (c) (10(h) amended) the functions and/or roles within the undertaking that are most at risk in respect of **corruption** and **bribery**.

<sup>1</sup> This information supports the information needs of financial market participants subject to Regulation (EU) 2019/2088 because it is derived from an additional indicator related to principal adverse impacts as set out by indicator #15 in Table III of Annex I of Commission Delegated Regulation (EU) 2022/1288 with regard to disclosures rules on sustainable investments ('Lack of anti-corruption and anti-bribery policies').

<sup>2</sup> This information supports the information needs of financial market participants subject to Regulation (EU) 2019/2088 because it is derived from an additional indicator related to principal adverse impacts as set out by indicator #6 in Table III of Annex I of Commission Delegated Regulation (EU) 2022/1288 with regard to disclosures rules on sustainable investments ('Insufficient whistleblower protection').

#### APPLICATION REQUIREMENTS

<b>AR 1 for para 8(b) (whistle-blowers)</b>	(11) Undertakings that are subject to legal requirements under national law transposing Directive (EU) 2019/1937, or to equivalent legal requirements with regard to the protection of whistle-blowers, can comply with the disclosure specified in paragraph 8(b) by stating that they are subject to those legal requirements.
<b>AR 2 for para 8 (c) (corruption and bribery)</b>	(AR4) When disclosing paragraph 8(c), functions and/or roles most at risk means those functions and/or roles deemed to be most at risk of corruption and bribery as a result of their tasks and responsibilities within the undertaking. Examples include those operating in high-risk countries or interacting with public authorities and governments.

Please provide general comments on the DR below. When providing specific comments on paragraph level, please use the Excel Template instead

Do you agree with the amendments of this DR?

#### Disclosure Requirement G1-2 – Actions related to business conduct

9. The undertaking shall disclose its business conduct actions in accordance with the provisions of ESRS 2 GDR-A.
10. In addition to the information required by [Draft] Amended ESRS 2 GDR-A, the undertaking shall disclose:
- (a) (12 and 15(b) amended) information about the management of relationships with **suppliers** and, if the undertaking takes into account social and environmental criteria for the selection of its suppliers, how this is done;
  - (b) (18(a) and 24(b)) information about the undertaking's approach to prevent, detect, investigate and respond to allegations or **incidents** related to **corruption** and **bribery**, which includes any actions taken to address breaches in procedures and standards of anti-corruption and anti-bribery<sup>3</sup>;
  - (c) (21(a) amended) training activities within the undertaking on business conduct, including the target audience, frequency and depth of coverage. This shall include the (former 21(b) amended and former 21(c)) percentage of functions and/or roles most at risk within the undertaking in respect of corruption and bribery, as well as members of the **administrative, management and supervisory board**. It shall also disclose (former AR2(b) amended) whether the procurement team is involved in training related to its engagement with suppliers for the improvement of their sustainability performance.

Please provide general comments on the DR below. When providing specific comments on paragraph level, please use the Excel Template instead

Do you agree with the amendments of this DR?

#### Disclosure Requirement G1-3 – Targets related to business conduct

11. The undertaking shall disclose its business conduct targets in accordance with the provisions of ESRS 2 GDR-T.

Please provide general comments on the DR below. When providing specific comments on paragraph level, please use the Excel Template instead

Do you agree with the amendments of this DR?

**Disclosure Requirement G1-4 – Metrics related to Incidents of corruption or bribery**

12. (23) The objective of this DR is to provide transparency on the **incidents** relating to **corruption or bribery** during the reporting period and the related outcomes.
13. (24(a)) The undertaking shall disclose the number of convictions and the total amount of fines for violation of anti-corruption and anti-bribery laws<sup>4</sup> during the reporting period.
14. (25(a) amended) The undertaking shall disclose the number and nature of the **confirmed incidents of corruption or bribery** that occurred during the reporting period.

