

EFRAG Sustainability Reporting TEG

PTF –ESRS WORK

Agenda item 7

Patrick de Cambourg, Chair PTF –ESRS

5 May 2022



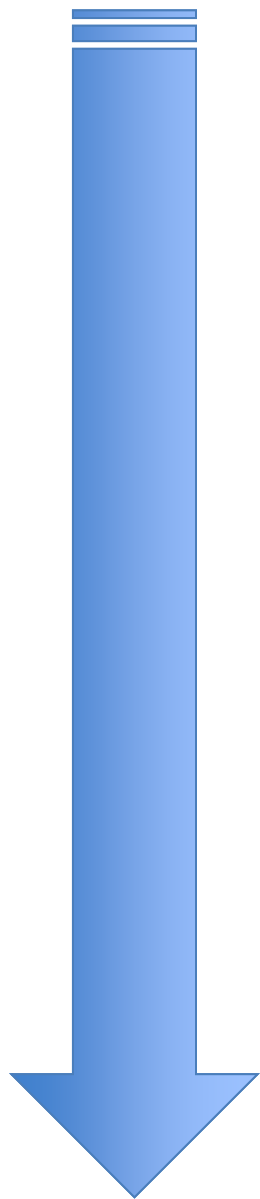
DISCLAIMER

This paper has been prepared by the EFRAG Secretariat for discussion at a public meeting of EFRAG Sustainability Reporting Board. The paper does not represent the official views of EFRAG or any individual member of the EFRAG Sustainability Reporting Board, EFRAG PTF-ESRS of the EFRAG Administrative Board. The paper is made available to enable the public to follow the discussions in the meeting. Tentative decisions are made in public and reported in the EFRAG Update. EFRAG positions, as approved by the EFRAG Sustainability Reporting Board, are published as draft standards, discussion or position papers, or in any other form considered appropriate in the circumstances.



**Project Task-Force achievements:
exposure drafts delivered
by 27th of April**

1.1 Project Task-Force achievements – Main steps



- **1st Task-Force 2020/2021** for « Proposals for a relevant and dynamic EU sustainability reporting standard-setting » - report issued on 8 March 2021
- **Proposal by the EU Commission for a new CSRD on 21 April 2021**
- **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) + meeting with the SEC
- **Final PTF –ESRS plenaries in Brussels and approval of the Exposure Drafts** for public consultation on 25/26 April 2022
- **Public consultation launch for 13 Exposure drafts on 29 April 2022**

1.2 Project Task-Force : a robust due process

20 January 2022: 1st set of working papers released by the Task Force: Cross-cutting standards and Climate



20 January – 25 March 2022 : Remaining working papers released by the Task Force: Environmental, Social & Governance; Sector Specific classification and Sustainability Statements



February to April 2022: All working papers subject to the **triple review process**:

- Consensus Building within the PTF at plenary
 - Review Panel from the PTF
 - Expert Working groups
- + Feedback received and meetings arranged with European Commission (DG FISMA, DG ENV, DG EMPL, DG GROW, DG JUST)
- + Other feedback (Platform of Sustainable Finance, ESAs)



OUTPUT:

