

This paper provides the technical advice from EFRAG SR TEG to the EFRAG SRB, following EFRAG SR TEG's public discussion. The paper does not represent the official views of EFRAG or any individual member of the EFRAG SRB. This paper is made available to enable the public to follow the EFRAG's due process. Tentative decisions are reported in EFRAG Update. EFRAG positions as approved by the EFRAG SRB are published as comment letters, discussion or position papers or in any other form considered appropriate in the circumstances.

SEC 1 – Sector Classification

Cover Note

Objective

- 1 The objective of this session is to consider the SR TEG advice and obtain an approval on the sector descriptions of the financial sector and the treatment of bio-energy. It is recalled that SRB members approved the SEC 1 ED (except bio-energy and financial institutions) in their meeting of 4 June 2024.

Updates since SR TEG 12 September 2024

- 2 The following changes have been brought to the sector classification document:
 - (a) Title changed into “Sector Classification, General Requirements and Disclosure”;
 - (b) Document was divided in three chapters:
 - (i) Sector Classification;
 - (ii) General Requirements; and
 - (iii) Disclosure Requirements.
 - (c) Description of the disaggregation level has been moved to the Basis for Conclusions.

Outcome of the vote of SR TEG

- 3 On 8 May 2024 EFRAG SR TEG recommended the SEC 1 ED (except bio-energy and financial institutions) to the SRB for approval.
 - (a) Sixteen SR TEG members approved: Chiara Del Prete, Jose M Moneva, Beiersdorf Kati, Sigurt Vitols, Per Tornqvist, Philippe Diaz, Sandra Adler, Carlota de Paula Coelho, Piotr Biernacki, Vanya Rusinova, Jean-François Coppenolle, Luca Bonaccorsi, Klaus Hufschlag, Luis Piacenza, Signe Andreasen Lysgaard and PierMario Barzaghi.
 - (b) Ten SR TEG members abstained:
 - (i) One SR TEG member, Luc Hendrickx, abstained as he did not have time to consult with stakeholders and he noted to express a view when finalising the standard;
 - (ii) Four SR TEG members, Varela Nieto, Giulia Genuardi, Eric Duvaud and Anne-Claire Ducrocq considered that first the sustainability matters per each sector ESRS should be developed, before the classification can be established.

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- (iii) Five SR TEG members: Elena Philipova, Julia Kölzer, Robert Adamczyk, Fiona Watson, and Olivier Scherer abstained because they only joined SR TEG recently. These members will form an opinion during the consultation and take a position in the final vote when the standard will be issued.
 - (c) Two SR TEG members were not present at the meeting: Christoph Toepfer and Antonino Vaccaro.
- 4 On 12 September 2024 EFRAG SR TEG discussed the sector definitions of the financial sector and the treatment of bio-energy. SRB members will be informed orally at the meeting about the SR TEG conclusions and recommendations to the SRB.

Questions for EFRAG SRB

- 5 Does EFRAG SRB agree with the Capital Markets sector description and subsectors?
- 6 Does EFRAG SRB agree with the Banking sector description and subsectors?
- 7 Does EFRAG SRB agree with the Insurance sector description and subsectors?
- 8 Does EFRAG SRB agree with the creation of a new ESRS sector related to bio-energy?

Next steps

- 9 Written consultation of the SRB members on the Basis for Conclusions and consultation questionnaire.

Agenda Papers

- 10 In addition to this cover note, agenda papers for this session are:
- (a) Agenda paper 04-02 – Sector Classification – revised after SR TEG;
 - (b) Agenda paper 04-03 – Cover note of SR TEG 12 September 2024;
 - (c) Agenda paper 04-04A – Sector Classification – clean – SR TEG 12 September 2024;
 - (d) Agenda paper 04-04B – Sector Classification – compared – SR TEG 12 September 2024;
 - (e) Agenda paper 04-05 – Sector Classification – Basis for Conclusions; and
 - (f) Agenda paper 04-06 – Bio-energy – ESRS vs other frameworks.