**APPLICATION REQUIREMENTS**

<b>AR 3 for para 13 and 14</b> (corruption or bribery- incidents)	(26) When disclosing information required by paragraph 13 and/or paragraph 14, the undertaking shall consider the incidents involving <b>actors</b> in its upstream and downstream <b>value chain</b> only where the undertaking or its <b>employees</b> are directly involved.
<b>AR 4 for para 13</b> (corruption and bribery- convictions)	Convictions for the violation of anti-corruption and anti-bribery laws refer to final decisions issued by a criminal court against an individual or undertaking in respect of a criminal offence related to corruption and bribery, where these court decisions are entered in the criminal record of the convicting European Union Member State.  This interpretation is aligned with the concept of a “conviction” under the European Criminal Records Information System (ECRIS).  Decisions issued by administrative or regulatory authorities are not considered convictions (even if those decisions are final and legally binding) and, therefore, are covered under para 14.
<b>AR 5 for para 13</b> (corruption or bribery - fines)	Fines issued for the violation of anti-corruption and anti-bribery laws refer to mandatory monetary penalties resulting from violations of anti-corruption and anti-bribery laws imposed by a court, commission, or other government authority, which are paid to a public treasury and which are recognised in the undertaking’s financial statements during the reporting period.  It should be noted that the total amount of fines reported does not need to correspond directly with the number of convictions reported, as the scope of both metrics is not necessarily equivalent.
<b>AR 6 for para 13</b> (corruption and bribery - definition)	For purposes of this Standard, the undertaking shall apply the ESRS definition of corruption and bribery (see ESRS Glossary), which is generic, specifically to overcome the differing definitions found in local laws or in laws applicable in the jurisdiction of the parent company and to ensure comparability across reporting undertakings.

Please provide general comments on the DR below. When providing specific comments on paragraph level, please use the Excel Template instead

Do you agree with the amendments of this DR?

**Disclosure Requirement G1-5 – Metrics related to political influence and lobbying activities**

15. (28) The objective of this DR is to provide an understanding of the undertaking’s activities and commitments related to exerting its political influence with political contributions, including the types and purpose of **lobbying activities**.
16. (29(b)) The undertaking shall disclose, for political influence, the total monetary value of financial and in-kind political contributions made directly and indirectly by the undertaking during the reporting period, aggregated by country or geographical area where relevant, as well as the type of recipient/beneficiary.
17. (29(c)) The undertaking shall briefly disclose, for **lobbying activities**, the main topics covered by these activities and its main positions on these, including explanations on how this interacts with its material impacts, risks and opportunities identified in its materiality assessment (See [Draft] Amended ESRS 2 IRO-2).
18. (30) The undertaking shall disclose information about the appointment of any members of the **administrative, management and supervisory bodies** during the current reporting period, who held a comparable position in public administration (including regulators) in the two preceding years.

**APPLICATION REQUIREMENTS**

<b>AR 7 for para 16</b> (political contributions)	(AR 9) For purposes of this Standard, ‘political contribution’ means financial or in-kind support provided directly to political parties, their elected representatives or persons seeking political office. Financial contributions can include donations, loans, sponsorships, advance payments for services, or the purchase of tickets for fundraising events and other similar practices. In-kind contributions can include advertising, use of facilities, design and printing, donation of equipment, provision of board membership, employment or consultancy work for elected politicians or candidates for office.
<b>AR 8 for para 16</b> (indirect political contribution)	(AR 10) For purposes of this Standard, ‘indirect political contribution’ refers to those political contributions made through an intermediary organisation such as a lobbyist or charity, or support given to an organisation such as a think tank or trade association linked to or supporting particular political parties or causes.
<b>AR 9 for para 18</b> (corruption or bribery - fines)	(AR 11) When determining ‘comparable position’ in this Standard, the undertaking shall factor in the level of responsibility and scope of activities undertaken.

Please provide general comments on the DR below. When providing specific comments on paragraph level, please use the Excel Template instead

Do you agree with the amendments of this DR?

**Disclosure Requirement G1-6 – Metrics in relation to payment practices**

19. (32) The objective of this DR is to provide an understanding of contractual payment terms and on the undertaking’s performance with regard to payment, especially with regard to late payments to SMEs.
20. The undertaking shall disclose:

(a) (33(b) amended) a description of the undertaking’s standard payment terms in number of days by main category of **suppliers**, including SME’s, and the percentage of its payments aligned with these standard terms; and

(b) (33(c)) the number of legal proceedings currently outstanding for late payments.

Please provide general comments on the DR below. When providing specific comments on paragraph level, please use the Excel Template instead

**18. Part 3: File upload when commenting at paragraph level**

Excel Template upload

If the respondent wishes to provide comments and suggestions at paragraph level it can do so via an Excel Template, EFRAG recommends to do so by downloading the Template from [here](#). The filled in Excel Workbook can then be uploaded as part of this survey. Please note that submissions of any other file that is not based on the Excel Template will not be processed and considered.

Preview of the downloadable Excel Template:

ESRS ED 2025 Chapter or Disclosure Requirement	Paragraph	Do you agree?	Comments/Suggestion

Please upload the Excel Template with detailed comments on paragraphs using the Browse button.