



LOG OF AMENDMENTS

ESRS 1

GENERAL
REQUIREMENTS



DECEMBER 2025



EFRAG



Log of Amendments by Standard – ESRS 1 *General Requirements*

Annex to the Basis for Conclusions accompanying the draft amended ESRS – Illustration of the Amendments

Disclaimer: The Log of Amendments by Standard accompanies but is not part of the draft amended ESRS issued by EFRAG on 3 December 2025. It complements and should be read in conjunction with the Basis for Conclusions (BFC), where a summarised description of the main changes to the Standards can be found. It does not reflect the position of the European Union or the European Commission DG Financial Stability, Financial Services and Capital Markets Union (DG FISMA).

Introduction

1. **This document complements and should be read in conjunction with the Basis for Conclusions where a summarised description of the main changes to individual Standards can be found.**
2. This document illustrates the amendments at paragraph level in draft amended ESRS 1 *General Requirements*.
3. The starting point is the text of ESRS 1 as per the Delegated Act 2023, with each paragraph listed and numbered in Column 1.
4. A markup of amendments is provided in Column 2 including text added or removed. Text added has been underlined in Column 2. Text deleted is marked as strikethrough (~~strikethrough~~) in Column 2. Where text is unchanged this is also included (no change to text), including where there is no change to the DR.
5. The last column contains a summary of changes made to the DR (or Chapter for ESRS 1) using the following terminology: Amended, Unchanged, Merged, Moved, New or Deleted.
6. The last column also includes explanations and rationale for changes useful to gain an understanding of why text or DRs have been amended.

ESRS 1 as enacted in 2023	Draft Amended ESRS 1	Comment/Rationale
Objective		
<p>1. The objective of European Sustainability Reporting Standards (ESRS) is to specify the sustainability information that an undertaking shall disclose in accordance with Directive 2013/34/EU of the European Parliament and of the Council, as amended by Directive (EU) 2022/2464 of the European Parliament and of the Council. Reporting in accordance with ESRS does not exempt undertakings from other obligations laid down in Union law.</p>	<p>1. The <u>objective of European Sustainability Reporting Standards (ESRS) is to specify the sustainability information that an undertaking shall disclose</u> <u>undertakings are required to disclose</u> in accordance with the <u>Accounting Directive (Directive 2013/34/EU of the European Parliament and of the Council)</u>, as amended by <u>the Corporate Sustainability Reporting Directive (Directive (EU) 2022/2464 of the European Parliament and of the Council)</u>. <u>Reporting in accordance with ESRS does not exempt undertakings from other obligations laid down in Union law.</u></p>	<p>AMENDED</p> <p>The paragraph is tightened to reflect that ESRS are binding EU law, so the wording no longer describes an “objective” but directly states that ESRS specify the sustainability information undertakings are required to disclose. Objectives are established in Level 1, and this justifies a difference in wording compared to the IFRS S1 equivalent content.</p> <p>Last sentence moved to ESRS 1 paragraph 6.</p>
<p>2. Specifically, ESRS specify the information that an undertaking shall disclose about its material impacts, risks and opportunities in relation to environmental, social, and governance sustainability matters. ESRS do not require undertakings to disclose any information on environmental, social and governance topics covered by ESRS when the undertaking has assessed the topic in question as non-material (See Appendix E of this Standard ‘Flowchart for determining disclosures to be included’). The information disclosed in accordance with ESRS enables users of the sustainability statement to understand the undertaking’s material impacts on people and environment and the material effects of sustainability matters on the undertaking’s development, performance and position. Reporting under these two perspectives constitutes the double materiality principle (see Chapter 3).</p>	<p>2. ESRS specify the information that an undertaking shall disclose about <u>undertakings to disclose information about their</u> material impacts, risks and opportunities in relation to environmental, social and governance sustainability matters. <u>ESRS do not require undertakings to disclose any information on environmental, social and governance topics covered by ESRS when the undertaking has assessed the topic in question as non-material (see Appendix E of this Standard ‘Flowchart for determining disclosures to be included’). The information disclosed in accordance with ESRS enables users of the sustainability statement to understand the undertaking’s material impacts on people and environment and the material effects of sustainability matters on the undertaking’s development, performance and position. Reporting under these two perspectives constitutes the double materiality principle (see Chapter 3).</u></p>	<p>AMENDED</p> <p>The paragraph is streamlined to focus on the core obligation: ESRS require disclosure of information about material impacts risks and opportunities (IROs) in E, S and G. The explanatory parts that repeat the materiality filter ('no disclosure where a topic is assessed as non-material') and the reference to the flowchart in Appendix E are removed from the objective and instead covered in the double materiality chapter. The new closing sentence explicitly connects the impact and financial perspectives to the double materiality principle, to clarify the conceptual basis without changing the substance of the requirement. Thus, the redundant wording on 'only information on material matters is needed' is deleted.</p>
<p>3. The objective of this Standard (ESRS 1) is to provide an understanding of the architecture of ESRS, the drafting conventions and fundamental concepts used, and the general requirements for preparing and presenting sustainability information in accordance with Directive 2013/34/EU, as amended by Directive (EU) 2022/2464.</p>	<p>3. <u>The objective of this Standard (ESRS 1) is to provide an understanding of the architecture of ESRS, the drafting conventions and fundamental concepts used, and the general requirements for preparing and presenting sustainability information in accordance with Directive 2013/34/EU, as amended by Directive (EU) 2022/2464.</u> <u>3. The objective of the sustainability statement, taken as whole, is to present fairly (see Chapter 2) all the undertaking’s sustainability-related material impacts, risks and opportunities</u></p>	<p>NEW</p> <p>The former ESRS 1 paragraph 3 has been deleted due to overlap, as legal references are already addressed in ESRS 1 paragraph 1.</p> <p>Concerns were raised that ESRS should give prevalence to a principles-based approach emphasising fair presentation as an overarching principle. This is expected to support a better functioning of the materiality filter and reduce the overall</p>

	<p><u>and how the undertaking manages them. The reported information shall be decision-useful for the users of general-purpose sustainability statements.</u></p>	<p>compliance efforts, discouraging a checklist approach to reporting the remaining datapoints. This is also expected to foster a more focused and decision-useful report. Thus, a new paragraph is introduced in the Objective section to state explicitly that the purpose of the sustainability statement is to achieve a fair presentation of the undertaking's material IROs and of the way governance, strategy and management address them. This elevates fair presentation to an overarching objective of ESRS reporting, consistent with corporate-reporting practice (e.g. IAS 1 and IFRS S1) and with the revisions in ESRS 1 Chapter 2 on qualitative characteristics</p>
	<p><u>4. Users of general-purpose sustainability statements are:</u></p> <p><u>(a) primary users of general-purpose financial reports, such as existing and potential investors, lenders and other creditors, including asset managers, credit institutions and insurance undertakings; and</u></p> <p><u>(b) other users of general-purpose sustainability statements, such as the undertaking's business partners, trade unions and social partners, civil society and non-governmental organisations.</u></p>	<p>NEW</p> <p>[AR 1 contains related guidance for paragraph 4]</p> <p>The paragraph takes the Set 1 definition of "users of sustainability statements" from ESRS 1 paragraph 22(b) and moves it into the Objective section, re-framing it around general-purpose sustainability statements and structuring it into sub-points (a) and (b) for clarity.</p> <p>The content on "governments, analysts and academics" is deleted to keep the focus on the main user groups of the sustainability statement. The wording "financial reporting" is updated to "financial reports," but the list of primary users (investors, lenders, creditors including asset managers, credit institutions and insurers) and other users (business partners, trade unions and social partners, civil society and NGOs) remains aligned with Set 1 with the deletion of the aforementioned "governments, analysts and academics".</p>
	<p><u>5. In its sustainability statement, the undertaking shall disclose information about the material impacts, risks and opportunities organised under topics to which they relate. This information shall cover the following reporting areas: (a) governance, (b) strategy including financial effects, (c) impacts, risks and opportunities management, through policies and actions, and (d) metrics and targets.</u></p>	<p>NEW</p> <p>This paragraph introduces a concise objective-level description of how material IROs are reported: they are organised by topics and covered through four reporting areas (governance, strategy including financial effects, impacts/risks/opportunities management through policies and actions, and metrics and targets). It consolidates and elevates content that was previously detailed in ESRS 1 section 1.2 (paragraphs 12–13) into the Objective section so that users immediately see how ESRS information is structured. The earlier detailed listing of reporting areas in ESRS 1 paragraph 12 is therefore deleted as a repetition.</p>

	<p><u>6. ESRS do not mandate behaviour except for behaviour specifically related to the reporting of sustainability information.</u></p> <p>1. Reporting in accordance with ESRS does not exempt the undertaking from other obligations laid down in EU law.</p>	<p>NEW</p> <p>A new paragraph is created in the Objective section to explicitly clarify that ESRS do not mandate behaviour, except for behaviour directly related to the reporting of sustainability information. This responds to recurring questions and misunderstandings identified through the EFRAG Q&A. At the same time, the existing statement that reporting in accordance with ESRS does not exempt the undertaking from other obligations laid down in EU law is moved from Objective paragraph 1 into this new paragraph.</p>
	<p><u>AR 1 for para. 4 (General-purpose)</u></p> <p><u>The terms 'general-purpose financial reports' and 'general-purpose sustainability statements' refer to reports that:</u> <u>(a) are addressed to users with a reasonable knowledge of the general subject matters of such reports; and</u> <u>(b) consider the information needs of groups of users.</u></p>	<p>NEW</p> <p>[AR 1 includes guidance for paragraph 4]</p> <p>(a) To clarify the level of knowledge that can be assumed from users when reporting and (b) to clarify that not information needs of each and every user must be considered but that those needs are assessed for the groups of users.</p> <p>This supports a consistent interpretation of the Objective section's references to users of general-purpose sustainability statements and also responds to consultation request to better define users' needs and ultimately achieve more relevant and focused reporting.</p>
1. Categories of ESRS Standards, reporting areas, and drafting conventions	1. Categories of ESRS Standards, reporting areas, and drafting conventions	
1.1 Categories of ESRS Standards	1.1. Categories of ESRS standards and entity-specific disclosures	Comment/Rationale
ESRS 1 as enacted in 2023	Draft Amended ESRS 1	
4. There are three categories of ESRS: (a) cross-cutting standards;	4. There are three categories of ESRS: (a) cross-cutting standards;	DELETED Deletion of sector reference and statement regarding categories of ESRS. The structure is only considered descriptive and in itself has no relevance for preparers, therefore deleted.
(b) topical standards (Environmental, Social and Governance standards); and	(b) topical standards (Environmental, Social and Governance standards); and	DELETED The structure is only considered descriptive and in itself has no relevance for preparers, therefore deleted.

(c) sector-specific standards.	(c) sector-specific standards.	DELETED Deletion of sector reference.
Cross-cutting standards and topical standards are sector-agnostic, meaning that they apply to all undertakings regardless of which sector or sectors the undertaking operates in.	Cross-cutting standards and topical standards are sector-agnostic, meaning that they apply to all undertakings regardless of which sector or sectors the undertaking operates in.	DELETED Considered descriptive only and regarding sectors.
	7. This standard (ESRS 1) describes the architecture of ESRS standards, explains ESRS 1 General Requirements, explains drafting conventions and fundamental concepts, and sets out general requirements for identifying the undertaking's material impacts, risks and opportunities, and for preparing and presenting sustainability-related information to be reported. It also sets out general requirements for the basis of preparation of the sustainability statement.	AMENDED, MOVED Moved from former paragraph 6. Overall streamlined.
5. The cross-cutting standards ESRS 1 General requirements and ESRS 2 General disclosures apply to the sustainability matters covered by topical standards and sector-specific standards.	8. The cross-cutting standards ESRS 1 General requirements and ESRS 2 General disclosures apply to the sustainability matters covered by topical standards and sector-specific standards. The undertaking shall apply this Standard in conjunction with ESRS 2 General Disclosures (both referred to as 'cross-cutting standards') and with the topical standards.	AMENDED Former paragraph is replaced to clarifying how ESRS 1 and ESRS 2, as cross-cutting standards, are to be applied together with topical standards. References to "sustainability matters" and sector-specific standards are removed, consistent with the updated terminology (topics instead of matters) and the discontinuation of ESRS sector standards.
6. This standard (ESRS 1) describes the architecture of ESRS standards, explains drafting conventions and fundamental concepts, and sets out general requirements for preparing and presenting sustainability-related information.	6. This standard (ESRS 1) describes the architecture of ESRS standards, explains drafting conventions and fundamental concepts, and sets out general requirements for preparing and presenting sustainability-related information.	AMENDED, MOVED Moved to new paragraph 7
7. ESRS 2 establishes Disclosure Requirements on the information that the undertaking shall provide at a general level across all material sustainability matters on the reporting areas governance, strategy, impact, risk and opportunity management, and metrics and targets.	9. ESRS 2 General Disclosures establishes Disclosure Requirements (DRs) on the information that the undertaking shall provide at a general level across all material sustainability matters on the reporting areas governance, strategy, impact, risk and opportunity management, and metrics and targets, all the topics to which its material impacts, risks, and opportunities relate, covering the reporting areas listed in paragraph 5.	AMENDED The reference to "material sustainability matters" is replaced by "topics to which its material impacts, risks and opportunities relate", and the reporting areas are now cross-referenced to ESRS 1 paragraph 5, reflecting the revised structure of reporting areas and the updated link between ESRS 2 and topical standards.
8. Topical ESRS cover a sustainability topic and are structured into topics and sub-topics, and where necessary sub-sub-topics. The table in Application Requirement 16 (AR 16) to this standard provides an overview of the sustainability topics sub-topics and	10. Topical ESRS cover a sustainability topic and are structured into standards address topics and sub-topics, complementing the requirements provided in ESRS 2 General Disclosures, and encompass the reporting areas listed in paragraph 5.	AMENDED The core concept is unchanged, but the structure has been simplified: the sub-sub-topic level has been deleted.

