

Implications of the final CSRD on Set 1 and 2

Ref.	ESRS impacted	Description	CSRD recitals	CSRD main text paragraphs	EFRAG SR TEG Recommendation	Conclusion
1	All	Take account of global standard-setting initiatives	(37): "European standards should contribute to the process of convergence of sustainability reporting standards at global level, <u>by supporting the work of the International Sustainability Standards Board (ISSB). European standards should reduce the risk of inconsistent reporting requirements on undertakings that operate globally by integrating the content of global baseline standards to be developed by the ISSB, to the extent that the content of the ISSB baseline standards is consistent with the EU's legal framework and the objectives of the European Green Deal.</u> "	<p>Art. 29 (2): "<i>The standards shall avoid disproportionate administrative burden on undertakings, including by taking account to the greatest extent possible the work of global standard-setting initiatives for sustainability reporting as required by paragraph 3, point (a)</i>".</p> <p>Art. 29 b (2), par 3 (a): "<i>the work of global standard-setting initiatives for sustainability reporting, and existing standards and frameworks for natural capital accounting and for greenhouse gas accounting, responsible business conduct, corporate social responsibility, and sustainable development</i>"</p> <p>Art. 29 b (2), par 3 (c) <i>the criteria, indicators and methodologies set out in the delegated acts adopted pursuant to Regulation (EU) 2020/8521 [Taxonomy], including the technical screening criteria [...] and reporting requirements set out in the delegated act adopted pursuant to Article 8 [...]</i></p> <p>(ga) <i>Regulation (EU) 2021/1119 of the European Parliament and of the Council; [Climate Law]</i></p>	<p>Analysis of alignment and potential suggestion for further alignment already taking place, incl. bilateral meetings, with ISSB for financial materiality and GRI for impact materiality.</p> <p>Art. 29 b (2) The greenhouse gas accounting has already been considered in ESRS E1 as per AG43 and following paragraphs and within the Basis for Conclusions on BC2 and BC104.</p> <p>Art. 29 (b), par 3 (c) Placeholders for the Environmental standards already included in the draft ESRS. However, further consistency checks are to be performed on the Technical Screening Criteria as it was not</p>	<p>Addressed as part of the ongoing work.</p> <p>Draft to be amended (if needed)</p>

				<p>(ha) Directive (EU) 2019/1937 of the European Parliament and of the Council [Protection of Whistle-blowers]</p>	<p>considered mandatory for ESRS E1 as it is more relevant for sector-specific.</p> <p>(ga) During the drafting of ESRS E1, the Proposal of the Climate Law (2020) was already considered and described in the Basis for Conclusion. An additional consistency check is to be performed on the final Regulation (EU) 2021/1110 of 30 June 2021. This legislation is relevant for transition plans and targets which are analysed below given that the Climate Law contains neutrality targets for 2050 and provisions for interim targets in 2030 (-55%) and 2040. The Basis for conclusions are to be amended to include further explicit references to Climate Law in relation to transition plans, GHG emission reduction targets and transition risk assessment).</p> <p>(ha) Refer to #16 below.</p>	<p>Draft to be amended</p>
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2.	EFRAG	Consultation		<p>Art. 29 b (1): <i>"The Commission shall, at least every three years after its date of application, review any delegated act adopted pursuant to this Article, taking into consideration the technical advice of the European Financial Reporting Advisory Group (EFRAG), and where necessary shall amend such delegated act to take into account relevant developments, including developments with regard to international standards."</i></p>	<p>Set up of the consultation regular process (EC/EFRAG TBD).</p> <p>Timing of the first consultation TBD.</p>	<p>No action for November.</p>
3.	SME	Listed SME in scope	<p>(18): SMEs listed on regulated markets <u>should be given the possibility to report according to standards that are proportionate to the capacities and resources of SMEs, and relevant to the scale and complexity of their activities.</u></p>	<p>Art. 29 (c) "Sustainability reporting standards for SMEs".</p> <p><i>"The Commission shall adopt delegated acts in accordance with Article 49 to provide for sustainability reporting standards proportionate and relevant to the scale and complexity of the activities, and to the capacities and characteristics of small and medium-sized undertakings. These sustainability reporting standards shall specify for the small and medium-sized undertakings referred to in Article 2, point (1)(a), the information that shall be reported in accordance with Article 19a(5)".</i></p> <p>Art. 20 5 " .. limit their sustainability reporting to the following information:</p>	<p>The EFRAG Secretariat is continuing the work from the PTF in relation to a voluntary simplified standard for listed SMEs, developed to serve the purposes of encouraging voluntary reporting from the smallest entities.</p> <p>The new requirements of Art 20.5 define a target content for the standard for listed SMEs.</p> <p>EFRAG will probably have to develop two separate standards (mandatory for listed SME and voluntary for other SMEs), to reflect</p>	<p>The SME standard(s) will form part of Set 2 (EFRAG EDs expected in the first half of 2023).</p>