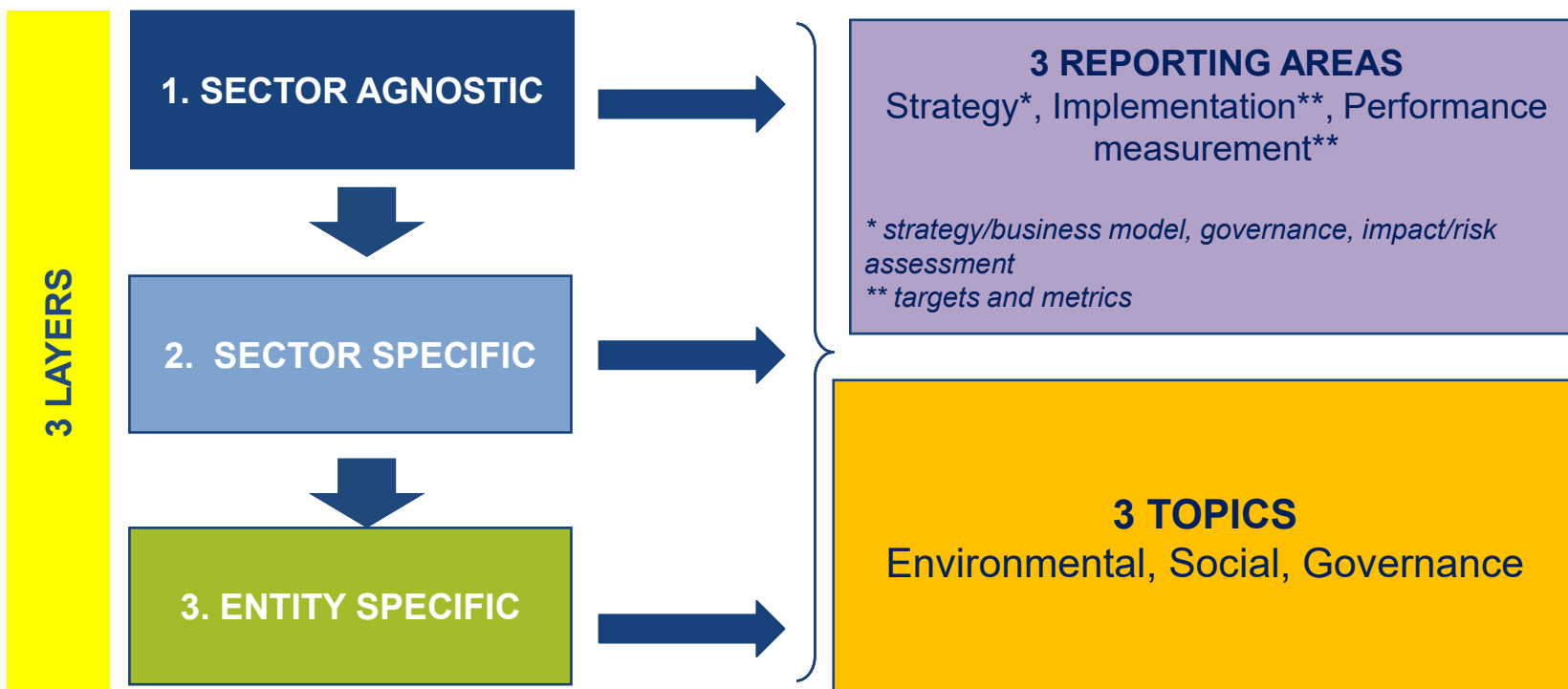
- Exposure drafts issued for public consultation 29 April 2022
- Basis for Conclusions (not part of the Delegated Act) by 31st May 2022



ESRS Architecture

2.1 ESRS Architecture – An EU comprehensive sustainability reporting

The 'rules of three' approach for the architecture of standards



DOUBLE MATERIALITY : Financial materiality and impact materiality

2.2 ESRS Architecture – Overview of Exposure drafts

Cross-cutting standards

- ESRS 1 General principles
- ESRS 2 General strategy, governance and materiality assessment

Environment

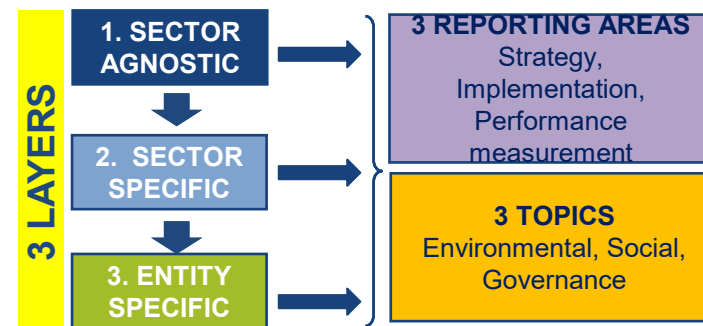
- ESRS E1 Climate change
- ESRS E2 Pollution
- ESRS E3 Water and marine sources
- ESRS E4 Biodiversity and ecosystems
- ESRS E5 Resource and circular economy