sub-sub-topics (collectively 'sustainability matters') covered by topical ESRS.	The table in <u>Application Requirement 16 (AR 16) to this standard</u> Appendix A List of topics provides an overview of the <u>sustainability topics and sub-topics and sub-sub-topics (collectively 'sustainability matters') covered by topical ESRS</u> covered by topical standards.	The former AR 16 (now Appendix A) uses only two columns: topics and sub-topics.
9. Topical ESRS can include specific requirements that complement the general level Disclosure Requirements of ESRS 2. ESRS 2 Appendix C Disclosure/Application Requirements in topical ESRS that are applicable jointly with ESRS 2 General Disclosures provides a list of the additional requirements in topical ESRS that the undertaking shall apply in conjunction with the general level disclosure requirements of ESRS 2.	Topical ESRS can include specific requirements that complement the general level Disclosure Requirements of ESRS 2. ESRS 2 Appendix C Disclosure/Application Requirements in topical ESRS that are applicable jointly with ESRS 2 General Disclosures provides a list of the additional requirements in topical ESRS that the undertaking shall apply in conjunction with the general level disclosure requirements of ESRS 2.	DELETED Dropped based on the outcome of the ESRS 2 streamlining. Role of former MDRs (now GDRs) is covered in Chapters 3.1.1 and 3.1.2.
10. Sector-specific standards are applicable to all undertakings within a sector. They address impacts, risks and opportunities that are likely to be material for all undertakings in a specific sector and that are not covered, or not sufficiently covered, by topical standards. Sector-specific standards are multi-topical and cover the topics that are most relevant to the sector in question. Sector-specific standards achieve a high degree of comparability.	Sector specific standards are applicable to all undertakings within a sector. They address impacts, risks and opportunities that are likely to be material for all undertakings in a specific sector and that are not covered, or not sufficiently covered, by topical standards. Sector specific standards are multi-topical and cover the topics that are most relevant to the sector in question. Sector specific standards achieve a high degree of comparability.	DELETED Dropped based on the outcome of the ESRS 2 streamlining. All references to sector-specific ESRS are removed because no sector standards are foreseen.
11. In addition to the disclosure requirements laid down in the three categories of ESRS, when an undertaking concludes that an impact, risk or opportunity is not covered or not covered with sufficient granularity by an ESRS but is material due to its specific facts and circumstances, it shall provide additional entity-specific disclosures to enable users to understand the undertaking's sustainability-related impacts, risks or opportunities. Application requirements AR 1 to AR 5 provide further guidance regarding entity-specific disclosures.	11. In addition to the disclosure requirements laid down in the three categories of ESRS, when an undertaking concludes that an impact, risk or opportunity is not covered or not covered with sufficient granularity by an ESRS but is material due to its specific facts and circumstances, <u>If the undertaking concludes that a topic related to material impact, risk or opportunity is not covered, or not covered with sufficient granularity, by an ESRS, it shall provide additional entity-specific disclosures taking account of the provisions on fair presentation in Chapter 2. This may be the case due to its specific facts and circumstances due to sectorial specificities or other facts and circumstances relevant to the undertaking itself.</u>	AMENDED [AR 2, AR 3 and AR 4 contain related guidance for para. 11] Concept of entity-specific stays unchanged, but wording is clarified. Explicit reference to fair presentation (Chapter 2) added, tying entity-specific disclosures to the fair presentation requirement. Trigger conditions clarified: sectorial specificities or other facts and circumstances. Reference to "three categories of ESRS" and to AR 1–AR 5 moved/absorbed into the updated AR structure (AR 2–AR 5) on entity-specific disclosures.
	AR 4.12. When developing its entity-specific disclosures the undertaking shall carefully consider: (a) comparability between undertakings, while still ensuring relevance of the information provided...; and (b) comparability over time: consistency of methodologies and disclosures is a key factor for achieving comparability over time and with other undertakings that operate in the same sector(s).	AMENDED, MOVED [AR 5 contains related guidance for paragraph 12] Content moved and incorporated from former AR 4. Thus, the guidance on comparability over time previously located in AR 4(b) in Appendix A is moved into the main body as a ESRS 1

		standalone paragraph 12, elevating it from AR guidance to a general requirement. This supports the fair presentation principle and underlines that comparability is a core feature of entity-specific disclosures.
	<p><u>AR 2 for para. 11 (Entity-specific topics)</u></p> <p><u>Depending on the undertaking's facts and circumstances, there may be topics other than those covered in ESRS topical requirements that the undertaking shall cover following its materiality assessment. This may be the case where its business model and strategy are associated with material impacts, risks and opportunities that do not correspond to ESRS topics.</u></p>	<p>AMENDED, MOVED [AR 2 includes guidance for paragraph 11]</p> <p>This AR clarifies that additional topics not included in AR A are to be considered for entity specific disclosures and provides guidance on how to identify them.</p>
	<p><u>AR 3 for para. 11 (Requirements for entity-specific disclosures)</u></p> <p><u>AR-2 When developing entity-specific disclosures, the undertaking shall ensure that:</u></p> <p class="list-item-l1">(a) <u>the disclosures they meet the qualitative characteristics of information as set out in chapter 2 Qualitative characteristics of information set out in Appendix B; and</u></p> <p class="list-item-l1">(b) <u>its disclosures include where applicable all material information related to the reporting areas of governance; strategy; impact, risk and opportunity management; and metrics and targets (see ESRS 2-chapters 2 to 5) where material impacts, risks or opportunities are not covered, or not covered with sufficient granularity by the ESRS, the disclosures include the material information needed for the relevant reporting areas listed in paragraph 5.</u></p>	<p>AMENDED, MOVED [AR 3 includes guidance for paragraph 11]</p> <p>Streamlined wording. The reference to the four reporting areas is kept but simplified via a cross-reference to ESRS 1 paragraph 5.</p>
	<p><u>AR 4 for para. 11 (Entity-specific disclosures and metrics)</u></p> <p><u>AR3. When determining the usefulness of metrics for inclusion in its entity-specific disclosures, the undertaking shall <u>consider whether</u> ensure that:</u></p> <p class="list-item-l1">(a) <u>its chosen performance metrics provide insight into:</u></p> <ul style="list-style-type: none"> <u>i. how effective its practices are in reducing negative outcomes and/or increasing positive outcomes for people and the environment (for impacts); and/or</u> <u>ii. the likelihood that its practices result in financial effects on the undertaking (for risks and opportunities);</u> <p class="list-item-l1">(a) <u>its chosen metrics provide relevant information about material impacts, risks or opportunities;</u></p>	<p>AMENDED, MOVED [AR 4 includes guidance for paragraph 11]</p> <p>The Set 1 AR 3 on metrics is sharpened: the verb changes from "consider whether" to "ensure that", emphasising responsibility for the quality of entity-specific metrics. The description of reliability is reframed in terms of "faithful representation" with "reasonable, supportable and verifiable" assumptions, aligning with the qualitative characteristics in Appendix B and terminology from IFRS. References to detailed sub-bullets on effectiveness/financial effects and to comparability over time are</p>

	<p>(b) the measured outcomes are sufficiently reliable meaning that they do not involve an excessive number of assumptions and unknowns that would render the metrics too arbitrary to provide a faithful representation; the measurement ensures faithful representation based on information and assumptions that are reasonable, supportable, and verifiable; and</p> <p>(c) it has provided sufficient contextual information to interpret performance metrics appropriately and whether variations in such contextual information may impact the comparability of the metrics over time.</p>	removed or simplified, as these aspects are now covered elsewhere (for instance in ESRS 1 paragraph 12 and Appendix B).
	<p><u>AR 5 for para. 12 (Sources for entity-specific disclosures)</u></p> <p>131(b). When defining its entity specific disclosures the undertaking may adopt transitional measures for their preparation in the first three annual sustainability statements under which it may as a priority:</p> <p>(a) [...]</p> <p>(b) complement its disclosures prepared on the basis of the topical ESRS with an appropriate set of additional disclosures to cover sustainability matters that are material for the undertaking in its sector(s) using available best practice and/or available frameworks or reporting standards such as IFRS industry-based guidance and GRI Sector Standards.</p> <p><u>In developing its entity-specific disclosures, the undertaking may use available best practices, frameworks or reporting standards, such as IFRS industry-based guidance and GRI Standards (including GRI topic and sector standards).</u></p>	<p>AMENDED, MOVED</p> <p>[AR 4 includes guidance for paragraph 11]</p> <p>The change reflects the fact that in absence of sector standards, the reference to best practices and available frameworks or reporting standards issued from third parties will stay as a permanent feature (before it was temporary, in accordance with ESRS 1 paragraph 131 of the Delegated Act).</p> <p>The undertaking shall report entity specific in accordance with ESRS 1 paragraph 12, and it may refer to IFRS and GRI in doing so.</p>
1.2 Reporting Areas and minimum content disclosure requirements on policies, actions, targets and metrics	<u>1.2 Reporting Areas and minimum content disclosure requirements on policies, actions, targets and metrics</u>	Comment/Rationale
ESRS 1 as enacted in 2023	Draft Amended ESRS 1	
12. The Disclosure Requirements in ESRS 2 in topical ESRS and in sector-specific ESRS are structured into the following reporting areas:	<p>12. The Disclosure Requirements in ESRS 2 in topical ESRS and in sector-specific ESRS are structured into the following reporting areas:</p> <p>(a) Governance (GOV): the governance processes, controls and procedures used to monitor, manage and oversee impacts, risks and opportunities (see ESRS 2, chapter 2 Governance);</p>	<p>DELETED</p> <p>The standalone description of reporting areas is deleted to avoid duplication, because reporting areas are now introduced centrally in the Objective (ESRS 1 paragraph 5) and in the architecture explaining ESRS 2 and topical standards (ESRS 1 paragraphs 9–10 and paragraph 29(b)(i)). Therefore, the substance is retained but reorganised and linked more directly to ESRS 2 General Disclosures and the GDR-P/A/M/T framework.</p>

(b) Strategy (SBM): how the undertaking's strategy and business model interact with its material impacts, risks and opportunities, including how the undertaking addresses those impacts, risks and opportunities (see ESRS 2, chapter 3 Strategy);	(b) Strategy (SBM): how the undertaking's strategy and business model interact with its material impacts, risks and opportunities, including how the undertaking addresses those impacts, risks and opportunities (see ESRS 2, chapter 3 Strategy);	DELETED See the rationale above.
(c) Impact, risk and opportunity management (IRO): the process(es) by which the undertaking: <ul style="list-style-type: none"> i. identifies impacts, risks and opportunities and assesses their materiality (see IRO-1 in section 4.1 of ESRS 2), ii. manages material sustainability matters through policies and actions (see section 4.2 of ESRS 2). 	(c) Impact, risk and opportunity management (IRO): the process(es) by which the undertaking: <ul style="list-style-type: none"> i. identifies impacts, risks and opportunities and assesses their materiality (see IRO-1 in section 4.1 of ESRS 2), ii. manages material sustainability matters through policies and actions (see section 4.2 of ESRS 2). 	DELETED See the rationale above.
(d) Metrics and targets (MT): the undertaking's performance, including targets it has set and progress towards meeting them (see ESRS 2, chapter 5 Metrics and targets).	(d) Metrics and targets (MT): the undertaking's performance, including targets it has set and progress towards meeting them (see ESRS 2, chapter 5 Metrics and targets).	DELETED See the rationale above.
13. ESRS 2 includes: <ul style="list-style-type: none"> (a) in section 4.2 Minimum Disclosure Requirements regarding policies (MDR-P) and actions (MDR-A); (b) in section 5 Minimum Disclosure Requirements regarding metrics (MDR-M) and targets (MDR-T). 	13. ESRS 2 includes: <ul style="list-style-type: none"> (a) in section 4.2 Minimum Disclosure Requirements regarding policies (MDR-P) and actions (MDR-A); (b) in section 5 Minimum Disclosure Requirements regarding metrics (MDR-M) and targets (MDR-T). 	DELETED Repetition of what is already in former ESRS 1 paragraph 12 (c) and (d)
The undertaking shall apply the minimum disclosure requirements regarding policies, actions, metrics and targets together with the corresponding Disclosure Requirements in topical and sector-specific ESRS.	The undertaking shall apply the minimum disclosure requirements regarding policies, actions, metrics and targets together with the corresponding Disclosure Requirements in topical and sector-specific ESRS.	DELETED Streamlining as it is already in ESRS 2; so not essential to be repeated here.
1.3 Drafting conventions	1.2. Drafting conventions	Comment/Rationale
ESRS 1 as enacted in 2023	Draft Amended ESRS 1	
	15. 13. Throughout the ESRS, the terms that are defined in the Glossary of Definitions (Annex II of delegated Regulation (EU) 2023/2772) are put denoted in bold italic, except when a defined term is used more than once in the same paragraph.	MOVED & AMENDED Small editorial changes, moved and amended from former paragraph 15.
	14. ESRS use the terms sustainability 'topic' and 'sub-topic' understood as synonymous with the terms 'sustainability matters' or 'sustainability factors' as used in the Accounting Directive	NEW

	<p><u>(Directive 2013/34/EU). Disclosures in ESRS are structured into topics. A topic is further disaggregated into subtopics. In ESRS, the term topic (in bold italic) is used to indicate either a topic or a sub-topic depending on the most appropriate level of granularity needed to meet the respective disclosure objectives.</u></p>	Several different terms had been used for essentially the same concept. This sentence is introduced to eliminate ambiguity and ensure consistency between ESRS and the wording of the Accounting Directive and CSRD. It does not change the scope of what is covered but standardises the vocabulary.
14. In all ESRS:	<p><u>14. 15. In all ESRS:</u></p> <p><u>(a) the term 'impacts' refers to actual and potential, positive and negative sustainability-related impacts that are connected with the undertaking's business as identified through an impact materiality assessment (see section 3.4 Impact materiality). It refers both to actual impacts and to potential future impacts.</u></p>	<p>MOVED & AMENDED</p> <p>Streamlining the text because the glossary and chapters 3.2.1 and 3.2.2 now carry that detail. The definition of "impacts" is tightened to refer to <i>actual and potential, positive and negative impacts on people and the environment</i>.</p>
<p><u>(b) The term 'risks and opportunities' refers to the undertaking's sustainability-related financial risks and opportunities, including those deriving from dependencies on natural, human and social resources, as identified through a financial materiality assessment (see section 3.5).</u></p>	<p><u>(b) The term 'risks' and 'opportunities' refers to the undertaking's sustainability-related financial risks and opportunities including those deriving from dependencies on natural, human and social resources as identified through a financial materiality assessment (see section 3.5) that affect (or could reasonably be expected to affect) the undertaking's financial performance, financial position, cash flows, access to finance or cost of capital over the short, medium or long term.</u></p>	<p>AMENDED</p> <p>Definition updated, no changes in substance but improved consistency.</p>
Collectively, these are referred to as 'impacts, risks and opportunities' (IROs). They reflect the double materiality perspective of ESRS described in section 3.	<p><u>Collectively, these are referred to as 'impacts, risks and opportunities' (IROs). They reflect the double materiality perspective of ESRS described in section 3.</u></p>	<p>DELETED</p> <p>Generic IRO sentence removed, the link between material IROs and "principal impacts, risks and opportunities" is now addressed in the new ESRS 1 paragraph 16 and the Objective chapter.</p>
15. Throughout ESRS, the terms that are defined in the glossary of definitions (Annex II) are put in bold italic, except when a defined term is used more than once in the same paragraph.	<p><u>15. Throughout ESRS, the terms that are defined in the glossary of definitions (Annex II) are put in bold italic, except when a defined term is used more than once in the same paragraph.</u></p>	<p>AMENDED, MOVED</p> <p>Moved and amended in new paragraph 13.</p>
	<p><u>16. Material impacts, risks and opportunities reported in the sustainability statement are understood to be the same as the undertaking's principal impacts, risks and opportunities referred to in the Accounting Directive (Directive 2013/34/EU).</u></p>	<p>NEW</p> <p>This paragraph ensures that "material IROs" in ESRS and "principal impacts, risks and opportunities" in the Accounting Directive / CSRD are understood as the same.</p> <p>This paragraph is built on the basis of the ESRS 1 paragraph 41 from Set 1. No change in substance.</p>
16. ESRS structure the information to be disclosed under Disclosure Requirements. Each Disclosure Requirement consists	<p><u>17. The structure of information in ESRS is based on 'Disclosure Requirements' (DRs). Each Disclosure Requirement DR consists of</u></p>	<p>AMENDED, MOVED</p>