				<ol style="list-style-type: none"> 1. <i>(a) a brief description of the undertaking's business model and strategy;</i> 2. <i>(b) a description of the undertaking's policies in relation to sustainability matters;</i> 3. <i>(c) the principal actual or potential adverse impacts of the undertaking with regard to sustainability matters, and any actions taken to identify, monitor, prevent, mitigate or remediate such actual or potential adverse impacts;</i> 4. <i>(d) the principal risks to the undertaking related to sustainability matters and how the undertaking manages those risks;</i> 5. <i>(e) key indicators necessary to the disclosures referred to in points (a) to (d).</i> 	<p>the users' needs for listed SMEs. Decision to be taken (one or two standards), in particular if the standard for listed SMEs is not fully compatible with the need of an overly simplified voluntary guidance for the smallest and non-listed entities.</p> <p>In the decision whether there should only one or two different standards, consideration shall also be given to the consequences of the next item in this table, as the content of the listed SMEs standard could be seen as marking the limits of the information that large undertakings will be able to collect from the value chain entities for their own ESRS reporting.</p>	
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4.	Across ESRS	Value chain information should be capped to what is to be required by the standard for listed SMEs	(46) " <i>Standards shall specify disclosures on value chains that are proportionate and relevant to the scale and complexity of the activities, and the capacities and characteristics of undertakings in value chains, especially those of undertakings that are not subject to the sustainability reporting obligations pursuant to this Directive. Standards shall not specify disclosures that would require undertakings to obtain information from small and medium-sized undertakings in their value chain that exceeds the information to be disclosed according to the sustainability reporting standards for small and medium-sized undertakings. This provision is without prejudice to any EU requirements on undertakings to conduct a due diligence process</i> ".	Art., 29 b (2b): " <i>Standards shall also take account of the difficulties that undertakings may encounter in gathering information from actors throughout their value chain, especially from those which are not obliged to report sustainability information pursuant to Article 19a or 29a of this Directive and from suppliers in emerging markets and economies. Standards shall specify disclosures on value chains that are proportionate and relevant to the scale and complexity of the activities, and the capacities and characteristics of undertakings in value chains, especially those of undertakings that are not subject to the sustainability reporting obligations of Articles 19a or 29a of this Directive. Standards shall not specify disclosures that would require undertakings to obtain information from small and medium-sized undertakings in their value chain that exceeds the information to be disclosed according to the sustainability reporting standards for small and medium-sized undertakings referred to in Article 29c.</i> "	<p>The implications are across all ESRS. An assessment per each DR will probably be necessary to assure consistency with the content of the standard for listed SMEs.</p> <p>The draft standard for listed SMEs will not be available before the finalization of Set 1. The detailed assessment will only be feasible in the next stage.</p> <p><u>As part of Set 2, an amendment to Set 1 will be necessary, reflecting the content of the standard for listed SMEs that will be part of Set 2 as well.</u> For the time being Set 1 would be issued as it is.</p> <p>At the same time, as part of the decision making on the outcome of the public consultation, EFRAG will have to <u>carefully consider each DRs from the angle of 'proportionality and relevance'</u>.</p>	No separate actions for Set 1.
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5.	ESRS 1	Value chain transitory provisions	<p><i>(29): "For the first three years of the application of this Directive, in the event that not all the necessary information regarding the value chain is available, the undertaking shall explain the efforts made to obtain the information about its value chain, the reasons why this information could not be obtained, and the plans of the undertaking to obtain such information in the future."</i></p>	<p><i>Art. 19 a, (3): "For the first three years of the application of this Directive, in the event that not all the necessary information regarding the value chain is available, the undertaking shall explain the efforts made to obtain the information about its value chain, the reasons why this information could not be obtained, and the plans of the undertaking to obtain such information in the future."</i></p>	<p>This addition to the text acknowledges that, in the first three years of application, undertakings may not have the necessary information and that time is need to implement appropriate processes and actions to collect them.</p> <p>ESRS 1 requires to approximate the missing data when it is impracticable to collect them and, in these cases, to disclose the information/indicators for which an approximation has been used, and the planned actions to reduce the missing data in the future.</p> <p><u>The current text in ESRS 1 will be confirmed as a general principle</u> (impracticality, i.e. after having made all reasonable efforts to collect the relevant data) <u>also after the transition period</u>, while the new text of the CSRD will be incorporated in ESRS 1 as a new transition</p>	<p>Draft ESRS 1 to be amended.</p>
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					provision with no further modifications.	
6.	ESRS 1	Sustainability statements as one dedicated section of the management report	<i>(50) "Undertakings should therefore report sustainability information in a clearly identifiable dedicated section of the management report"</i>	<i>Art. 19 (a) and 29(a) "This information shall be clearly identifiable within the management report, through a dedicated section of the management report".</i>	<p>ESRS 1 contains a paragraph 6.2 dedicated to the "Presentation of disclosures required by sector-agnostic ESRS" with 3 different options (a, b and c).</p> <p>According to the new text option a) will be the required approach, with no alternatives.</p> <p>No further impacts, e.g. incorporation by reference provision will stay.</p>	Draft to be amended

