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## **NESRS: Financial information providing context Issues Paper**

### **Objective**

1. The objective of this paper is to set out the EFRAG Secretariat’s proposed approach to connectivity and financial information for the ED on ESRS for non-EU Groups (‘NESRS’) and the reasons for such approach.

### **Background information**

2. As agreed with the EFRAG SRB, the proposed approach is to start from the full inventory of disclosure requirements and data points in ESRS Set 1 and deleting only items that are to be eliminated from the scope or should be redrafted.
3. As referenced in the cover note, the EFRAG Secretariat developed a decision tree to support the preparation of draft NESRS.

### **Information marked as ‘Related to revenue/connectivity with FS’**

4. The EFRAG Secretariat strived to keep critical "Connectivity" items from the beginning. These items were marked 6 in the excel and decision tree.
5. The EFRAG Secretariat considers the principle that connectivity builds bridges between sustainability and financial reporting as fundamental. Furthermore connectivity also fosters complementary and faithfully representative corporate reporting.
6. Finally, the financial information provides the necessary context for users to understand the undertaking’s impacts.
7. For these reasons, the EFRAG Secretariat proposes that these datapoints are maintained/included in NESRS. Where these datapoints are voluntary under set 1, they will remain voluntary in the NESRS.
8. During the process the EFRAG Secretariat identified four points which are intended to foster connectivity with the EU Taxonomy. However, as article 40a groups do not have to comply with the EU Taxonomy, the Secretariat proposes that these are excluded from NESRS.

### **"Connectivity" datapoints currently marked for inclusion after feedback**

9. The following are a list of datapoints that are considered to be kept as needed to provide context to users or maintaining connectivity with the financial statements. The EFRAG Secretariat proposes to include these in the NESRS ED:

| <b>Standard</b> | <b>IG 3 ref.</b> | <b>Name</b>   | <b>Secretariat Comment</b> |
|-----------------|------------------|---|----------------------------|
| ESRS 2          | BP-1_02          | Scope of consolidation of consolidated sustainability statement is same as for financial statements |                            |
|                 | SBM-1_03         | Total number of employees (head count)  |                            |
|                 | SBM-1_04         | Number of employees (head count)  |                            |
|                 | SBM-1_06         | Total revenue   |                            |
|                 | SBM-1_07         | Revenue by significant ESRS Sectors   |                            |
|                 | SBM-1_10         | Revenue from fossil fuel (coal, oil and gas) sector   |                            |
|                 | SBM-1_11         | Revenue from coal   |                            |
|                 | SBM-1_12         | Revenue from oil  |                            |
|                 | SBM-1_13         | Revenue from gas  |                            |

NESRS: Connectivity and Financial Information - Issues Paper

| Standard | IG 3 ref. | Name   | Secretariat Comment  |
|----------|-----------|--|--|
|          | SBM-1_14  | Revenue from Taxonomy-aligned economic activities related to fossil gas  |  |
|          | SBM-1_16  | Revenue from chemicals production  |  |
|          | SBM-1_18  | Revenue from controversial weapons   |  |
|          | SBM-1_20  | Revenue from cultivation and production of tobacco   |  |
| ESRS E1  | E1-1_08   | Explanation of any objective or plans (CapEx, CapEx plans, OpEx) for aligning economic activities (revenues, CapEx, OpEx) with criteria established in Commission Delegated Regulation 2021/2139                     | Connectivity with taxonomy but taxonomy not required for NESRS |
|          | E1-3_06   | Explanation of relationship of significant CapEx and OpEx required to implement actions taken or planned to relevant line items or notes in financial statements   | Connectivity with taxonomy but taxonomy not required for NESRS |
|          | E1-3_07   | Explanation of relationship of significant CapEx and OpEx required to implement actions taken or planned to key performance indicators required under Commission Delegated Regulation (EU) 2021/2178                 | Connectivity with taxonomy but taxonomy not required for NESRS |
|          | E1-3_08   | Explanation of relationship of significant CapEx and OpEx required to implement actions taken or planned to CapEx plan required by Commission Delegated Regulation (EU) 2021/2178                                    | Connectivity with taxonomy but taxonomy not required for NESRS |
|          | E1-5_18   | Energy intensity from activities in high climate impact sectors (total energy consumption per net revenue)   |  |
|          | E1-5_21   | Disclosure of reconciliation to relevant line item or notes in financial statements of net revenue from activities in high climate impact sectors  |  |
|          | E1-5_22   | Net revenue from activities in high climate impact sectors   | Voluntary  |
|          | E1-5_23   | Net revenue from activities other than in high climate impact sectors  | Voluntary  |
|          | E1-6_30   | GHG emissions intensity, location-based (total GHG emissions per net revenue)  |  |
|          | E1-6_31   | GHG emissions intensity, market-based (total GHG emissions per net revenue)  |  |
|          | E1-6_32   | Disclosure of reconciliation to financial statements of net revenue used for calculation of GHG emissions intensity  |  |
|          | E1-6_33   | Net revenue  |  |
|          | E1-6_34   | Net revenue used to calculate GHG intensity  |  |
|          | E1-6_35   | Net revenue other than used to calculate GHG intensity   |  |
|          | E1-9_30   | Net revenue from customers operating in coal-related activities  |  |
|          | E1-9_31   | Net revenue from customers operating in oil-related activities   |  |
|          | E1-9_32   | Net revenue from customers operating in gas-related activities   |  |
|          | E1-9_33   | Percentage of net revenue from customers operating in coal-related activities  |  |
|          | E1-9_34   | Percentage of net revenue from customers operating in oil-related activities   |  |
|          | E1-9_35   | Percentage of net revenue from customers operating in gas-related activities   |  |
| ESRS E4  | E4-1_13   | Disclosure of objectives or plans for aligning economic activities (revenues, CapEx)   | Voluntary  |
|          | E4-3_06   | Explanation of relationship of significant Capex and Opex required to implement actions taken or planned to key performance indicators required under Commission Delegated Regulation (EU) 2021/2178                 | Voluntary  |
|          | E4-3_07   | Explanation of relationship of significant Capex and Opex required to implement actions taken or planned to Capex plan required under Commission Delegated Regulation (EU) 2021/2178                                 | Voluntary  |
| ESRS S1  | S1-17_11  | Amount of fines, penalties, and compensation for severe human rights issues and incidents connected to own workforce   |  |
|          | S1-17_12  | Information about reconciliation of amount of fines, penalties, and compensation for severe human rights issues and incidents connected to own workforce with most relevant amount presented in financial statements |  |

**Question for EFRAG SR TEG**

10. Do EFRAG SR TEG have comments on the paper and agree with the EFRAG Secretariat proposal to maintain all the datapoints except for the four intended to create connectivity with the EU taxonomy?