<p>of one or more distinct datapoints. The term 'datapoint' can also refer to a narrative sub-element of a Disclosure Requirement.</p>	<p>one or more distinct datapoints. <u>DRs are signaled by the terms 'shall disclose', 'shall include', 'shall report', 'shall describe' and 'shall explain' to indicate that an information is prescribed, subject to materiality of information (see paragraphs 23 and 24).</u> <u>The term "datapoint" can also refer to a narrative sub-element of a Disclosure Requirement.</u></p>	<p>The paragraph is strengthened to clarify how DRs are identified in the text: instead of only defining DRs and datapoints, it now lists the verbs ("shall disclose / include / report / describe / explain") that signal prescribed information, and ties this explicitly to information materiality in ESRS 1 paragraphs 23–24 previous paragraph 18 (a) moved here.</p>
<p>17. In addition to Disclosure Requirements most ESRS also contain Application Requirements. Application Requirements support the application of Disclosure Requirements and have the same authority as other parts of an ESRS.</p>	<p><u>17. In addition to Disclosure Requirements most ESRS also contain Application Requirements. Application Requirements support the application of Disclosure Requirements and have the same authority as other parts of an ESRS.</u> <u>18. ESRS contain mandatory 'Application Requirements' (ARs) that support the application of, and have the same authority as, the requirements prescribed in the main body of the standards. ARs in ESRS 2 General Disclosures and in topical standards support the preparation of disclosures that meet the qualitative characteristics of information (see Appendix B) (18 amended).</u> <u>ARs use the term 'shall consider' to indicate issues, resources or methodologies that the undertaking is expected to take into account or to use in the preparation of a given disclosure. ARs also include presentation options, indicating that a given piece of information may be provided in tabular form, as narrative text or in other types of presentation options.</u></p>	<p>MERGED</p> <p>The original high-level description of ARs is retained but expanded: ARs are now explicitly described as mandatory, linked to the qualitative characteristics in Appendix B and to ESRS 2/topical standards. In addition, the explanation of "shall consider" and presentation options, which was previously in ESRS 1 paragraph 18, is now integrated here, making ARs' role and effect clearer.</p>
<p>18. ESRS use the following terms to distinguish between different degrees of obligation on the undertaking to disclose information:</p> <p>(a) 'shall disclose' – indicates that the provision is prescribed by a Disclosure Requirement or datapoint;</p>	<p><u>18. ESRS use the following terms to distinguish between different degrees of obligation on the undertaking to disclose information:</u> <u>(a) 'shall disclose' – indicates that the provision is prescribed by a Disclosure Requirement or datapoint;</u></p>	<p>MOVED</p> <p>This paragraph is not retained as a standalone provision. The content on 'shall disclose' and other signaling verbs is merged into ESRS 1 paragraph 17 (16 amended).</p>
<p>(b) 'may disclose' – indicates voluntary disclosure to encourage good practice.</p>	<p><u>(b) 'may disclose' – indicates voluntary disclosure to encourage good practice.</u></p>	<p>DELETED</p> <p>Not needed as there are no voluntary DPs anymore in the main body nor in AR.</p>
<p>In addition, ESRS use the term 'shall consider' when referring to issues, resources or methodologies that the undertaking is expected to take into account or to use in the preparation of a given disclosure if applicable.</p>	<p><u>In addition, ESRS use the term 'shall consider' when referring to issues, resources or methodologies that the undertaking is expected to take into account or to use in the preparation of a given disclosure if applicable.</u></p>	<p>MOVED</p> <p>The explanation of 'shall consider' and presentation options is merged into ESRS 1 paragraph 18 (17 amended). The degrees of obligation are still explained, but in a more integrated way with DRs and ARs, so paragraph 18 in its original form is deleted.</p>
<p>2. Qualitative characteristics of information</p>	<p>2. Fair presentation and qualitative characteristics of information</p>	<p>Comment/Rationale</p>

ESRS 1 as enacted in 2023	Draft Amended ESRS 1	
19. When preparing its sustainability statement, the undertaking shall apply: (a) the fundamental qualitative characteristics of information, i.e. relevance and faithful representation; and	19. When preparing its sustainability statement the undertaking shall apply: (a) the fundamental qualitative characteristics of information, i.e. relevance and faithful representation; and	DELETED The stand-alone paragraph on qualitative characteristics is deleted as such and its content is merged into the new, broader section on fair presentation and qualitative characteristics of information, ESRS 1 paragraphs 19–20 (see below), and Appendix B. The aim is to give the qualitative characteristics the role of overarching principles within a fair-presentation framework (aligned with IFRS S1 / IAS 1) rather than keeping them in a short and isolated paragraph in Chapter 2. The substance on fundamental and enhancing characteristics is preserved and expanded but embedded in the new structure.
(b) the enhancing qualitative characteristics of information, i.e. comparability, verifiability and understandability.	(b) the enhancing qualitative characteristics of information, i.e. comparability, verifiability and understandability.	DELETED See the rationale above.
20. These qualitative characteristics of information are defined and described in Appendix B of this Standard.	20. These qualitative characteristics of information are defined and described in Appendix B of this Standard.	AMENDED, MOVED The separate reminder that qualitative characteristics are defined in Appendix B is deleted as a stand-alone paragraph and instead incorporated directly into ESRS 1 paragraphs 19–20 of the revised Chapter 2. This avoids repeating the same cross-reference and helps keep the new fair-presentation section self-contained and easier to read, while maintaining the link to the detailed definitions in Appendix B.
	<u>19. Fair presentation requires disclosure of relevant information about the undertaking's material impacts, risks and opportunities in accordance with Chapter 3 and their faithful representation in accordance with the requirements set out in this Standard (for relevance and faithful representation see Appendix B). To achieve faithful representation, the undertaking shall provide a complete, neutral and accurate depiction of its material impacts, risks and opportunities.</u>	NEW [AR 6 contains related guidance for paragraphs 19-20] The introduction of this paragraph comes from the need to make more emphasis on ESRS being a fair presentation framework and not a compliance framework. It aligns ESRS more closely with IFRS S1 and IAS 1 by treating fair presentation as the overarching objective and clarifying that qualitative characteristics are the means to achieve it. ESRS as enacted in 2023 was only mentioning "faithful representation" but not "fair presentation". In corporate reporting fair presentation is the outcome, and faithful reporting (which is one of the qualitative characteristics) is one of the means to achieve it.
	<u>20. Fair presentation also requires that the undertaking discloses:</u> <u>(a) information that is comparable, verifiable and understandable (see Appendix B); and</u>	NEW [AR 6 contains related guidance for paragraphs 19-20] This is where the substance of ESRS 1 old paragraph 19(b) ("enhancing characteristics") is now picked up and expanded. This

		<p>new paragraph links fair presentation explicitly to the enhancing qualitative characteristics (comparability, verifiability, understandability) and to entity-specific disclosures when the ESRS requirements alone are not enough to provide decision-useful information. It operationalises the principle that fair presentation may require going beyond minimum ESRS datapoints, which is consistent with other reporting frameworks that refer to “additional information” needed for fair presentation.</p>
	<p><u>(b) entity-specific information when applying ESRS is not sufficient to enable users to understand the undertaking’s material impacts, risks and opportunities and how the undertaking manages them (see paragraph 3).</u></p>	<p>NEW [AR 7 contains related guidance for paragraph 20(b)] See comment above.</p>
	<p><u>21. Applying ESRS, including the materiality filter as set out in paragraph 24, and with entity-specific disclosures, when necessary (see paragraph 11), is presumed to result in a sustainability statement that achieves fair presentation.</u></p>	<p>NEW This paragraph codifies an explicit presumption of fair presentation when an undertaking properly applies ESRS, including the materiality filter and entity-specific disclosures if needed. It clarifies how the different pieces (materiality filter, entity-specific information, qualitative characteristics) work together and provides an important interpretive anchor consistent with IFRS on fair presentation. Important in this context is the reference to the filter in paragraph 24, as fair presentation may result in both additions (of entity-specific disclosures) and deletions (of non-material disclosure).</p>
	<p><u>AR 6 for paras. 19–20 (Information considered as a whole)</u> <u>To meet the objective of its sustainability statement set out in paragraph 3, the undertaking shall consider the overall picture of the reported information. This can result in the addition of entity-specific information, as well as the implementation of the provision in paragraph 24, by using the criteria for information materiality in paragraph 23.</u></p> <p><u>Making use of one or more of the provisions in Chapters 5.4, 7.3, 7.4, or 7.7 is not detrimental to fair presentation provided that the undertaking provides explanations that enable users to understand the consequences on the reported information and the resulting limitations.</u></p>	<p>NEW [AR 6 includes guidance for paragraphs 19-20]</p> <p>The new AR clarifies that undertakings should consider fair presentation in a holistic and aggregate manner, avoiding a purely formal, checklist-driven assessment. The second part of the AR examines how reliefs interact with fair presentation and confirms that their application does not undermine fair presentation.</p>
	<p><u>AR 7 for para. 20(b) (Additional information in other reporting frameworks)</u></p>	<p>NEW [AR 7 includes guidance for paragraph 20 (b)]</p>

	<u>Other reporting frameworks refer to 'additional information' as the content that an undertaking shall disclose beyond the requirements provided in the standards to ensure a fair presentation. In ESRS, the term 'entity-specific disclosures' serves the same purpose.</u>	The AR has been introduced to enhance interoperability with other reporting frameworks, recognising that they may use different terminology.
3. Double materiality as the basis for sustainability disclosures	3. Double materiality as the basis for sustainability disclosures	
ESRS 1 as enacted in 2023	Draft Amended ESRS 1	Comment/Rationale
21. The undertaking shall report on sustainability matters based on the double materiality principle as defined and explained in this chapter.	<u>21. 22. The undertaking shall report on sustainability matters based on the double materiality principle as defined and determines the information to be disclosed based on its double materiality assessment (see paragraph 2) and based on the provisions for determining the information to be reported, as explained in this Chapter.</u>	AMENDED Original elements from former Paragraph 21 (now 22) retained as an overall intro to chapter 3 but a specification was added to differentiate between the two different steps of assessing materiality of IROs and determination of material info to be reported.
	<u>3.1 Assessing information to be reported</u>	Comment/Rationale
	<u>3.1.1. Information materiality</u>	Comment/Rationale
ESRS 1 as enacted in 2023	Draft Amended ESRS 1	
	<u>23. Information is material when omitting, misstating or obscuring that information could reasonably be expected to influence:</u>	NEW To respond to a perceived challenge in the implementation of set 1, a dedicated chapter has been created to clarify the concept of materiality of information and make it more prominent and to have it as an overarching filter for the inclusion of any information in the sustainability statement. Limiting to decision usefulness to primary users of financial reports would be not compatible with double materiality, hence the addition of point (b), however not limited to impacts as both groups are interested in both financial and impact information