Social

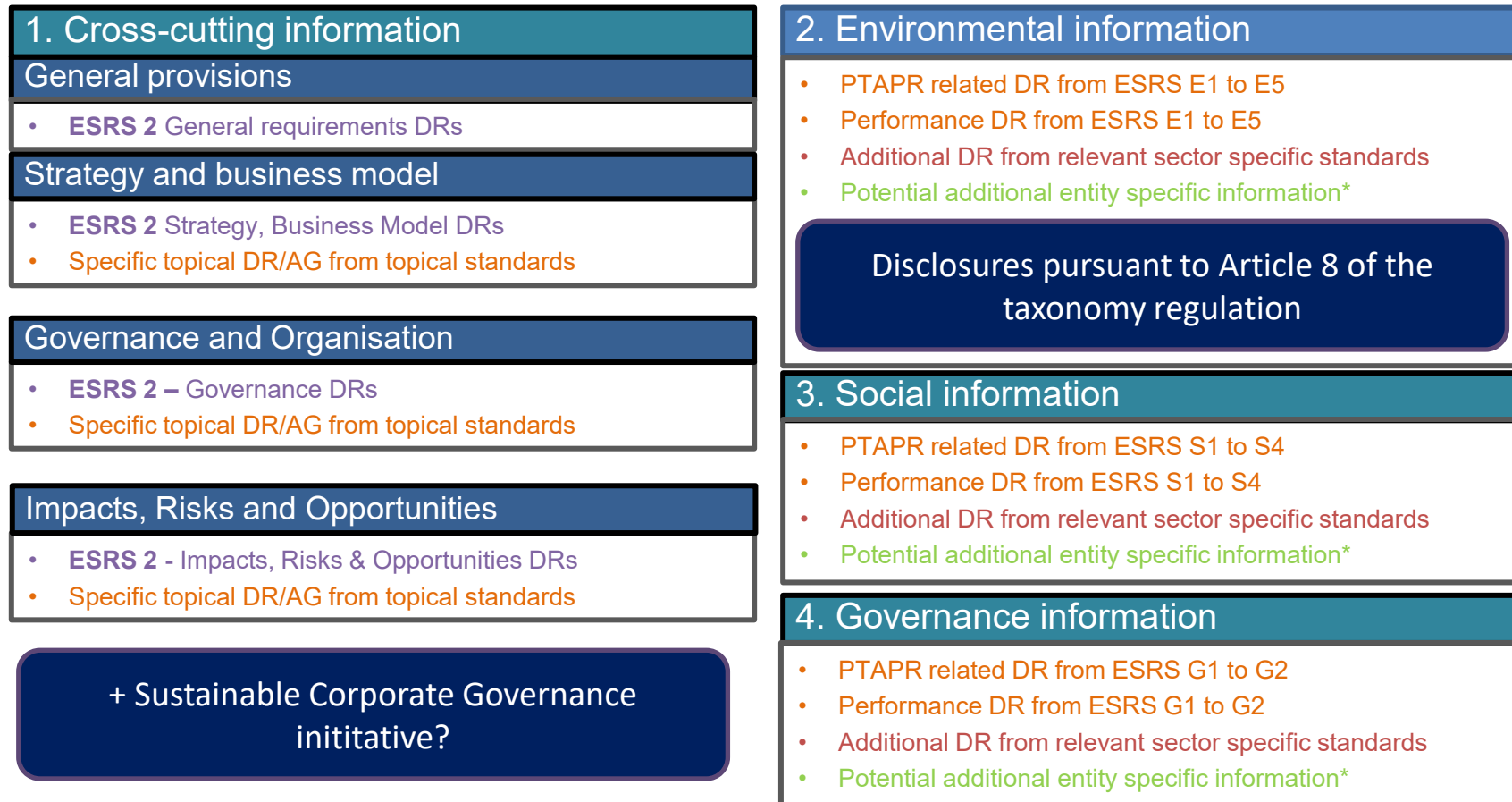
- ESRS S1 Own workforce
- ESRS S2 Workers in the value chain
- ESRS S3 Affected communities
- ESRS S4 Consumers and end users

Governance

- ESRS G1 Governance, risk management and internal control
- ESRS G2 Business conduct



2.3. ESRS Architecture: Sustainability statements – as a second pillar of standardised corporate reporting



NOTE:

DR: Disclosure requirement

AG: Application Guidance

PTAPR: Policies, targets, action plans and resources (Implementation reporting area)

Performance: Performance

*Prepared in compliance with ESRS 1 general provisions



Public consultation

3 Public consultation EDs first set of draft ESRS (1/2)

- **Deadline 8 August 2022**
- **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, they are welcome to be selective.**

3. Public consultation EDs first set of draft ESRS (2/2)

- **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**



EFRAG is co-funded by the European Union and EEA and EFTA countries. The contents of EFRAG's work and the views and positions expressed are however the sole responsibility of EFRAG and do not necessarily reflect those of the European Union or the Directorate-General for Financial Stability, Financial Services and Capital Markets Union (DG FISMA). Neither the European Union nor DG FISMA can be held responsible for them.



EFRAG
Aisbl - ivzw
35 Square de Meeüs
B-1000 Brussel
Tel. +32 (0)2 207 93 00
www.efrag.org