7.	New standard	Standard for subsidiary or branch of a third country	<p><i>(17 a): "The sustainability reports published by the subsidiary or branch of the third country undertaking should be prepared according to standards to be adopted by 30 June 2024 by the European Commission through delegated acts. The undertaking can also report according to the standards applying to EU undertakings, or according to standards which are deemed equivalent according to a Commission's decision".</i></p>	<p><i>Art. 40b: "Sustainability reporting standards for third country undertakings"</i></p> <p><i>The Commission shall adopt by 31 June 2024 a delegated act in accordance with Article 49 to provide for sustainability reporting standards that specify the information that shall be included in the sustainability reports referred to in Article 40a.</i></p> <p><i>Art. 40a (1): "Member States shall require that a subsidiary undertaking of an undertaking ultimately holding such undertaking and formed in accordance with the legislation of a third country (the 'third country undertaking') publish and make accessible a sustainability report covering the information specified in Article 29a, paragraph 2, points (a)(iii) to (e), and where appropriate point (g) of this Directive, at the consolidated level of the ultimate third country undertaking."</i></p>	<p>Develop a standard for non-EU limited to "Article 29a, paragraph 2, points (a)(iii) to (e), and where appropriate point (g) of this Directive".</p> <p>This translates that the reporting areas are the same as for large EU companies, except for the following three elements, which are not included:</p> <ul style="list-style-type: none"> - the resilience of the undertaking's business model and strategy to risks related to sustainability matters; - the opportunities for the undertaking related to sustainability matters; - a description of the principal risks to the undertaking related to sustainability matters, including the undertaking's principal dependencies on such matters, and how the undertaking manages those risks. 	Standard for non-EU companies to be produced in Set 2 (to be delivered to the EC by November 2023).
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8.	ESRS 1	Subsidiary exemption	<p>(2) 22 <i>“Article 23 of Directive 2013/34/EU exempts parent undertakings from the obligation to prepare consolidated financial statements and a consolidated management report where those undertakings are subsidiaries of another parent undertaking that complies with that obligation. It should be specified, however, that the exemption regime for consolidated financial statements and consolidated management reports operates independently from the exemption regime for consolidated sustainability reporting. An undertaking can therefore be exempted from consolidated financial reporting obligations but not exempted from consolidated sustainability reporting obligations where its ultimate parent prepares consolidated financial statements and consolidated management reports in accordance with Union law, or in accordance with equivalent requirements if the undertaking is established in a third country, but does not prepare consolidated sustainability reporting in accordance with EU law, or in accordance with equivalent requirements if the undertaking is</i></p>	<p><i>Article 29a, para 3a. “Where the reporting undertaking identifies significant differences between the risks or impacts of the group and the risks or impacts of one or more its subsidiaries, the undertaking shall provide an adequate understanding of the risks and impacts, as appropriate, of the subsidiary or subsidiaries concerned.</i></p> <p><i>Undertakings shall indicate which subsidiaries included in the consolidation are exempted from individual or consolidated reporting according to Articles 19a(7) or 29a(7) respectively.”</i></p>	<p>To amend ESRS 1 to reflect the new text of the CSRD.</p> <p>What ‘significant’ means? Quantitative thresholds will probably not capture all the relevant differences.</p> <p>It was agreed <u>that some guidance on qualitative aspects/triggers should be developed and if possible, some illustrative examples for the November 2022 deadline.</u></p>	<p>Draft to be amended</p> <p>Draft guidance to be prepared for Set 1.</p>
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9.	ESRS 1/ 2 and related topical standards	Due Diligence	<p><i>(27) Due diligence is the process that undertakings carry out to identify, track, prevent, mitigate, remediate and bring an end to the principal actual and potential adverse impacts connected with their activities and identifies how they address those adverse impacts.</i></p>	<p>Art. 19 (a), 2 e: "a description of: (i) the due diligence process implemented by the undertaking with regard to sustainability matters, and where applicable in line with EU requirements on undertakings to conduct a due diligence process; (ii) the principal actual or potential adverse impacts connected with the undertaking's own operations and with its value chain, including its products and services, its business relationships and its supply chain, actions taken to identify and track these</p>	<p>To replace 'remediate' with "remediate and bring an end" across all the standards. For (ii) no immediate changes are appropriate until the CSDDD will be finalized (an amendment will be necessary to Set 1 in the future to reflect CSDDD on this point). Other EU sector specific behaviour requirements will be</p>	<p>Draft to be amended.</p> <p>No actions for Set 1.</p>