	<p>(b)-(a) users of sustainability statements: decisions that primary users of general-purpose financial reporting (existing and potential investors, lenders and other creditors, including asset managers, credit institutions, insurance undertakings), and other users of sustainability statements, including the undertaking's business partners, trade unions and social partners, civil society and non-governmental organisations, governments, analysts and academics reports make based on those reports, including financial statements and the sustainability statement, relating to providing resources to the undertaking; or</p>	<p>AMENDED, MOVED</p> <p>Moved from paragraph 22 (b). Reference to providing resources added for symmetry with 23 (b).</p>
	<p><u>(b) decisions, including informed assessments, that other users of 'general-purpose' sustainability statements make based on the sustainability statement regarding the undertaking's material impacts, risks and opportunities and how the undertaking manages them.</u></p>	<p>NEW</p> <p>[AR 1 provides context for the concept of 'general-purpose']</p> <p>The modification reflects the intent to support a more focused disclosure, by clarifying better the purpose of information needed by users other than investors (point b). This paragraph was intensively discussed while developing the technical advice. The SRB considered possible alternatives to provide more emphasis to decision usefulness for (b) and this was achieved via the inclusion of 'informed assessments' in order to foster more focused reporting and considers that a similar concept is used in impact materiality under GRI. The ED reflects a compromise text. The addition of "general purpose sustainability statement" is also important in this context to limit the possible scope of the necessary information</p> <p>Note on the term "manages them": in ESRS 2: to prevent, mitigate and remediate actual and potential material impacts, to address material risks and/or to pursue material opportunities (collectively, to "manage material sustainability matters").</p>
	<p><u>24. The undertaking is not required to disclose information prescribed by an ESRS DR if that information is not material.</u></p>	<p>NEW</p> <p>The introduction of this paragraph is strictly linked to the amendments in ESRS 1 related to fair presentation and the discussions within EFRAG SR TEG and SRB on whether to introduce an 'override provision' that would allow departures from ESRS requirements where strict compliance would not result in a fair presentation.</p> <p>However, in line with the overarching intention not to create an ESRS fair presentation concept that differs from IFRS S1, emphasis is now placed on ESRS 1 paragraph 11 (relating to entity specific disclosures) and paragraph 24 (relating to</p>

		undertakings not being required to disclose information prescribed by an ESRS DR if that information is not material), which serves a similar function as the override and is aligned with IFRS S1, to avoid market confusion on such a fundamental element of reporting, which also has significant auditing implications.
3.1 Stakeholders and their relevance to the materiality assessment process		Comment/Rationale
ESRS 1 as enacted in 2023	Draft Amended ESRS 1	
22. Stakeholders are those who can affect or be affected by the undertaking. There are two main groups of stakeholders: (a) affected stakeholders: individuals or groups whose interests are affected or could be affected – positively or negatively – by the undertaking’s activities and its direct and indirect business relationships across its value chain; and	22. Stakeholders are those who can affect or be affected by the undertaking. There are two main groups of stakeholders: (a) affected stakeholders: individuals or groups whose interests are affected or could be affected – positively or negatively – by the undertaking’s activities and its direct and indirect business relationships across its value chain; and	AMENDED, MOVED Former paragraph 22 was split; former paragraph 22 (a) relating to impact materiality is now in paragraph 43, in chapter 3.2.1 Impact materiality assessment.
(b) users of sustainability statements: primary users of general-purpose financial reporting (existing and potential investors, lenders and other creditors, including asset managers, credit institutions, insurance undertakings), and other users of sustainability statements, including the undertaking’s business partners, trade unions and social partners, civil society and non-governmental organisations, governments, analysts and academics.	(b) users of sustainability statements: primary users of general-purpose financial reporting (existing and potential investors, lenders and other creditors, including asset managers, credit institutions, insurance undertakings), and other users of sustainability statements, including the undertaking’s business partners, trade unions and social partners, civil society and non-governmental organisations, governments, analysts and academics.	AMENDED, MOVED Former paragraph 22 (b) moved and amended to paragraph 23 (a); now (amended) in chapter 3.1.1 Information materiality as a general filter for reported information.
23. Some, but not all, stakeholders may belong to both groups referred to in paragraph 22.	23. Some, but not all, stakeholders may belong to both groups referred to in paragraph 22.	DELETED Not needed.
24. Engagement with affected stakeholders is central to the undertaking’s on-going due diligence process (see chapter 4 Due diligence) and sustainability materiality assessment. This includes its processes to identify and assess actual and potential negative impacts, which then inform the assessment process to identify the material impacts for the purposes of sustainability reporting (see section 3.4 of this Standard).	24. Engagement with affected stakeholders is central to the undertaking’s on-going due diligence process (see chapter 4 Due diligence) and sustainability materiality assessment. This includes its processes to identify and assess actual and potential negative impacts, which then inform the assessment process to identify the material impacts for the purposes of sustainability reporting (see section 3.4 of this Standard).	AMENDED, MOVED Former Paragraph 24 is now in 3.2.1. Impact materiality assessment as part of paragraph 43.
	3.1.2. Steps in determining the information to be reported	Comment/Rationale
ESRS 1 as enacted in 2023	Draft Amended ESRS 1	

	<p><u>25. The undertaking determines the information to be reported in two steps:</u></p> <p><u>(a) it identifies topics related to its material impacts, risks or opportunities (see Chapters 3.2.1 and 3.2.2); and then,</u></p>	<p>NEW</p> <p>Clarification of the steps for undertakings to determine the information to be reported</p>
	<p><u>(b) it determines the information to be reported on each of those topics (see paragraphs 29, 30 and 31 of this Standard).</u></p>	<p>NEW</p> <p>See above</p>
	<p><u>26. With respect to the identification of topics, the undertaking shall report material information for a topic or sub-topic when it relates to one or more material impacts, risks or opportunities identified based on the criteria in Chapters 3.2.1. and 3.2.2.</u></p>	<p>NEW</p> <p>Clarification on the relationship of IROs and topics to be reported.</p>
	<p><u>27. Without prejudice to the criteria in 3.2.1 and 3.2.2, the undertaking may derive a conclusion, without further assessment, on the materiality or non-materiality of its impacts, risks or opportunities for a topic or sub-topic, on the basis of an analysis of its strategy and business model including its sector(s) of operations, its geographies, and the features of its upstream and downstream value chain ('top-down' approach to materiality assessment). In this approach, if the materiality or non-materiality of one or more impacts, risks or opportunities is not evident on the basis of the above analysis, the undertaking shall perform a specific assessment of them.</u></p>	<p>NEW</p> <p>[AR 8, AR 9, AR 10 contain related guidance for paragraph 27]</p> <p>The concept of 'top-down' approach is introduced in this paragraph to address recurring feedback from public consultation and outreach events to reduce the overall complexity of the DMA process.</p> <p>The paragraph aims to clarify that when adopting a top-down approach a detailed assessment at IRO level is only necessary if a higher level of assessment (topical level) does not result in clear (meaning obvious) conclusions on materiality or non-materiality.</p> <p>This paragraph needs to be read in conjunction with paragraph 28 and AR 8, 9 as they clarify the current flexibility for undertakings to use one approach or the other (top-down, bottom-up as outlined in paragraph 28) or take a combined approach.</p>
	<p><u>28. Without prejudice to the criteria in 3.2.1 and 3.2.2, the undertaking may also rely on a materiality assessment conducted only at the level of impacts, risks and opportunities ('bottom-up' approach to materiality assessment).</u></p>	<p>NEW</p> <p>[AR 9 contains related guidance for paragraph 28]</p> <p>Details on 'bottom-down approach. See above comment/rationale related to paragraph 27.</p>
	<p><u>29. With respect to the information to be reported, the undertaking shall:</u></p> <p><u>(a) apply ESRS 2 General Disclosures;</u></p>	<p>NEW</p> <p>[AR 11 contains related guidance for paragraph 29]</p> <p>This paragraph defines the approach to determining the information to be reported, starting from the cross cutting disclosures, adding the topical and entity-specific ones.</p>

	<p>(b) about a topic or sub-topic related to its material impacts, risks and opportunities;</p> <p>(i) apply ESRS 2 General Disclosures GDR-P, GDR-A, GDR-M, and GDR-T for policies, actions, metrics and targets;</p> <p>(ii) disclose information for the DRs (including ARs) relevant to the specific topic or sub-topic in the topical standards; and</p> <p>(iii) add entity-specific information where necessary under paragraph 11.</p>	<p>NEW</p> <p>See above</p>
	<p><u>30. When a material impact, risk or opportunity concerns a sub-topic, the undertaking shall report only the material information for that sub-topic concerned.</u></p>	<p>NEW</p> <p>Clarification on the expected level of granularity in the disclosure. This is expected to avoid unnecessary information. This is a general requirement, therefore applicable to all topical disclosures.</p>
	<p><u>31. When using ESRS reliefs, the undertaking shall disclose the information prescribed in Sub-Chapters 5.4, 7.3, 7.4, and 7.7.</u></p>	<p>NEW</p> <p>Refer to chapter 5 and 7</p>
	<p><u>AR 8 for para. 27 (Top-down' approach)</u></p> <p><u>Following a top-down approach, the materiality conclusion can be reached at topic level for combined impacts, risks and opportunities.</u></p>	<p>NEW</p> <p>[AR 8 includes guidance for paragraph 27]</p> <p>Contains information related to para. 27 to support the clarifications included on the flexibilities introduced in the materiality assessment process.</p>
	<p><u>AR 9 for paras. 27 – 28 (Combining approaches)</u></p> <p><u>The undertaking may combine a 'top-down approach' for some topics with a 'bottom-up' analysis for others.</u></p>	<p>NEW</p> <p>[AR 9 includes guidance for paragraphs 27-28]</p> <p>Contains information on paras. 27 – 28. It explicitly clarifies that the two approaches can be combined. See also comment/rationale for para 27 for further details.</p>
	<p><u>AR 10 for para. 27 (Geographies)</u></p> <p><u>Geographies or geographic contexts can be analysed at different levels (country, region, county, water basin, ecosystem or site) according to their relevance for the assessment.</u></p>	<p>NEW</p> <p>[AR 10 includes guidance for paragraph 27]</p> <p>Definition of geographies to clarify reference in paragraph 27, where it is mentioned for the first time in ESRS 1 main body. While definition for geographies is included in "Annex II -</p>

		<p>Aggregated acronyms and glossary of terms" as well, EFRAG considered important to keep it as part of the main body to support the understanding of the guidance provided with respect to the consideration of geographies for the DMA and reported information (32(b), 33, AR 15, 53, AR 31.)</p> <p>These clarifications were introduced to simplify and consolidate the location-specific provisions also connected with the restructuring of the topical standards, where IRO specifications on locations were eliminated and there was the need to incorporate in the cross-cutting standards the essential provisions formerly in IRO topical specifications.</p> <p>More details about 'geographies' are included in Chapter 7 "Other significant technical issues" of the Basis for Conclusions.</p>
	<p><u>AR 11 for para 29 (ESRS 2 General Disclosures DRs)</u></p> <p><u>The DRs in ESRS 2 General Disclosures are fundamental in nature and therefore likely to result in material information for all undertakings.</u></p>	<p>NEW</p> <p>[AR 11 includes guidance for paragraph 29]</p> <p>Additional explanation on the nature of GDRs; also responding to questions on the EFRAG Q&A platform on "materiality of information and ESRS 2 disclosures".</p>
ESRS 1 as enacted in 2023	3.1.3. Bases for assessing materiality	Comment/Rationale
	Draft Amended ESRS 1	
	<p>17-32. In its double materiality assessment, the undertaking:</p>	<p>AMENDED, MOVED</p> <p>[AR 12, AR 13, AR 14 contain related guidance for para. 32]</p> <p>Former AR 17 amended. It is connected with chapter 7.4.</p> <p>Point (a) and (b) were added to support understanding of what "undue cost or effort" in the context of DMA is. Point (b) encourages the focus on areas of heightened risks of impacts (the so called "hot-spots") rather than scrutinising every single impact.</p>
	<p>(a) shall use reasonable and supportable evidence available to the undertaking at the reporting date without undue cost or effort (see Chapter 7.4);</p>	<p>AMENDED, MOVED</p> <p>See above.</p>
	<p>(b) it is not required to assess every possible impact, risk or opportunity across all areas of its operations and upstream and downstream value chain, but shall focus on areas where</p>	<p>AMENDED, MOVED</p> <p>See above</p>

	<p>material impacts, risks or opportunities are deemed likely to arise based on the undertaking's strategy and business model, geographies, sectors, business relationships, nature of the activities, or other factors.</p>	
	<p><u>33. For geographies identified under paragraph 32(b), the undertaking shall consider the specific context to assess the materiality of impacts, risks, or opportunities.</u></p>	<p>NEW</p> <p>[AR 15 contains related guidance for paragraph 33]</p> <p>Additional instructions on how to consider geographies in the DMA process pointing to the concept of 'specific context' of the geography. See also details included in comment/rationale for AR 10.</p>
	<p><u>34. The undertaking may be able to conduct the <i>materiality</i> assessment regarding upstream and downstream value chain without direct input from value chain actors, using instead average regional data, sector data or generally available information about the existence of <i>impacts, risks and opportunities</i> in the context in question.</u></p>	<p>NEW</p> <p>To clarify flexibility that exists in performing DMA and reflecting current practice. To manage expectations on the extent of direct data collection that is effectively needed.</p>
	<p><u>AR 12 for para. 32 (Reasonable and supportable information and identifying impacts, risks, and opportunities)</u></p> <p><u>In accordance with the use of reasonable and supportable information that is available to the undertaking at the reporting date without undue cost or effort (Chapter 7.4):</u></p> <p class="list-item-l1">(a) <u>the use of quantitative information or quantitative scoring is not required in all cases. A qualitative analysis may be sufficient for the undertaking to reasonably conclude on materiality of impacts, risks or opportunities related to a given topic; and</u></p> <p class="list-item-l1">(b) <u>the undertaking is not required to perform an exhaustive search for information to identify material impacts, risks or opportunities.</u></p>	<p>NEW</p> <p>[AR 12 includes guidance for paragraph 32]</p> <p>This AR intends to address the excess of documentation efforts that have been reported by preparers based on the experience of 2024 reporting.</p> <p>Further information on reasonable and supportable information are provided in the Basis for Conclusions</p>
	<p><u>AR 13 for para. 32 (Usual internal and external sources)</u></p> <p><u>The undertaking may consider the following usual internal and external sources to support the <i>materiality</i> assessment: the undertaking's sustainability due diligence and general risk management processes; its engagement with affected stakeholders; peer experience; reports and statistics, scientific data, and expert advice.</u></p>	<p>NEW</p> <p>[AR 13 includes guidance for paragraph 32]</p> <p>Guidance on non-exhaustive list of sources for DMA.</p>

	<p>AR 14 for para. 32 (Time horizon and characteristics of severity)</p> <p><u>When conducting its materiality assessment (see paragraphs 27 and 32), the undertaking need not analyse:</u></p> <p><u>(a) separately each characteristic of severity (see Chapter 3.2.1), unless further assessment is necessary, such as when the conclusion of the analysis of severity on that basis is unclear; and</u></p>	<p>NEW</p> <p>[AR 14 includes guidance for paragraph 32]</p> <p>This AR intends to address the excess of documentation efforts that have been reported by preparers based on the experience of 2024 reporting</p>
	<p><u>(b) every time horizon for each impact, risk or opportunity, unless further assessment is necessary, such as when the undertaking expects that the impact, risk or opportunity evolves overtime.</u></p>	<p>NEW</p> <p>See above</p>
	<p>AR 15 for para. 33 (Level of materiality assessment)</p> <p><u>The following paragraphs support the determination of the level at which the materiality assessment takes place. For the determination of the level of aggregation or disaggregation adopted for reporting purposes, see Chapter 3.3.2.</u></p> <p><u>For environmental topics, factors that influence the existence of negative impacts in a specific context of the geography include, among others: local air, water and soil quality; water availability in water-risk areas; and presence of threatened species and ecosystems in biodiversity-sensitive areas.</u></p>	<p>NEW</p> <p>[AR 15 includes guidance for paragraph 33]</p> <p>As part of the amendments introduced to consolidate the location-specific provisions removed from the topical standards (see also comment /rationale included for AR 10) this AR combines content previously placed in topical standards and maintains the non-mandatory reference to the LEAP approach. Its objective is to provide guidance on how to consider geographies in the DMA for environmental and social topics.</p> <p>The first paragraph intends to avoid misunderstanding on these provisions being also applicable to the determination of the level of aggregation or disaggregation in presenting the disclosure. The list of factors in this paragraph is non-exhaustive.</p>
	<p><u>As it relates to nature-related impacts and <i>dependencies</i>, the first three steps of the LEAP approach (locate, evaluate, assess) provide a valuable reference for how to:</u></p> <p>(a) <u>locate where, within own operations and upstream and downstream value chain, interfaces with nature occur;</u></p> <p>(b) <u>evaluate the related dependencies and <i>impacts</i>; and</u></p> <p>(c) <u>assess the associated <i>risks or opportunities</i>.</u></p> <p><u>For social <i>topics</i>, factors that influence the existence of negative <i>impacts</i> in a specific context of the geography include, among others: conflict-affected and high-risk areas, and the presence of vulnerable populations such as Indigenous people or migrant workers.</u></p>	<p>Examples added for social topics.</p>

