

European Sustainability Reporting Standards

OUTREACH POLAND

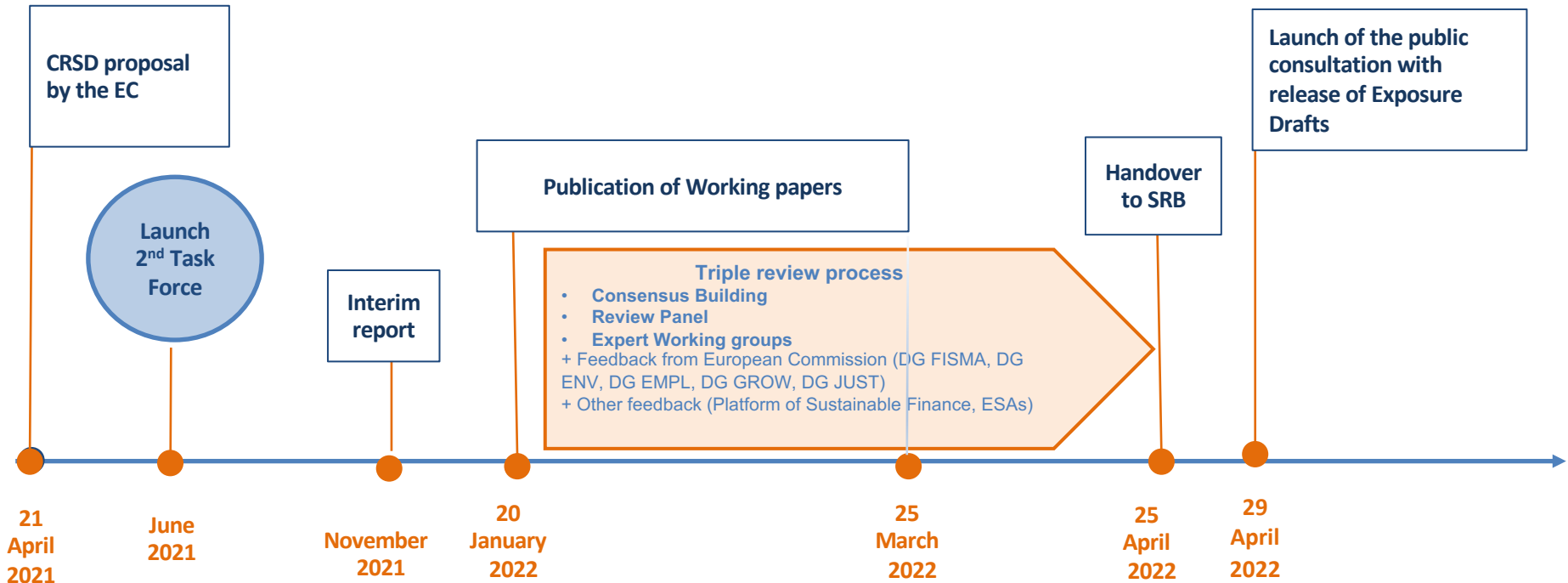
29 June 2022



DISCLAIMER

The Exposure Drafts have been prepared solely by the EFRAG PTF-ESRS and submitted to public consultation by EFRAG SRB to inform the upcoming standard-setting steps. They, therefore, do not reflect the EFRAG SRB's position at this stage, nor the position of the European Union or European Commission DG Financial Stability, Financial Services and Capital Markets Union (DG FISMA), nor the position of organisations with which the EFRAG PTF-ESRS has cooperated.