				<p>impacts, and other adverse impacts which the undertaking is required to identify according to other EU requirements on undertakings to conduct the due diligence process;</p> <p>(iii) any actions taken by the undertaking, and the result of such actions, to prevent, mitigate, remediate or bring an end to</p> <p>actual or potential adverse impacts</p>	considered in Set 2 for the respective sector-specific standards.	
10.	ESRS 2	Workers' engagement	<p>(45a) "Member States should ensure that sustainability reporting is done in compliance with workers' rights to information and consultation. The management of the undertaking should hence inform workers' representatives at the appropriate level and discuss with them the relevant information and the means of obtaining and verifying sustainability information".</p>	<p>Art. 29 b, 2 (b), ii: "[...] the information, consultation and participation rights of workers"</p>	<p>The addition introduces a new behavioural requirement (should inform and discuss).</p> <p>No impact on the text of the ED (no new reporting requirements).</p>	No actions
11.	ESRS 1 / ESRS E1	Transition plans	<p>(26) They should also be required to disclose any plans they may have to ensure that their business model and strategy are compatible with the transition to a sustainable economy and with the objectives of limiting global warming to 1,5 °C in line with the Paris Agreement and achieving climate neutrality by 2050 as established in Regulation (EU) 2021/1119 (European Climate Law), with no or limited overshoot. It is</p>	<p>Art. 19 a, 2 (iii): "[...] and the objective of achieving climate neutrality by 2050 as established in Regulation (EU) 2021/1119 (European Climate Law), and where relevant, the exposure of the undertaking to coal, oil and gas-related activities"</p>	<p>A new DR to be included, in order to cover direct and indirect (through the value chain – e.g. advertisement company with a material turnover from companies active in the coal sector) exposure of the undertaking to coal, oil and gas-related activities.</p> <p>This could be a CCS-related point (i.e. para 17) or in E1 climate.</p>	Draft to be amended

			<i>especially important that plans related to climate are based on the latest science, including IPCC reports and reports by the European Scientific Advisory Board on Climate Change."</i>		Currently, the BfC for E1 makes reference to Reg 2021/1119. No further changes related to this point.	
12.	ESRS 1	Targets		<p><i>Art. 19 a, 2 (b): "a description of the time-bound targets related to sustainability matters set by the undertaking, including where appropriate absolute greenhouse gas emission reduction targets at least for 2030 and 2050, a description of the progress the undertaking has made towards achieving those targets, and a specification of whether the undertaking's targets related to environmental matters are based on conclusive scientific evidence"</i></p> <p><i>Art. 29 a, 2 (b)...."set by the group"</i></p>	<p>Disclosure Principle 3 in para 100 (e) requires "<i>the timeline to achieve the target, including any milestone or interim target</i>" for outcome-oriented targets.</p> <p>According to the par. 24 (ESRS E1) "<i>The undertaking shall disclose GHG emission reduction targets in five-years rolling periods and at least include target values for the years 2030 and, if available, 2050. The information shall be presented over the target period with reference to a cross-sector or sector-specific emission pathway in line with limiting global warming to 1.5°C</i>". To amend the text above by deleting "if available" as per new CSRD text.</p>	Drafts to be amended