3.2 Material matters and materiality of information	3.2 Material matters and materiality of information	Comment/Rationale
ESRS 1 as enacted in 2023	Draft Amended ESRS 1	
25. Performing a materiality assessment (see sections 3.4 Impact materiality and 3.5 Financial materiality) is necessary for the undertaking to identify the material impacts, risks and opportunities to be reported.	25. Performing a materiality assessment (see sections 3.4 Impact materiality and 3.5 Financial materiality) is necessary for the undertaking to identify the material impacts, risks and opportunities to be reported.	DELETED
26. Materiality assessment is the starting point for sustainability reporting under ESRS. IRO-1 in section 4.1 of ESRS 2, includes general disclosure requirements about the undertaking's process to identify impacts, risks and opportunities and assess their materiality. SBM-3 of ESRS 2 provides general disclosure requirements on the material impacts, risks and opportunities resulting from the undertaking's materiality assessment.	26. Materiality assessment is the starting point for sustainability reporting under ESRS. IRO-1 in section 4.1 of ESRS 2, includes general disclosure requirements about the undertaking's process to identify impacts, risks and opportunities and assess their materiality. SBM-3 of ESRS 2 provides general disclosure requirements on the material impacts, risks and opportunities resulting from the undertaking's materiality assessment.	DELETED Not needed.
27. The Application Requirements in Appendix A of this Standard include a list of sustainability matters covered in topical ESRS, categorised by topics, sub-topics and sub-sub-topics, to support the materiality assessment. Appendix E Flowchart for determining disclosures to be included of this Standard provides an illustration of the materiality assessment described in this section.	27. The Application Requirements in Appendix A of this Standard include a list of sustainability matters covered in topical ESRS, categorised by topics, sub-topics and sub-sub-topics, to support the materiality assessment. Appendix E Flowchart for determining disclosures to be included of this Standard provides an illustration of the materiality assessment described in this section.	DELETED
28. A sustainability matter is 'material' when it meets the criteria defined for impact materiality (see section 3.4 of this Standard) or financial materiality (see section 3.5 of this Standard), or both.	28. A sustainability matter is 'material' when it meets the criteria defined for impact materiality (see section 3.4 of this Standard) or financial materiality (see section 3.5 of this Standard), or both.	DELETED To streamline content.
29. Irrespective of the outcome of its materiality assessment, the undertaking shall always disclose the information required by: ESRS 2 General Disclosures (i.e. all the Disclosure Requirements and data points specified in ESRS 2) and the Disclosure Requirements (including their datapoints) in topical ESRS related to the Disclosure Requirement IRO-1 Description of the process to identify and assess material impacts, risks and opportunities, as listed in ESRS 2 Appendix C Disclosure/Application Requirements in topical ESRS that are applicable jointly with ESRS 2 General Disclosures.	29. Irrespective of the outcome of its materiality assessment, the undertaking shall always disclose the information required by: ESRS 2 General Disclosures (i.e. all the Disclosure Requirements and data points specified in ESRS 2) and the Disclosure Requirements (including their datapoints) in topical ESRS related to the Disclosure Requirement IRO-1 Description of the process to identify and assess material impacts, risks and opportunities, as listed in ESRS 2 Appendix C Disclosure/Application Requirements in topical ESRS that are applicable jointly with ESRS 2 General Disclosures.	DELETED To respond to the feedback that the filter of materiality should be universally applied to all datapoints, ESRS 2 is now also subject to the filter of materiality and only datapoints that are material are to be reported. For some preparers it was not always clear that the "materiality of information" principle of ESRS 1 also applies to the "shall always disclose" (mandatory) ESRS 2 datapoints.
30. When the undertaking concludes that a sustainability matter is material as a result of its materiality assessment, on which ESRS 2 IRO-1, IRO-2 and SBM-3 set disclosure requirements, it shall:	30. When the undertaking concludes that a sustainability matter is material as a result of its materiality assessment, on which ESRS 2 IRO-1, IRO-2 and SBM-3 set disclosure requirements, it shall:	AMENDED, MOVED To paragraph 29

(a) disclose information according to the Disclosure Requirements (including Application Requirements) related to that specific sustainability matter in the corresponding topical ESRS; and	(a) disclose information according to the Disclosure Requirements (including Application Requirements) related to that specific sustainability matter in the corresponding topical ESRS; and	AMENDED, MOVED To paragraph 29
(b) disclose additional entity-specific disclosures (see paragraph 11 and AR 1 to AR 5 of this Standard) when the material sustainability matter is not covered by an ESRS or is covered with insufficient granularity.	(b) disclose additional entity specific disclosures (see paragraph 11 and AR 1 to AR 5 of this Standard) when the material sustainability matter is not covered by an ESRS or is covered with insufficient granularity.	AMENDED, MOVED To paragraph 29 and amended.
31. The applicable information prescribed within a Disclosure Requirement, including its datapoints, or an entity-specific disclosure, shall be disclosed when the undertaking assesses, as part of its assessment of material information, that the information is relevant from one or more of the following perspectives:	31. The applicable information prescribed within a Disclosure Requirement, including its datapoints, or an entity specific disclosure, shall be disclosed when the undertaking assesses, as part of its assessment of material information, that the information is relevant from one or more of the following perspectives:	DELETED Content related to materiality of information has been clarified and made more prominent, to have an overarching filter for the inclusion of any information in the sustainability statement (see paragraph 23).
(a) the significance of the information in relation to the matter it purports to depict or explain; or	(a) the significance of the information in relation to the matter it purports to depict or explain; or	DELETED
(b) the capacity of such information to meet the users' decision-making needs, including the needs of primary users of general-purpose financial reporting described in paragraph 48 and/or the needs of users whose principal interest is in information about the undertaking's impacts.	(b) the capacity of such information to meet the users' decision-making needs, including the needs of primary users of general-purpose financial reporting described in paragraph 48 and/or the needs of users whose principal interest is in information about the undertaking's impacts.	DELETED
32. If the undertaking concludes that climate change is not material and therefore omits all disclosure requirements in ESRS E1 Climate change, it shall disclose a detailed explanation of the conclusions of its materiality assessment with regard to climate change (see ESRS 2 IRO-2 Disclosure Requirements in ESRS covered by the undertaking's sustainability statement), including a forward-looking analysis of the conditions that could lead the undertaking to conclude that climate change is material in the future. If the undertaking concludes that a topic other than climate change is not material and therefore it omits all the Disclosure Requirements in the corresponding topical ESRS, it may briefly explain the conclusions of its materiality assessment for that topic.	32. If the undertaking concludes that climate change is not material and therefore omits all disclosure requirements in ESRS E1 Climate change, it shall disclose a detailed explanation of the conclusions of its materiality assessment with regard to climate change (see ESRS 2 IRO-2 Disclosure Requirements in ESRS covered by the undertaking's sustainability statement), including a forward-looking analysis of the conditions that could lead the undertaking to conclude that climate change is material in the future. If the undertaking concludes that a topic other than climate change is not material and therefore it omits all the Disclosure Requirements in the corresponding topical ESRS, it may briefly explain the conclusions of its materiality assessment for that topic.	DELETED Content on climate has been maintained in ESRS 2 only and reduced. Voluntary disclosure on reasons to omit topics other than climate also deleted from ESRS 2.
33. When disclosing information on policies, actions and targets in relation to a sustainability matter that has been assessed to be material, the undertaking shall include the information prescribed by all the Disclosure Requirements and datapoints in the topical and sector-specific ESRS related to that matter and in	33. When disclosing information on policies, actions and targets in relation to a sustainability matter that has been assessed to be material, the undertaking shall include the information prescribed by all the Disclosure Requirements and datapoints in the topical and sector-specific ESRS related to that matter and in	DELETED Role of former MDRs, now GDRs, is covered in section 3.6 via a simplified text.

<p>the corresponding Minimum Disclosure Requirement on policies, actions, and targets required under ESRS 2. If the undertaking cannot disclose the information prescribed by either the Disclosure Requirements and datapoints in the topical or sector-specific ESRS, or the Minimum Disclosure Requirements in ESRS 2 on policies, actions and targets, because it has not adopted the respective policies, implemented the respective actions or set the respective targets, it shall disclose this to be the case and it may report a timeframe in which it aims to have these in place.</p>	<p>the corresponding Minimum Disclosure Requirement on policies, actions, and targets required under ESRS 2. If the undertaking cannot disclose the information prescribed by either the Disclosure Requirements and datapoints in the topical or sector-specific ESRS, or the Minimum Disclosure Requirements in ESRS 2 on policies, actions and targets, because it has not adopted the respective policies, implemented the respective actions or set the respective targets, it shall disclose this to be the case and it may report a timeframe in which it aims to have these in place.</p>	
<p>34. When disclosing information on metrics for a material sustainability matter according to the Metrics and Targets section of the relevant topical ESRS, the undertaking:</p>	<p>34. When disclosing information on metrics for a material sustainability matter according to the Metrics and Targets section of the relevant topical ESRS, the undertaking:</p>	<p>DELETED Role of former MDRs, now GDRs, is covered in section 3.6 via a simplified text.</p>
<p>(a) shall include the information prescribed by a Disclosure Requirement if it assesses such information to be material; and</p>	<p>(a) shall include the information prescribed by a Disclosure Requirement if it assesses such information to be material; and</p>	<p>DELETED Streamlining of the text, replaced by the general filter of materiality of information (see paragraph 23 for the filter and paragraph 29 for the guidance on how to determine the information to be reported).</p>
<p>(b) may omit the information prescribed by a datapoint of a Disclosure Requirement if it assesses such information to be not material and concludes that such information is not needed to meet the objective of the Disclosure Requirement.</p>	<p>(b) may omit the information prescribed by a datapoint of a Disclosure Requirement if it assesses such information to be not material and concludes that such information is not needed to meet the objective of the Disclosure Requirement.</p>	<p>DELETED Streamlining of the text, replaced by the general filter of materiality of information.</p>
<p>35. If the undertaking omits the information prescribed by a datapoint that derives from other EU legislation listed in Appendix B of ESRS 2, it shall explicitly state that the information in question is 'not material'.</p>	<p>35. If the undertaking omits the information prescribed by a datapoint that derives from other EU legislation listed in Appendix B of ESRS 2, it shall explicitly state that the information in question is 'not material'.</p>	<p>DELETED Not needed as already in ESRS 2.</p>
<p>36. The undertaking shall establish how it applies criteria, including appropriate thresholds, to determine:</p>	<p>36. The undertaking shall establish how it applies criteria, including appropriate thresholds, to determine:</p>	<p>DELETED Simplified and moved to paragraph 38</p>
<p>(a) the information it discloses on metrics for a material sustainability matter according to the Metrics and Targets section of the relevant topical ESRS, in accordance with paragraph 34; and</p>	<p>(a) the information it discloses on metrics for a material sustainability matter according to the Metrics and Targets section of the relevant topical ESRS, in accordance with paragraph 34; and</p>	<p>DELETED Simplified and moved to paragraph 38</p>
<p>(b) the information to be disclosed as entity-specific disclosures.</p>	<p>(b) the information to be disclosed as entity-specific disclosures.</p>	<p>DELETED Simplified and moved to paragraph 38</p>
	<p><u>3.1.4. Periodicity of the double materiality assessment</u></p>	<p>Comment/Rationale</p>

ESRS 1 as enacted in 2023	Draft Amended ESRS 1	
	<p>35. At each reporting date, the undertaking shall consider whether significant changes have occurred that could affect the conclusions of the materiality assessment conducted in previous reporting periods. If such changes are identified, the undertaking shall review and update the assessment. Changes may relate to the undertaking's activities, structure, business relationships, understanding of impacts, risks or opportunities, assessment methodologies, or the external environment.</p>	<p>NEW</p> <p>It clarifies that a full DMA does not need to be repeated annually. Review and update when significant changes occur are required every year.</p>
3.3. Double materiality	3.3 3.2. Double materiality assessment: Impact materiality and financial materiality	Comment/Rationale
ESRS 1 as enacted in 2023	Draft Amended ESRS 1	
37. Double materiality has two dimensions, namely: impact materiality and financial materiality. Unless specified otherwise, the terms 'material' and 'materiality' are used throughout ESRS to refer to double materiality.	<p>37-36. Double materiality has two dimensions, namely: impact materiality and financial materiality. Unless specified otherwise, the terms 'material' and 'materiality' are used throughout ESRS to refer to double materiality and the undertaking shall consider how they interact. An impact can be financially material from the start or become financially material, when it is reasonably expected</p> <p>38. Impact materiality and financial materiality assessments are inter-related and the interdependencies between these two dimensions shall be considered. In general, the starting point is the assessment of impacts, although there may also be material risks and opportunities that are not related to the undertaking's impacts. A sustainability impact may be financially material from inception or become financially material, when it could reasonably be expected to affect the undertaking's financial position, financial performance, cash flows, its access to finance or cost of capital over the short-, medium- or long-term. Impacts are captured by the impact materiality perspective irrespective of whether or not they are financially material. Impacts can be material exclusively from an impact perspective, irrespective of whether they are financially material.</p>	<p>AMENDED</p> <p>Former paragraph 37 has been amended and integrated to former paragraph 38.</p>
38. Impact materiality and financial materiality assessments are inter-related and the interdependencies between these two dimensions shall be considered. In general, the starting point is the assessment of impacts, although there may also be material risks and opportunities that are not related to the undertaking's impacts. A sustainability impact may be financially material from inception or become financially material, when it could reasonably be expected to affect the undertaking's financial position, financial	<p>38-37 Impact materiality and financial materiality assessments are inter-related and the interdependencies between these two dimensions shall be considered. In general, the starting point is the assessment of impacts, although there may also be material risks and opportunities that are not related to the undertaking's impacts. A sustainability impact may be financially material from inception or become financially material, when it could reasonably be expected to affect the undertaking's financial position, financial</p>	<p>AMENDED, MOVED</p> <p>Amended and incorporated in new paragraph 36.</p> <p>Former paragraph 38 is amended and partly incorporated in new para. 37.</p>