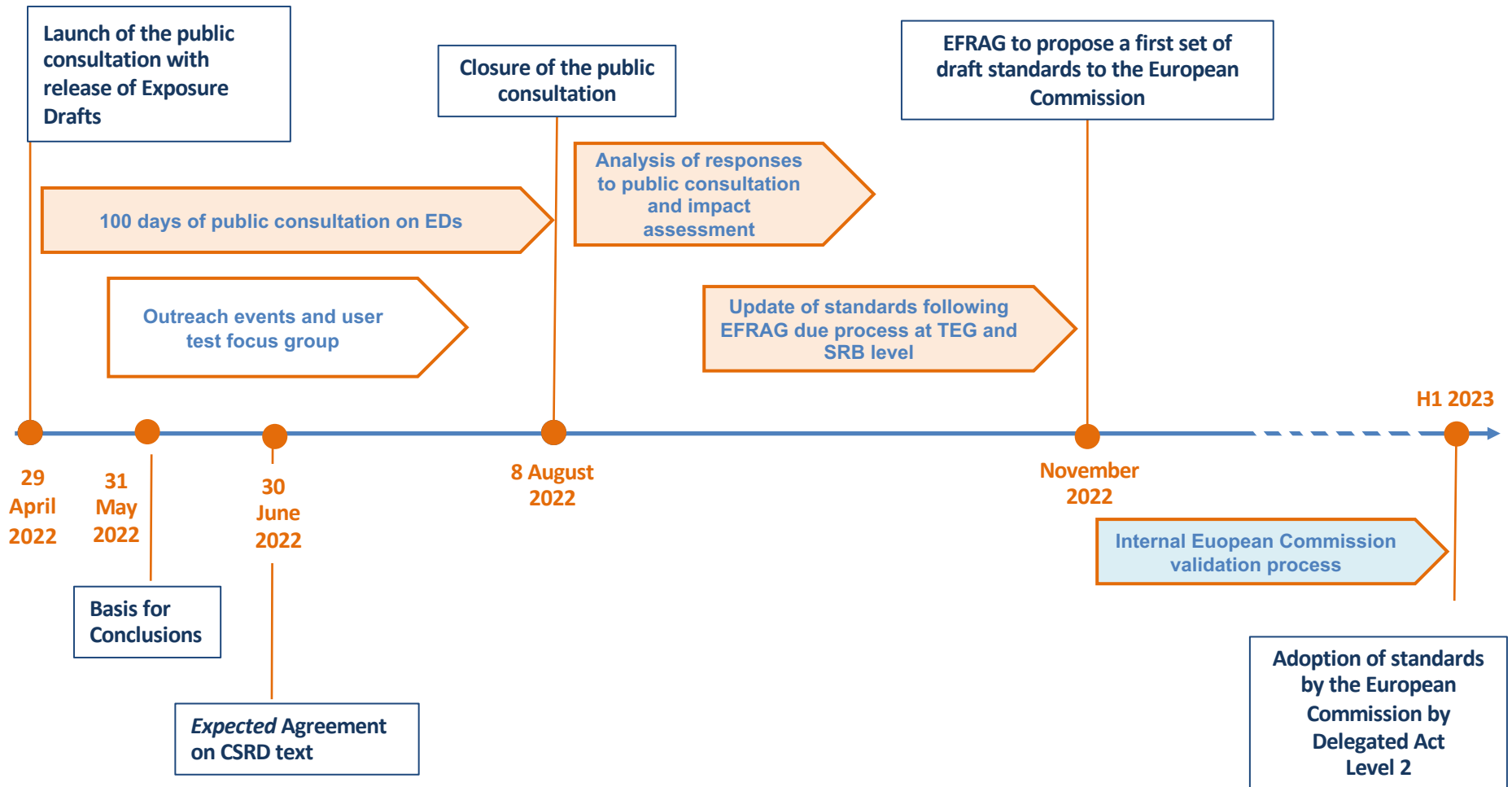
Drafting exposure drafts for a first set of ESRs: 11 months in “project mode”



2nd Task-Force re-launched in June 2021 following mission letter from Commissioner McGuinness received on 12 May 2021 in order to start elaborating standards in project mode (PTF):

- 35 members from 13 different Member States
- Supported by Secretariat members (30 full-time equivalent)
- Input from Expert Working Groups (appointed in November 2021)
- Co-construction with GRI, Shift, WICI + dialogue with the IFRS Foundation (TRWG/ISSB) and
- meeting with the SEC

From EDs to draft standards: 7 months in “institutional mode”



The seven key features of the EDs

1. They may need to be adjusted to meet the requirements of the final CSRD
2. They take account of existing European law and initiatives
 - SFDR, Taxonomy Art. 8
 - A list of European texts (e.g. GHG allowance Directive, the EMAS regulation and European Commission recommendation on the life cycle environmental performance of products and services, see Basis for Conclusions)
 - Recent European initiatives (e.g. a Corporate Sustainability Due Diligence Directive (CSDDD))
3. They take account of European and international sustainability reporting initiatives
4. The overall architecture of Exposure Drafts is designed to ensure that sustainability information is reported in a carefully articulated manner (see next slide)
5. They address sustainability matters as per Article 19b of the CSRD proposal
6. They are a first step in a journey towards a faithful representation of sustainability performance (SME standard(s) and sector-specific standards in the 2nd set)
7. The public consultation will help to finetune relevance and comparability as well as explore ESRS implementation prioritisation / phasing-in options

A coherent architecture to implement the CSRD provisions

Cross-cutting

T
O
P
I
C
A
L

Overall umbrella

Cross-cutting disclosures


Environment

Social

Governance

EXPOSURE DRAFT

ESRS 1
General principles
April 2022



Open for comments until 8 August 2022

EXPOSURE DRAFT

ESRS 2
General, strategy, governance and materiality assessment disclosure requirements
April 2022