					<p>To relocate reference to 'time bound' in ESRS 1 DP1 para 100 to para 99.</p> <p>To include the concept "conclusive scientific evidence" for environmental matters in Disclosure Principle 3 of ESRS 1. Ideally, and if feasible, ESRS 1 should include a language to support implementation of the term 'conclusive' scientific evidence.</p>	
13.	ESRS 1	Intangibles		<p><i>Art. 19: "Large undertakings referred to in Article 3 point (4) and small and medium-sized undertakings as defined in Article 3(2) and 3(3) which are undertakings as referred to in Article 2, point (1), point (a) shall report information on the key intangible resources on which the business model of the undertaking fundamentally depends, and explain this dependency and how they are a source of value creation for the undertaking"</i></p>	<p>The new provision relates to the management report. Intangibles have been deleted deletes from sustainability reporting requirements.</p>	<p>No impacts at this stage.</p>

14.	ESRS E1	GHG Scope 3	(41) "These parties are also interested to know the efforts made by companies to effectively reduce absolute GHG emissions as part of their climate mitigation and adaptation strategies, including scope 1, scope 2 and, where relevant, scope 3 emissions. With regard to scope 3 emissions, a priority for users is to receive information about which categories of scope 3 are significant in the case of the undertaking, and about the emissions in each of those scope 3 categories."	[...] specify the information that undertakings are to disclose about the following environmental factors: (a) climate change mitigation, including emissions on scope 1, scope 2 and, where relevant, scope 3 greenhouse gas emissions	ESRS E1 Disclosure requirement 9 requires GHG scope 3 and it is a SFDR PAI. This datapoint is relevant at sector agnostic level.	No actions
15	ESRS 2, ESRS G1	Role of administrative, management and supervisory bodies (AMSB) - scope of the governance disclosure	(44): "Sustainability reporting standards should specify the information that undertakings should disclose on governance factors. Such information should cover the role of an undertaking's administrative, management and supervisory bodies with regard to sustainability matters, expertise and skills to fulfill this role or access to such expertise and skills, whether the company has a policy in terms of incentives offered to members of these bodies which are linked to sustainability matters, and information on an undertaking's internal control and risk	Art. 29 b, 2 (c): "specify the information that undertakings are to disclose about the following governance factors: (i) the role of the undertaking's administrative, management and supervisory bodies with regard to sustainability matters, and their composition, and their expertise and skills to fulfil this role or access to such expertise and skills; (i) the main features of the undertaking's internal control and risk management systems, in relation to the sustainability reporting process; [...] (v) the main features of the undertaking's internal control and risk management systems, in relation to the sustainability reporting and decision-making process.	Art 29 has been modified to specify that governance factors are limited to sustainability matters rather than "including sustainability matters". The old text was covering a wider spectrum of governance factors. Disclosure requirements in ESRS G1 that relate to sustainability matters listed in the aforementioned article will be amended to reflect that the scope is only sustainability matters (i.e. G1-7 and G1-8 for	Drafts to be amended

			<p><i>management systems in relation to the sustainability reporting process.</i></p>		<p>internal control and risk management).</p> <p>Other DR in ESRS G1 could be moved to ESRS 2 GOV disclosure requirements for internal streamlining (i.e. G1-4 diversity). Some DR and datapoints could be withdrawn (e.g. G1-1 to G1-3).</p> <p>(i) According to ESRS 2 (DR 2-GOV1) “<i>The undertaking shall provide a description of the roles and responsibilities of its governance bodies and management levels with regard to sustainability matters</i>”. Currently, ESRS 2 includes these requirements on “experience and skills” in the AG 40. This text will be relocated from Application Guidance to the main text of the standard.</p> <p>With regards to (v), the addition of decision-making will lead to an inclusion of an additional datapoint in</p>	
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					either ESRS 2- GOV-2 or ESRS 2-GOV-3 on the main features of the internal control and risk management systems on the sustainability decision-making process.	
16	ESRS G2 ESRS S1 ESRS S2	Whistle-blower protection and animal welfare		Art. 29 b, 2 (c), ii: " <i>business ethics and corporate culture, including anti-corruption and anti-bribery, <u>the protection of whistle-blowers</u> and <u>animal welfare</u>";</i>	<p>The new provision makes explicit reference to the protection of whistle-blowers and animal welfare.</p> <p>Disclosures of whistleblowing policies is an additional indicator in table 3 #6 which is included in ESRS G2 – 2. In addition, ESRS S1-3 and ESRS S2-4 covers the policies in place regarding the protection of individuals that use the structures and processes to raise concerns or needs. Therefore, a further validation exercise will be performed against the EU protection of whistle-blowers legislation with an expectation that no significant changes will take place.</p>	Drafts to be amended