<p>position, financial performance, cash flows, its access to finance or cost of capital over the short-, medium- or long-term. Impacts are captured by the impact materiality perspective irrespective of whether or not they are financially material.</p>	<p>performance, cash flows, its access to finance or cost of capital over the short-, medium- or long-term. Impacts are captured by the impact materiality perspective irrespective of whether or not they are financially material. In general, the starting point is the assessment of <i>impacts</i>. The undertaking shall as well evaluate whether there are material <i>risks or opportunities</i> that are not related to the undertaking's impacts, such as physical risks.</p>	
<p>39. In identifying and assessing the impacts, risks and opportunities in the undertaking's value chain to determine their materiality, the undertaking shall focus on areas where impacts, risks and opportunities are deemed likely to arise, based on the nature of the activities, business relationships, geographies or other factors concerned.</p>	<p>39. In identifying and assessing the impacts, risks and opportunities in the undertaking's value chain to determine their materiality, the undertaking shall focus on areas where impacts, risks and opportunities are deemed likely to arise, based on the nature of the activities, business relationships, geographies or other factors concerned.</p>	<p>AMENDED, MOVED Amended and moved to new paragraph 32</p>
<p>40. The undertaking shall consider how it is affected by its dependencies on the availability of natural, human and social resources at appropriate prices and quality, irrespective of its potential impacts on those resources.</p>	<p>40. The undertaking shall consider how it is affected by its dependencies on the availability of natural, human and social resources at appropriate prices and quality, irrespective of its potential impacts on those resources</p>	<p>AMENDED, MOVED Amended and moved to new paragraph 50</p>
<p>41. An undertaking's principal impacts, risks and opportunities are understood to be the same as the material impacts, risks and opportunities identified under the double materiality principle and therefore reported on in its sustainability statement.</p>	<p>41. An undertaking's principal impacts, risks and opportunities are understood to be the same as the material impacts, risks and opportunities identified under the double materiality principle and therefore reported on in its sustainability statement.</p>	<p>AMENDED, MOVED Amended and moved to new paragraph 16</p>
<p>42. The undertaking shall apply the criteria set under sections 3.4 and 3.5 in this Standard, using appropriate quantitative and/or qualitative thresholds. Appropriate thresholds are necessary to determine which impacts, risks and opportunities are identified and addressed by the undertaking as material and to determine which sustainability matters are material for reporting purposes. Some existing standards and frameworks use the term "most significant impacts" when referring to the threshold used to identify the impacts that are described in ESRS as "material impacts."</p>	<p>42. 38. The undertaking shall apply the criteria set under sections 3.4 and 3.5 in this Standard, using appropriate quantitative and/or qualitative thresholds. Appropriate thresholds are necessary to determine which impacts, risks and opportunities are identified and addressed by the undertaking as material and to determine which sustainability matters are material for reporting purposes. Some existing standards and frameworks use the term "most significant impacts" when referring to the threshold used to identify the impacts that are described in ESRS as "material impacts." The undertaking shall determine which impacts, risks or opportunities are material, based on the criteria in Chapters 3.2.1 and 3.2.2, and supported by appropriate qualitative considerations and quantitative thresholds.</p>	<p>AMENDED, MOVED Last sentence has been moved and amended to AR 19.</p>
<p>3.4 Impact materiality</p>	<p>3-4 3.2.1 Impact materiality assessment</p>	<p>Comment/Rationale</p>
<p>ESRS 1 as enacted in 2023</p>	<p>Draft Amended ESRS 1</p>	

<p>43. A sustainability matter is material from an impact perspective when it pertains to the undertaking's material actual or potential, positive or negative impacts on people or the environment over the short-, medium- or long-term.</p> <p>Impacts include those connected with the undertaking's own operations and upstream and downstream value chain, including through its products and services, as well as through its business relationships. Business relationships include those in the undertaking's upstream and downstream value chain and are not limited to direct contractual relationships.</p>	<p>43.39. A sustainability matter is material from an impact perspective when it pertains to the undertaking's material actual or potential, positive or negative impacts on people or the environment over the short-, medium- or long-term.</p> <p>Impacts include those connected with the undertaking's own operations and upstream and downstream value chain, including through its products and services, as well as through its business relationships. Business relationships include those in the undertaking's upstream and downstream value chain and are not limited to direct contractual relationships. The impact materiality assessment identifies the undertaking's material impacts.</p>	<p>AMENDED, MOVED To simplify content. [AR 16, AR 17, AR 18, AR 19 contain related guidance for paragraph 39]</p>
<p>44. In this context impacts on people or the environment include impacts in relation to environmental social and governance matters.</p>	<p>44. In this context impacts on people or the environment include impacts in relation to environmental social and governance matters.</p>	<p>DELETED Not needed.</p>
	<p>43.40. The undertaking shall report information about a given topic from an impact perspective if that topic relates. A sustainability matter is material from an impact perspective when it pertains to the undertaking's material actual or potential, positive or negative impacts on people or the environment over the short-, medium- or long-term. Impacts include those connected with the undertaking's own operations and its upstream and downstream value chain, including through its products and services, as well as through its business relationships in its upstream and downstream value chain. Business relationships include those in the undertaking's upstream and downstream value chain and are not limited to direct contractual relationships.</p>	<p>AMENDED, MOVED [AR 16, AR 17, AR 18, AR 19 contain related guidance for paragraph 40] Former paragraph 43 amended. Streamlining the content.</p>
<p>45. The materiality assessment of a negative impact is informed by the due diligence process defined in the international instruments of the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises. For actual negative impacts, materiality is based on the severity of the impact, while for potential negative impacts it is based on the severity and likelihood of the impact. Severity is based on the following factors:</p> <p>(a) the scale;</p>	<p>45.41. The materiality assessment of a negative impact is informed by the due diligence process defined in the international instruments of the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises. For actual negative impacts, materiality is shall be assessed based on the severity of the impact. While for potential negative impacts, it shall be assessed is based on the severity and likelihood of the impact. Severity shall be assessed is based on the following factors: (a) the scale, scope and irremediable character of the impact. In the case of a potential negative human rights impact, the severity of the impact takes precedence over its likelihood.</p>	<p>AMENDED, MOVED [AR 20 contains related guidance for paragraph 41] Content of the former paragraphs 45 (including (a), (b) and (c)).</p>

(b) scope; and	(b) scope; and	AMENDED, MOVED Moved to new paragraph 41.
(c) irremediable character of the impact.	(c) irremediable character of the impact.	AMENDED, MOVED Moved to new paragraph 41.
In the case of a potential negative human rights impact, the severity of the impact takes precedence over its likelihood.	In the case of a potential negative human rights impact, the severity of the impact takes precedence over its likelihood.	AMENDED, MOVED Moved to new paragraph 41.
46. For positive impacts, materiality is based on: (a) the scale and scope of the impact for actual impacts; and	46.42. For actual positive impacts, materiality shall be assessed is based on: (a) the scale and scope of the impact. for actual impacts; and For potential positive impacts, materiality shall be assessed based on the scale, scope and likelihood of the impact.	AMENDED, MOVED Former paragraph 46 (a) and (b) are now embedded in new paragraph 42.
(b) the scale, scope and likelihood of the impact for potential impacts.	(b) the scale, scope and likelihood of the impact for potential impacts.	AMENDED, MOVED Moved to new paragraph 42.
	24.43. The result of engagement with affected stakeholders is central to the undertaking's on-going due diligence process (see chapter 4 Due diligence) and sustainability materiality assessment. This includes its processes to identify and assess actual and potential negative impacts, which then inform the assessment process to identify the material impacts for the purposes of sustainability reporting (see section 3.4 of this Standard). carried out in the context of ongoing sustainability due diligence activities is a key input to the impact materiality assessment. Affected stakeholders are individuals or groups whose interests are affected or could be affected by the undertaking's activities and its direct and indirect business relationships in its upstream and downstream value chain. Civil society, non-governmental organisations and trade unions as users can be proxies for affected stakeholders.	AMENDED, MOVED [AR 21, AR 22, AR 23 contain related guidance for paragraph 43] Moved and combined content from former paragraph 22(b) and 24 with editorial changes
	44. The following applies in determining how to consider prevention, mitigation and remediation policies and actions in the materiality assessment:	NEW To respond to a frequent implementation question and avoid divergence of interpretations new guidance has been introduced on how to consider the implemented remediation, mitigation and prevention policies and actions when assessing the materiality of an impact. This has been done with a focus on impacts, in consideration that in financial materiality companies in general have already the experience of financial reporting which they can

		<p>leverage. This is a technically complex area and EFRAG considered carefully how to combine the much-needed clarification with the need to avoid over-simplification, which would not bring clarity nor solve the existing issues, considering that this is at the core of robust sustainability reporting for impact materiality.</p> <p>For more details on this paragraph and on (a), (b), (c) please see also Chapter 10 of the Basis for Conclusions in relation to ESRS 1.</p>
	<p><u>(a) the severity of actual negative impacts – those that manifest during the reporting year - shall be assessed as they actually manifested during the reporting year. Actual impacts include those that have originated in the previous reporting periods and continue to exist in the current reporting period. Their severity is assessed based on the current reporting period, i.e. taking into account how they were mitigated in the previous periods.</u> <u>Remediation of impacts realised during the reporting period shall not be considered;</u></p>	<p>NEW</p> <p>[AR 24 contains related guidance for paragraph 44(a)]</p> <p>Guidance included to support the assessment of materiality for actual impacts which takes into consideration the effect of policies and actions that are implemented (i.e. not only planned). Definitions of actual impact and remediation are included in Annex II - Aggregated acronyms and glossary of terms.</p>
	<p><u>(b) the severity and likelihood of potential negative impacts – those that may manifest in the future - shall be assessed taking into account only implemented prevention and mitigation policies and actions if those policies and actions can reasonably be assumed to effectively reduce the severity or likelihood. Actions or policies that have not yet been implemented shall not be considered; and</u></p>	<p>NEW</p> <p>[AR 25 contains related guidance for paragraph 44(b)]</p> <p>To provide guidance which would avoid 'under-reporting' as well as 'over-reporting', this guidance supports the assessment of materiality for potential impacts. It requires the consideration of the effect of policies and actions that are implemented (i.e. not only planned) but only if those policies and actions are reasonably expected to be effective in reducing severity and likelihood below the materiality thresholds.</p> <p>To avoid the risk of excessive documentation burden due to having to prove the effectiveness of the policies and actions, the filter of 'reasonably assumed to' has been introduced.</p>
	<p><u>(c) the information about impacts and how the undertaking manages them through policies and actions may be decision-useful to users, irrespective of how effectively the undertaking manages them or irrespective of how effectively the corresponding topics are regulated. In these cases, the materiality assessment needs to take this into account.</u></p>	<p>NEW</p> <p>[AR 26 contains related guidance for paragraph 44(c)]</p> <p>Based on evidence gathered during the field test and to avoid the under-reporting associated with a 'post-policies and actions' approach, this paragraph introduces the concept of 'inherent impacts' to capture current practice where there are IROs and</p>

		associated topics that tend to be material for users in a given sector, irrespective of how effective the implemented policies and actions are.
	<p><u>45. Positive impacts shall be assessed on their own, without netting against negative impacts. The results of prevention, mitigation or remediation actions to address negative impacts the undertaking is connected to, or compliance with law and regulation, are not positive impacts. Positive impacts include effects of the undertaking's business activities, products or services that mitigate or remediate another party's negative impacts, when the undertaking is not connected to those impacts.</u></p>	<p>NEW</p> <p>Responding to implementation questions asking to define positive impacts. Responding to observed practices where positive impacts were reported that did not respond to this definition.</p> <p>To avoid boiler plate disclosure and provide relevant information about positive and negative impacts (netting not allowed).</p> <p>Reference to "philanthropy" was considered but discarded. Only impacts that derive from business activities, products and services qualify as positive impacts to be reported.</p>
	<p>AR 12 AR 16 for paras. 39 – 40 (Examples of impacts connected)</p> <p><u>As an illustration The following are two examples of impacts that are connected with the undertaking:</u></p> <p class="list-item-l1">(a) if the undertaking uses cobalt in its products, which that is mined by using children labour, the negative impact (i.e. child labour) that arises is connected with the undertaking's products through the tiers of business relationships in its upstream value chain. These business relationships include <u>the suppliers, the smelter and minerals trader and the mining enterprise that uses child labour; and</u></p> <p class="list-item-l1">(b) if the undertaking provides financial loans to an undertaking for business activities that, in breach of agreed environmental standards, result in the contamination of water and land surrounding the operations, this negative impact is connected with the undertaking through its relationship with the <u>undertaking enterprise</u> it provides the loans to.</p>	<p>AMENDED, MOVED</p> <p>[AR 16 includes guidance for paragraphs 39-40]</p> <p>Former AR 12 amended</p>
	<p>AR 17 for paras. 39 – 40 (Qualitative considerations and quantitative thresholds)</p> <p><u>In the 'top-down' approach, qualitative considerations may be sufficient to derive a conclusion on materiality. In a 'bottom-up' approach the undertaking may use either qualitative</u></p>	<p>NEW</p> <p>[AR 17 includes guidance for paragraphs 39-40]</p> <p>To avoid that the requirement to adopt materiality thresholds is interpreted as requiring in all cases the use of quantitative</p>