Open for comments until 8 August 2022

EXPOSURE DRAFT

ESRS E1
Climate change
April 2022



Open for comments until 8 August 2022

EXPOSURE DRAFT

ESRS E2
Pollution
April 2022



Open for comments until 8 August 2022

EXPOSURE DRAFT

ESRS S1
Own workforce
April 2022



Open for comments until 8 August 2022

EXPOSURE DRAFT

ESRS S2
Workers in the value chain
April 2022



Open for comments until 8 August 2022

EXPOSURE DRAFT


ESRS G1
Governance, risk management and internal control
April 2022



Open for comments until 8 August 2022

EXPOSURE DRAFT


ESRS E3
Water and marine resources
April 2022



Open for comments until 8 August 2022

EXPOSURE DRAFT


ESRS E4
Biodiversity and ecosystems
April 2022



Open for comments until 8 August 2022

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ESRS S3
Affected communities
April 2022



Open for comments until 8 August 2022

EXPOSURE DRAFT

ESRS S4
Consumers and end-users
April 2022



Open for comments until 8 August 2022

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ESRS G2
Business conduct
April 2022



Open for comments until 8 August 2022

EXPOSURE DRAFT

ESRS E5
Resource use and circular economy
April 2022



Open for comments until 8 August 2022

Main success factors of the ESRS

- 1. Information quality (in particular: relevance and sector-agnostic comparability)**
- 2. Coherence with EU policy objectives (content and timing)**
- 3. Compatibility with international initiatives**
- 4. Exercise of judgement to foster proportionate implementation**
- 5. Balanced combination of narrative, semi-quantitative and quantitative information**
- 6. Connectivity to ensure seamless standardised corporate reporting**
- 7. Flexibility in presentation (sustainability statements and incorporation by reference)**

Main challenges of the ESRS

- 1. A real challenge for first time reporters**
- 2. Overall depth of required information (to be fine tuned and/or phased-in)**
- 3. Assessment of material IROs and rebuttable presumption**
- 4. Boundary issues**
- 5. Meeting expectations of all stakeholders**
- 6. Avoiding multiple reportings**

Public consultation as a key element of the standard setting due process

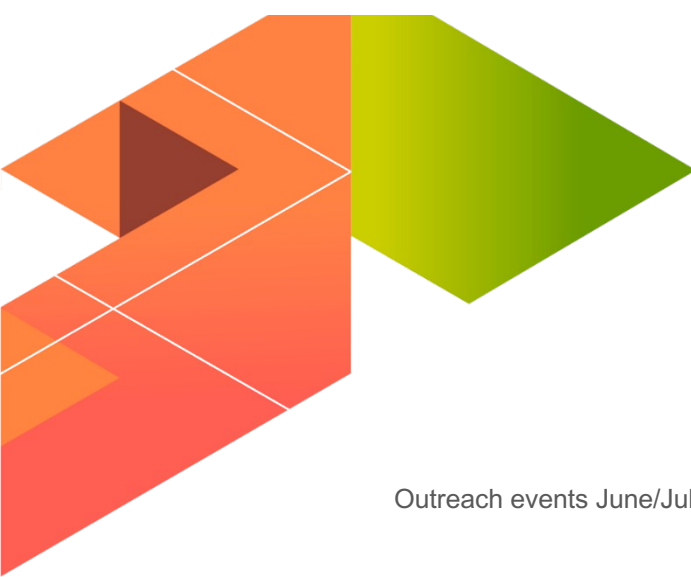
- **Feedback from constituents on three key aspects of the EDs and the survey has followed the same structure :**
 1. The relevance of (i) the proposed architecture, (ii) the implementation of the CSRD principles and (iii) the overall content of each ED
 2. The possible options for prioritising / phasing-in the implementation of the ESRS, and
 3. the adequacy of each disclosure requirement mandated by each ED.
- **Section 3 of the survey on disclosure requirements split as follows:**
 - 3A. Cross Cutting standards
 - 3B. Environmental standards
 - 3C. Social standards
 - 3D. Governance standards
- **Respondents are strongly encouraged to respond to section 1 and 2.**
- **Due to comprehensive nature of section 3, constituents may select the questions and standards to which they provide feedback (no need for complete responses).**

Public consultation as a key element of the standard setting due process

- **Other information included in the public consultation:**
 - Cover note
 - Appendix I: Navigating the ESRS
 - Appendix II: CSRD requirements mapping
 - Appendix III: SFDR PAI mapping
 - Appendix IV: TCFD recommendations and ESRS reconciliation table
 - Appendix V: IFRS Sustainability standards and ESRS reconciliation table
 - Appendix VI: Acronyms and glossary of terms
- **EC survey tool**
- **Not consulting on second set of draft ESRS (SMEs and and sector specific)**
- **Outreaches during consultation period**



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