					<p>“Animal welfare” was not addressed by the standard. The standard will be amended to include an additional datapoint on animal welfare.</p>	
17	ESRS S1 ESRS S3	Social and human rights	<p>(43) "Sustainability reporting standards should specify the information that undertakings should disclose on social factors, including working conditions, social partner involvement, collective bargaining, equality, non-discrimination, diversity and inclusion, and human rights. Such information should cover the impacts of the undertaking on people, including workers, and on human health. Such information should cover the impacts of the undertaking on people, including workers, and on human health. The information that undertakings disclose about human rights should include information about forced labour and child labour in their value chains where relevant [.....]"</p>	<p>Art. 29 b, 2, (b): "[...] specify the information that undertakings are to disclose about the following social and human rights factors:</p> <p>(i) equal treatment and opportunities for all, including gender equality and equal pay for work of equal value, training and skills development, the employment and inclusion of people with disabilities, measures against violence and harassment in the workplace, and diversity;</p> <p>(ii) working conditions, including secure employment, working time, adequate wages, social dialogue, freedom of association, existence of work councils, collective bargaining, including the rate of workers covered by collective agreements, the information, consultation and participation rights of workers, work-life balance and health and safety;</p> <p>(iii) respect for the human rights, fundamental freedoms, democratic principles and standards established in the International Bill of Human Rights and other core UN human rights conventions, including the UN Convention on Persons</p>	<p>ESRS S1 covers all the factors related to “own workforce” (sections i and ii) with the exception of including specific datapoints on diversity and measures against violence and harassment; therefore, additional datapoints will be included to explicitly cover these factors. Diversity covers not only gender diversity, but also other aspects such as age, or educational and professional background or disabilities (refer to point #20 below). Some of these dimensions may create particular problems, in terms of sensitivity of the information.</p> <p>(iii) the UN Convention on Persons with Disabilities and the European Convention of Human</p>	Drafts to be amended