	<p><u>considerations or quantitative thresholds, depending on the nature of the impact, available data and other circumstances.</u></p>	<p>thresholds. 'Qualitative considerations' term is introduced instead of qualitative threshold, for clarity reasons.</p>
	<p><u>AR-9 AR 18 for paras. 39 – 40 (Steps in the impacts materiality assessment)</u></p> <p>In assessing impact materiality and determining the material matters to be reported, The undertaking shall consider the following three steps in impact materiality assessment:</p> <p class="list-item-l1">(a) understanding of the context in relation to its impacts including its (activities, business relationships and stakeholders);</p> <p class="list-item-l1">(b) identification of actual and potential impacts (both negative and positive), including through engaging with stakeholders and experts. In this step, the undertaking may rely on scientific and analytical research on impacts on sustainability matters. Identify actual and potential impacts (negative and positive); and</p> <p class="list-item-l1">(c) assessment of the materiality of its actual and potential impacts and determination of the material matters. In this step, the undertaking shall adopt thresholds to determine which of the impacts will be covered in its sustainability statement. assess the materiality of actual and potential impacts and determine the topics to be reported, based on the outcome of the assessment.</p>	<p>AMENDED, MOVED</p> <p>[AR 18 includes guidance for paragraphs 39-40]</p> <p>Former AR 9 with edits.</p>
	<p><u>42.AR 19 for paras. 39 – 40 (Terms used in other reporting framework)</u></p> <p>The undertaking shall apply the criteria set under sections 3.4 and 3.5 in this Standard, using appropriate quantitative and/or qualitative thresholds. Appropriate thresholds are necessary to determine which impacts, risks and opportunities are identified and addressed by the undertaking as material and to determine which sustainability matters are material for reporting purposes. Some existing standards and frameworks use. The term 'most significant impacts' when referring to the threshold used to identify the impacts that are described in ESRS as "material impacts." is used in</p>	<p>AMENDED, MOVED</p> <p>[AR 19 includes guidance for paragraphs 39-40]</p> <p>Former para 42 moved and amended for simplification</p>

	<p><u>some existing reporting frameworks to refer to impacts that are described in ESRS as 'material impacts'.</u></p>	
	<p><u>AR-10 AR 20 for para. 41 (Scale, scope and irremediable character)</u></p> <p><u>The severity of an impact is assessed based on its scale, scope and irremediable character:</u></p> <p>(a) scale: how <u>serious</u> grave the negative impact is or how beneficial the positive impact is for people or the environment;</p> <p>(b) scope: how widespread the negative or positive impacts are. In the case of environmental impacts, 'scope' may be understood as the extent of environmental damage or as a geographical perimeter. In the case of impacts on people, 'scope' may be understood as the number of people negatively affected; and</p> <p>(c) irremediable character: whether and to what extent the negative impacts could be remediated, i.e. by restoring the environment or affected people to their prior state.</p> <p><u>(AR 11) Any of the three characteristics (scale, scope and irremediable character) can make a negative impact severe.</u></p>	<p>AMENDED, MOVED</p> <p>[AR 20 includes guidance for paragraph 41]</p> <p>Former AR 10 with small editorial amendments. It is contained former AR 11 amended.</p>
	<p><u>AR-6-AR 21 for para. 43 (Stakeholders)</u></p> <p>In addition to The typical categories of affected stakeholders listed in paragraph 22, common categories of stakeholders are: employees and other workers, suppliers, consumers, customers, end-users, local communities and persons in vulnerable situations, and public authorities, including regulators, supervisors and central banks. of an undertaking are: workers and workers' representatives in the undertaking's own workforce and in its upstream and downstream value chains, communities affected by its business operations or upstream and downstream value chain activities, and consumers and end-users of its products and services. Consideration of affected stakeholders requires particular attention to the stakeholders within these categories who are in particularly vulnerable situations.</p> <p>AR-7 Nature may be considered as a silent affected stakeholder. In this case, ecological data and data on the conservation of species may support the undertaking's materiality assessment.</p>	<p>AMENDED, MOVED</p> <p>[AR 21 includes guidance for paragraph 43]</p> <p>Former AR 6 and 7.</p>

	<p><u>-24 and AR 8-AR 22 for para. 43 (Engagement with affected stakeholders)</u></p> <p><u>Engagement with affected stakeholders is central to the undertaking's on-going due diligence process (see chapter 4 Due diligence) and sustainability materiality assessment. This includes its processes to identify and assess actual and potential negative impacts, which then inform the assessment process to identify the material impacts for the purposes of sustainability reporting (see section 3.4 of this Standard).</u></p> <p><u>If the undertaking engages with affected stakeholders as part of its due diligence process (if any) to identify, assess and address negative impacts, the results of this engagement provide a valuable input to its materiality assessment, without necessarily putting in place a separate engagement process for the materiality assessment. However, the undertaking may also seek direct input into its materiality assessment from affected stakeholders or their representatives (such as employee representatives or trade unions), as well as users of sustainability reporting and other experts. This includes feedback on the undertaking's conclusions regarding the identification of material impacts, risks or opportunities, as well as regarding the topics to be reported.</u></p> <p><u>AR 8. Materiality assessment is informed by dialogue with affected stakeholders. The undertaking may engage with affected stakeholders or their representatives (such as employees or trade unions), along with users of sustainability reporting and other experts, to provide inputs or feedback on its conclusions regarding its material impacts, risks and opportunities.</u></p>	<p>AMENDED, MOVED</p> <p>[AR 22 includes guidance for paragraph 43]</p> <p>Former para 24 and AR 8 amended. Specified that a separate engagement process for DMA is not always required.</p>
	<p><u>AR 23 for para. 43 (Workers' representatives)</u></p> <p><u>In accordance with the Accounting Directive (Directive 2013/34/EU of the European Parliament and of the Council), as amended by the Corporate Sustainability Reporting Directive (Directive (EU) 2022/2464 of the European Parliament and of the Council), 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. Such a process and, where applicable, the related communication to the relevant administrative, management and supervisory bodies constitute a valuable element of engagement with stakeholders.</u></p>	<p>NEW</p> <p>[AR 23 includes guidance for paragraph 43]</p> <p>It aligns ESRS with the Accounting Directive, later CSRD, requirements on workers' representatives engagement. It adds emphasis on the obligations already in the CSRD.</p>

	<p><u>AR 24 for para. 44 (a) (consideration of implemented policies and actions)</u></p> <p><u>As an illustration, for the consideration of implemented policies and actions in the materiality assessment in relation to paragraph 44(a), when an oil spill occurs, the effort to contain the spill is considered as mitigation, while the repair of the damage or harm that was caused by the spill is considered as remediation.</u></p>	<p>NEW</p> <p>[AR 24 includes guidance for paragraph 44(a)]</p> <p>Practical illustration of implemented mitigation and remediation policies and actions for consideration in the materiality assessment of actual impact.</p>
	<p><u>AR 25 for para. 44 (b) (Policy in isolation)</u></p> <p><u>If a policy implies future actions to ensure that it is effective in reducing severity or likelihood, the existence of that policy and of the related future actions shall not be considered in assessing the materiality of impacts.</u></p>	<p>NEW</p> <p>[AR 25 includes guidance for paragraph 44(b)]</p> <p>Clarification on future actions related to existing policies for consideration in the materiality assessment of potential impacts.</p>
	<p><u>AR 26 for para. 44 (c)</u></p> <p><u>In the cases described in paragraph 44(c), the undertaking shall adapt its approach to the materiality assessment as appropriate to meet the information needs of users, as described in paragraph 23.</u></p>	<p>NEW</p> <p>[AR 26 includes guidance for paragraph 44(c)]</p> <p>To emphasise the role of materiality of information (paragraph 23) in informing the approach to consideration of policies and actions for 'inherent impacts' identified in paragraph 44 (c). The undertaking is expected to adapt its approach to consideration of policies and actions in order to reflect that for information about some specific impacts is decision-useful for users, irrespective of how effective the undertaking has been in managing them and irrespective of how heavily they are regulated. This is to avoid possible under-reporting deriving from the approach in 44 (b) to potential impacts. See paragraph 185 j (ii) of the Basis for Conclusions.</p>
3.5 Financial materiality	3.5 3.2.2 Financial materiality	Comment/Rationale
ESRS 1 as enacted in 2023	Draft Amended ESRS 1	
47. The scope of financial materiality for sustainability reporting is an expansion of the scope of materiality used in the process of determining which information should be included in the undertaking's financial statements.	47. The scope of financial materiality for sustainability reporting is an expansion of the scope of materiality used in the process of determining which information should be included in the undertaking's financial statements.	<p>AMENDED, MOVED</p> <p>Moved and amended to paragraph 47</p>
48. The financial materiality assessment corresponds to the identification of information that is considered material for primary users of general-purpose financial reports in making decisions relating to providing resources to the entity.	48.46. The financial materiality assessment corresponds to the identification of information that is considered material for primary users of general-purpose financial reports in making decisions relating to providing resources to the entity.	<p>AMENDED</p> <p>Second sentence deleted</p>

<p>particular, information is considered material for primary users of general-purpose financial reports if omitting, misstating or obscuring that information could reasonably be expected to influence decisions that they make on the basis of the undertaking's sustainability statement.</p>	<p>(see paragraph 23 (a)). In particular, information is considered material for primary users of general-purpose financial reports if omitting, misstating or obscuring that information could reasonably be expected to influence decisions that they make on the basis of the undertaking's sustainability statement.</p>	
<p>49. A sustainability matter is material from a financial perspective if it triggers or could reasonably be expected to trigger material financial effects on the undertaking. This is the case when a sustainability matter generates risks or opportunities that have a material influence, or could reasonably be expected to have a material influence, on the undertaking's development, financial position, financial performance, cash flows, access to finance or cost of capital over the short-, medium- or long-term. Risks and opportunities may derive from past events or future events. The financial materiality of a sustainability matter is not constrained to matters that are within the control of the undertaking but includes information on material risks and opportunities attributable to business relationships beyond the scope of consolidation used in the preparation of financial statements.</p>	<p><u>47. 49-47. The scope of financial materiality for sustainability reporting is an expansion of the scope of materiality used in the process of determining which information should shall be included in the undertaking's financial statements on the basis of the applicable recognition and measurement rules. The financial materiality of a topic is not limited to material risks or opportunities affecting entities that are within the control of the undertaking, but includes information on material risks and opportunities attributable to business relationships in the upstream and downstream value chain (see paragraph 63).</u> <u>A sustainability matter is material from a financial perspective if it triggers or could reasonably be expected to trigger material financial effects on the undertaking. This is the case when a sustainability matter generates risks or opportunities that have a material influence, or could reasonably be expected to have a material influence, on the undertaking's development, financial position, financial performance, cash flows, access to finance or cost of capital over the short-, medium- or long-term. Risks and opportunities may derive from past events or future events. The financial materiality of a sustainability matter is not constrained to matters that are within the control of the undertaking but includes information on material risks and opportunities attributable to business relationships beyond the scope of consolidation used in the preparation of financial statements</u></p>	<p>AMENDED, MOVED Former paragraph 47 has been amended, and part of paragraph 49 has been incorporated and amended here.</p>
	<p><u>49. 48. The undertaking shall report information on a topic-a sustainability matter is material from a financial materiality perspective, if it triggers, or could reasonably be expected to trigger, material financial effects on the undertaking. This is the case when a sustainability matter generates the risks or opportunities related to a topic have, that have a material influence, or could reasonably be expected to have a, material influence on its the undertaking's development, financial position, financial performance, cash flows, access to finance or cost of capital over the short, medium or long term. Risks and opportunities may derive from past events or future events. The financial materiality of a sustainability matter is not constrained to matters that are within the control of the undertaking but includes</u></p>	<p>AMENDED, MOVED Former paragraph 49 has been split between new paragraph 47 and 48.</p>

	<p>information on material risks and opportunities attributable to business relationships beyond the scope of consolidation used in the preparation of financial statements.</p>	
50. Dependencies on natural, human and social resources can be sources of financial risks or opportunities. Dependencies may trigger effects in two possible ways:	<p>50.49. Dependencies on natural, human and social resources can be sources of financial risks or opportunities. Dependencies may trigger effects in two possible ways:</p> <p><u>Risks and opportunities may arise from past or future events.</u> <u>Material risks and opportunities arise from the undertaking's:</u></p> <p class="list-item-l1">(a) <u>material impacts identified in the impact materiality assessment;</u></p> <p class="list-item-l1">(b) <u>dependencies on natural, human and social resources; and</u></p> <p class="list-item-l1">(c) <u>other factors, such as exposure to climate hazards or regulatory changes addressing systemic risks</u></p> <p>(a) they may influence the undertaking's ability to continue to use or obtain the resources needed in its business processes, as well as the quality and pricing of those resources; and</p>	<p>AMENDED, MOVED</p> <p>Streamlined. Paragraph 40 (b) incorporated from former paragraph 50.</p>
(b) they may affect the undertaking's ability to rely on relationships needed in its business processes on acceptable terms.	(b) they may affect the undertaking's ability to rely on relationships needed in its business processes on acceptable terms.	DELETED
	<p>40-50. The undertaking shall consider how it is affected by its dependencies on the availability of natural, human and social resources at appropriate prices and quality, irrespective of its potential impacts on those resources. When identifying risks and opportunities, the undertaking shall consider dependencies as sources of financial effects, either in terms of cash flows or in terms of resources not recognised in financial statements.</p> <p><u>Dependencies may be sources of risks or opportunities regardless of potential impacts on the natural, human and social resources relied on.</u></p>	<p>AMENDED, MOVED</p> <p>Former para. 40 amended</p>
51. The materiality of risks and opportunities is assessed based on a combination of the likelihood of occurrence and the potential magnitude of the financial effects.	51. The materiality of risks and opportunities is assessed based on a combination of the likelihood of occurrence and the potential magnitude of the financial effects.	UNCHANGED
	<p><u>AR 27 for para. 49 (Internal risk management)</u></p> <p><u>The internal risk management framework is a valuable input to materiality assessment of risks and opportunities. For credit</u></p>	<p>NEW</p> <p>[AR 27 includes guidance for paragraph 49]</p>