				<p>with Disabilities, the UN Declaration on the Rights of Indigenous Peoples, the International Labour Organization’s Declaration on Fundamental Principles and Rights at Work and the ILO fundamental conventions, the European Convention of Human Rights, the revised European Social Charter, and the Charter of Fundamental Rights of the European Union.</p>	<p>Rights have not explicitly been described in S1 (par 9) or its corresponding Basis for Conclusions (para 24). Nevertheless, the expectation is that there will be no significant amendments as its core content has already been included in ESRS S1.</p> <p>For “the UN Declaration on the Rights of Indigenous Peoples”, S3 has already considered this human rights instrument and, hence, a cross-reference should be included within its objective and the Basis for Conclusions.</p>	
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18	Sector Specific	High risk sectors	<p><i>(46) "Sector-specific standards are especially important in the case of sectors associated with high sustainability risks and/or impacts on the environment, human rights and governance, including sectors listed in Sections A to H and Section L of Annex I to Regulation (EC) No 1893/2006, and the relevant activities within those. When adopting sector specific standards the Commission should ensure this information is proportionate to the scale of the risks and impacts related to sustainability matters of each sector, taking account of the fact that the risks and impacts of some sectors are higher than for others. The Commission should also take account of the fact that not all activities within such sectors are necessarily associated with high sustainability risks and/or impacts. For undertakings that operate in sectors particularly relying on natural resources, sector-specific standards would require the disclosure of nature-related impacts on and risks for biodiversity and ecosystems."</i></p>	<p>Art. 29 b, 1 b: <i>"by 30 June 2024, the Commission shall adopt delegated acts specifying: [...] (ii) information that undertakings shall report that is specific to the sector in which they operate"</i>.</p>	<p>A non-exhaustive list of sectors associated with high sustainability risks and/or impacts on E, S and G is included in the recitals; however, such list is not transposed into the articles (namely Art 19 and Art 29) that modify the content of the Accounting Directive.</p> <p>A proposed timetable to cover all the sectors in three progressive years is being prepared for discussion and considers such list. .</p>	Action for set 2 – Sector specific
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19	ESRS G2	Lobbying/ Customers & Suppliers	<p>(44) Users also need information about undertakings’ corporate culture and approach to business ethics, which are recognised elements of authoritative frameworks on corporate governance such as the Global Governance Principles of the International Corporate Governance Network, including information about anti-corruption and anti-bribery, and about the undertaking’s political engagements, including lobbying activities. Information about the management of the undertaking and the quality of relationships with customers, suppliers and communities affected by the activities of the undertaking, helps users to understand an undertaking’s risks as well as its impacts on sustainability matters. Information about relationships with suppliers, includes payment practices relating to the date or period for payment, the rate of interest for late payment or the compensation for recovery costs referred to in [...]</p>	<p>Art. 29 b, 2 (c), (iii): “engagement of the undertaking to exert its political influence, including its lobbying activities” (iv): “the management and quality of relationships with customers, suppliers and communities affected by the activities of the undertaking, including payment practices, especially with regard to late payment to SMEs;</p>	<p>With regards to (iii), there is a change of wording from “political engagement” to “engagement to exert its political influence” in the final text of the CSRD. The current ESRS G2-9 “Political engagement and lobbying activities” covers this sustainability matter. The wording in the title of the disclosure requirement and text will be adjusted. This is not a change in content.</p> <p>With regards to (iv), ESRS G2 covers already quality of business relationships (so including suppliers). In addition, customers are covered by ESRS S4, value chain workers which form part of suppliers are covered in ESRS S2 and communities affected are covered in ESRS S4. Other indicators may be considered in future steps.</p>	<p>Draft to be amended</p> <p>No actions</p>
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20	ESRS G1	Diversity policy	(51) [...]: "If they decide to do so, the corporate governance statement needs to include a reference to the undertaking's sustainability reporting, and the information compliant with Article 20 of Directive 2013/34/EU should remain subject to the assurance requirements of the corporate governance statement.	Art. 20 (1) (g) a description of the diversity policy applied in relation to the undertaking's administrative, management and supervisory bodies with regard to gender and other aspects such as, age, or educational and professional backgrounds or disabilities , the objectives of that diversity policy, how it has been implemented and the results in the reporting period. If no such policy is applied, the statement shall contain an explanation as to why this is the case	The new provision makes a reference to the concept of "disabilities". Currently, ESRS G1-4 require diversity policy on "vulnerable groups" which are defined in Appendix A of the ESRS G1 . Vulnerable groups include "people with disabilities" within its definition. ESRS G1 para 24 will be modified to explicitly cover disabilities in the main text.	Draft to be amended
21	ESRS 2	Incentive Scheme	(44): Such information should cover the role of an undertaking's administrative, management and supervisory bodies with regard to sustainability matters, expertise and skills to fulfill this role or access to such expertise and skills, whether the company has a policy in terms of incentives offered to members of these bodies which are linked to sustainability matters, and information on an undertaking's internal control and risk management systems in relation to the sustainability reporting process.	Art. 19 a, 2 (da): " information about the existence of incentive schemes offered to members of the administrative, management and supervisory bodies which are linked to sustainability matters ";	The new provision requires disclosures on the link between remuneration scheme and sustainability matters for AMBS. The "Disclosure Requirement 2-GOV 4 - Integration of sustainability strategies and performance in incentive schemes" in ESRS 2 (par. 62-64) requires disclosing incentive schemes linked to sustainability matters.	No actions

22	ESRS 2	Management to inform & discuss with workers	(45 a) Member States should ensure that sustainability reporting is done in compliance with workers' rights to information and consultation. The management of the undertaking should hence inform workers' representatives at the appropriate level and discuss with them the relevant information and the means of obtaining and verifying sustainability information. This implies for the purpose of this legislation the establishment of dialogue and exchange of views between employees' representatives and central management or any more appropriate level of management, at such time, in such fashion and with such content as enables employees' representatives to express an opinion. Their opinion should be communicated, where applicable, to the relevant administrative, management or supervisory bodies.	<i>Art. 19 a, 4b: "The management of the undertaking shall inform workers' representatives at the appropriate level and discuss with them the relevant information and the means of obtaining and verifying sustainability information. Their opinion should be communicated, where applicable, to the relevant administrative, management or supervisory bodies."</i>	The addition introduces a new behavioural requirement (i.e. <i>shall inform and discuss</i>). No impact on the text of the ED (no new reporting requirements).	No actions
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