	<p><u>institutions and insurance undertakings, consistency is expected with the applicable prudential regulatory frameworks.</u></p>	<p>Added to support the adoption of approaches consistent with internal risk management when addressing materiality of risks and opportunities, including for credit institutions and insurance undertakings in relation to the applicable prudential regulatory frameworks.</p>
	<p>50. Dependencies on natural, human and social resources can be sources of financial risks or opportunities. Dependencies may trigger effects in two possible ways: (a) they may influence the undertaking's ability to continue to use or obtain the resources needed in its business processes, as well as the quality and pricing of those resources; and</p> <p><u>AR 28 for para. 49 (Dependencies)</u></p> <p><u>Dependencies may affect:</u></p> <p class="list-item-l1">(a) <u>the undertaking's ability to use or obtain the resources needed in its business processes;</u></p> <p class="list-item-l1">(b) <u>the quality and pricing of those resources; or</u></p> <p class="list-item-l1">(c) <u>the ability to rely on acceptable terms in relationships needed for business processes.</u></p>	<p>NEW</p> <p>[AR 28 includes guidance for paragraph 49]</p> <p>Former paragraph 50 amended</p>
	<p><u>AR 15AR 29 for para. 49 (Contribution to financial effects)</u></p> <p>Once the undertaking has identified its risks and opportunities, it shall determine which of them are material for reporting. This shall be based on a combination of (i) the likelihood of occurrence and (ii) the potential magnitude of financial effects determined on the basis of appropriate thresholds. In this step it shall consider the contribution of those risks and opportunities to financial effects in the short, medium and long term based on: (a) scenarios/forecasts that are deemed likely to materialise; and</p> <p class="list-item-l1">(b) anticipated financial effects related to sustainability matters deriving either from situations with a below the 'more likely than not' threshold or assets/liabilities not, or not yet, reflected in financial statements. This includes: i. potential situations that following the occurrence of future events may affect cash flow generation potential; ii. capitals that are not recognised as assets from an accounting and financial reporting perspective but have a significant influence on financial performance, such as natural, intellectual (organizational), human, social and relationship capitals; and iii. possible future events that may have an influence on the evolution of such capitals.</p>	<p>AMENDED, MOVED</p> <p>[AR 29 includes guidance for paragraph 49]</p> <p>Former AR 15 amended</p>

	<p><u>When assessing materiality of risks and opportunities, the undertaking shall consider their contribution to financial effects over short, medium and long-term using:</u></p> <p>(a) <u>likely scenarios/forecasts; and</u></p> <p>(b) <u>anticipated financial effects that are not (or are not yet) reflected in financial statements and arise from material risks and opportunities. This may derive from situations that do not yet lead to the recognition of assets and liabilities or income and expenses in financial statements in accordance with the accounting recognition criteria.</u></p>	
	3.3 Specific circumstances	Comment/Rationale
3.6 Material impacts or risks arising from actions to address sustainability matters	3.6.3.3.1 Material impacts or risks arising from actions to address impacts or risks related to other topics	
ESRS 1 as enacted in 2023	Draft Amended ESRS 1	
52. The undertaking's materiality assessment may lead to the identification of situations in which its actions to address certain impacts or risks, or to benefit from certain opportunities in relation to a sustainability matter, might have material negative impacts or cause material risks in relation to one or more other sustainability matters. For example:	52. The undertaking's materiality assessment may <u>lead to the identification of situations in which its identify situations where the undertaking's actions taken to address certain impacts, risks, or opportunities, related to one topic may create to benefit from certain opportunities in relation to a sustainability matter, might have material negative impacts or cause material risks in relation to one or more other sustainability matters for one or more other topics. In such situations, the undertaking shall present its disclosure in a way that facilitates the understanding of the connections between different topics.</u>	AMENDED, MOVED For further streamlining it was considered whether 3.6 could be merged into 9.2 where linkages between different parts of the sustainability statement are explained. It was retained here as separate point giving the relevance of the concept of "just transition". Instead, a reference to chapter 9.2 has been added in new AR 30 for para. 52. Example deleted to streamline the content
(a) an action plan to decarbonise production that involves abandoning certain products might have material negative impacts on the undertaking's own workforce and result in material risks due to redundancy payments; or	(b) an action plan of an automotive supplier to focus on the supply of e-vehicles might lead to stranded assets for the production of supply parts for conventional vehicles.	DELETED To streamline the content.
53. In such situations, the undertaking shall:	<p>53. AR 30 for para. 52 (Impacts or risks arising from actions)</p> <p><u>In such situations, the undertaking shall:</u></p> <p><u>(a) disclose the existence of material negative impacts or material risks together with the actions that generate them, with a cross-reference to the topic to which the impacts or risks relate; and</u></p> <p><u>The following is an illustration of such situations. The climate-mitigation transition plan results in negative material impacts or</u></p>	AMENDED, MOVED [AR 30 includes guidance for paragraph 52] Connected information has now been concentrated in chapter 9.1 based on IFRS S1 provisions in that respect.

	<p><u>risks related to own workforce. To promote connected information (see Chapter 9.2), the undertaking:</u></p> <p>(a) <u>discloses under own workforce the material negative impacts or risks resulting from the transition plan, including the actions that cause them, with a cross-reference to the climate disclosure; and</u></p> <p>(b) <u>provides a description in the climate disclosure of how the climate-related material negative impacts or risks are addressed. under the topic to which they relate.</u></p>	
3.7 Level of disaggregation	3.7 3.3.2 Level of aggregation and disaggregation	Comment/Rationale
ESRS 1 as enacted in 2023	Draft Amended ESRS 1	
<p>54. When needed for a proper understanding of its material impacts, risks and opportunities, the undertaking shall disaggregate the reported information:</p> <p>(a) by country, when there are significant variations of material impacts, risks and opportunities across countries and when presenting the information at a higher level of aggregation would obscure material information about impacts, risks or opportunities; or</p> <p>(b) by significant site or by significant asset when material impacts risks and opportunities are highly dependent on a specific location or asset.</p>	<p><u>54.53. When needed for a proper understanding of its material impacts, risks and opportunities, the undertaking shall disaggregate the reported information:</u></p> <p>(a) <u>by country, when there are significant variations of material impacts, risks and opportunities across countries and when presenting the information at a higher level of aggregation would obscure material information about impacts, risks or opportunities; or</u></p> <p>(b) <u>by significant site or by significant asset when material impacts risks and opportunities are highly dependent on a specific location or asset.</u></p> <p><u>The undertaking shall aggregate or disaggregate the information in a way that reflects the level at which significant variations of material impacts, risks or opportunities arise, such as by topic, sector, subsidiary, geography, asset. The undertaking shall consider relevant facts and circumstances to determine the level of aggregation that supports faithful representation of its impacts, risks or opportunities.</u></p>	<p>AMENDED</p> <p>[AR 31 contains related guidance for paragraph 53]</p> <p>As chapter 3.3.2 has provisions on both aggregation AND disaggregation of information.</p> <p>Title modified to emphasise both aspects (disaggregation, but also aggregation) and avoid excessive focus on disaggregation.</p> <p>Simplified text based, concepts unchanged. The references to topic, sector, subsidiary, geography, asset that were missing are added. This is not expected to add burden due to additional disaggregation factors, but to support a better understanding of the factors to be considered, as the general principle was already applicable.</p> <p>Amendments of chapter 3.7 also respond to numerous questions received on the EFRAG Q&A platform how to do materiality assessment and determine metrics disclosures in group – subsidiary relationships.</p>
<p>55. When defining the appropriate level of disaggregation for reporting, the undertaking shall consider the disaggregation adopted in its materiality assessment. Depending on the undertaking's specific facts and circumstances, a disaggregation by subsidiary may be necessary.</p>	<p><u>55. When defining the appropriate level of disaggregation for reporting, the undertaking shall consider the disaggregation adopted in its materiality assessment. Depending on the undertaking's specific facts and circumstances, a disaggregation by subsidiary may be necessary.</u></p>	<p>AMENDED, MOVED</p> <p>Former para. 55 amended in new para. 55</p>

<p>56. Where data from different levels, or multiple locations within a level, is aggregated, the undertaking shall ensure that this aggregation does not obscure the specificity and context necessary to interpret the information. The undertaking shall not aggregate material items that differ in nature.</p>	<p>56.54. Where data from different levels, or multiple locations within a level, is aggregated, The undertaking shall ensure that this aggregation does not obscure the specificity and context necessary to interpret the information. The undertaking shall not aggregate material items that differ in nature. <u>the level of aggregation and disaggregation does not obscure material information.</u></p>	<p>AMENDED [AR 32 contains related guidance for paragraph 54] Amendment and streamlining, stressing the principle behind it</p>
	<p>55. When defining the appropriate level of disaggregation for reporting, the undertaking shall consider the disaggregation adopted in its materiality assessment. Depending on the undertaking's specific facts and circumstances, a disaggregation by subsidiary may be necessary.</p> <p><u>The disaggregation used to present a given disclosure shall reflect the level that provides the most relevant information to users, i.e. topic, group of impacts, risks or opportunities, individual impact, risk or opportunity. This should reflect factors such as the nature of the impacts, risks or opportunities in question or the way the undertaking manages them.</u></p>	<p>AMENDED, MOVED Former para. 55. Substance was retained but text was redrafted to clarify application of the provision.</p>
	<p>56. 102 When the undertaking is reporting at a consolidated level, it shall perform its assessment of material impacts, risks and opportunities for the entire consolidated group, regardless of its group legal structure. It shall ensure that all subsidiaries are covered in a way that allows for the unbiased identification of material impacts, risks and opportunities. Criteria and thresholds for assessing an impact, risk or opportunity as material shall be determined based on chapter 3 of this Standard</p> <p><u>When reporting at a consolidated level, the undertaking shall carry out the assessment of material <i>impacts, risks and opportunities</i> for the consolidated group regardless of the group's legal structure. It shall ensure that the activities of its subsidiaries are covered in a way that allows for the unbiased identification of material impacts, risks and opportunities at group level. Where If the undertaking identifies significant differences between material impacts, risks or opportunities at group level and material impacts, risks or opportunities of one or more of its subsidiaries, the undertaking <u>it shall provide an adequate description of the impacts, risks and opportunities, as appropriate, of the subsidiary or subsidiaries concerned</u> <u>disaggregate and present information in a way that allows an adequate understanding of the material impacts, risks and opportunities, of the subsidiary or subsidiaries concerned.</u> If a material impact, risk or opportunity determined at group level is not relevant for all subsidiaries or activities in the group, the information may be provided at a disaggregated level.</u></p>	<p>MERGED Moved and merged from former paragraphs 102 and 103 as it regards materiality and they are better located in this section. Last sentence added to emphasise the focus on activities or subsidiaries where a given IRO is material.</p>

	<u>covering only the subsidiaries or activities for which the impact, risk or opportunity is relevant (see also the reliefs for metrics in paragraph 94).</u>	
57. When the undertaking presents information disaggregated by sectors, it shall adopt the ESRS sector classification to be specified in a delegated act adopted by the Commission pursuant to article 29b(1) third subparagraph, point (ii), of Directive 2013/34/EU. When a topical or sector-specific ESRS requires that a specific level of disaggregation is adopted in preparing a specific item of information, the requirement in the topical or sector-specific ESRS shall prevail.	57. When the undertaking presents information disaggregated by sectors, it shall adopt the ESRS sector classification to be specified in a delegated act adopted by the Commission pursuant to article 29b(1) third subparagraph, point (ii), of Directive 2013/34/EU. When a topical or sector specific ESRS requires that a specific level of disaggregation is adopted in preparing a specific item of information, the requirement in the topical or sector specific ESRS shall prevail.	DELETED Paragraph 57 was entirely deleted as there will be no sector standards going forward.
	<u>AR 31 for para. 53 (Material geographies)</u> <u>The undertaking shall consider disaggregating reported information by material geographies (see AR 10) at appropriate level, when the severity of the underlying material impacts is highly dependent on the characteristics of the context of those geographies, or when there are significant differences in the undertaking's activities affecting those geographies.</u> <u>The adopted level of aggregation shall not obscure systemic interactions or drivers of impacts that exist in specific geographic contexts.</u>	NEW [AR 31 includes guidance for paragraph 53] Added in consideration of the deletion of the IRO 1 specifications in topical E standards, to foster the correct disaggregation of information by geography, only when needed, following the general principle. Link to AR 10 clarifies the level at which the disaggregation may take place.
	<u>AR 32 for para. 54 (Inappropriate level of aggregation)</u> <u>Information may be obscured where an inappropriate level of aggregation could influence the decision of primary users of general-purpose financial statements or the decisions including assessments of other users of the general-purpose sustainability statements. An inappropriate level of aggregation of impacts, risks and opportunities may result from aggregating those which do not have shared characteristics or disaggregating those which have shared characteristics. Information is obscured when material information is hidden by immaterial information.</u>	AMENDED, MOVED [AR 32 includes guidance for paragraph 54] Aggregation / disaggregation and obscuring was missing as an explicit mention; see IFRS S1 paragraph B30.
4. Due diligence	4. Due diligence	
ESRS 1 as enacted in 2023	Draft Amended ESRS 1	Comment/Rationale
58. The outcome of the undertaking's sustainability due diligence process (referred to as 'due diligence' in the international instruments mentioned below) informs the undertaking's assessment of its material impacts, risks and opportunities. ESRS	58. The outcome of the undertaking's sustainability due diligence process (referred to as 'due diligence' in the international instruments mentioned below) informs the undertaking's assessment of its material impacts, risks and opportunities. ESRS	MOVED First sentence moved to paragraph 59.

<p>do not impose any conduct requirements in relation to due diligence; nor do they extend or modify the role of the administrative, management or supervisory bodies of the undertaking with regard to the conduct of due diligence.</p>	<p>do not impose any conduct requirements in relation to due diligence; nor do they extend or modify the role of the administrative, management or supervisory bodies of the undertaking with regard to the conduct of due diligence.</p>	<p>Second part moved to paragraph 58.</p>
<p>59. Due diligence is the process by which undertakings identify, prevent, mitigate and account for how they address the actual and potential negative impacts on the environment and people connected with their business. These include negative impacts connected with the undertaking's own operations and its upstream and downstream value chain, including through its products or services, as well as through its business relationships. Due diligence is an on-going practice that responds to and may trigger changes in the undertaking's strategy, business model, activities, business relationships, operating, sourcing and selling contexts. This process is described in the international instruments of the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises.</p>	<p>59-57. Due diligence is the process by which <u>the undertakings identify, prevent, mitigate and account for how they address the actual and potential negative impacts on the environment and people connected with their business. These include negative impacts connected with the undertaking's own operations and its upstream and downstream value chain, including through its products or services, as well as through its business relationships.</u> <u>identifies, prevents, mitigates, remediates and brings to an end actual and potential negative impacts on people and the environment connected with its business.</u> The description of such a process is available in the international instruments of the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises. Due diligence is an on-going practice that responds to and may trigger changes in the undertaking's strategy, business model, activities, business relationships, operating, sourcing and selling contexts. This process is described in the international instruments of the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises.</p>	<p>AMENDED Editorial changes including sequence of content.</p>
	<p>58. ESRS do not impose any conduct requirements in relation to due diligence; nor do they extend or modify the role of the administrative, management or supervisory bodies of the undertaking with regard to the conduct of due diligence. <u>The provisions of ESRS are without prejudice of the provisions of the Corporate Sustainability Due Diligence Directive for undertakings in the scope of it.</u></p>	<p>AMENDED, MOVED Moved from the second part of former paragraph 58.</p>
	<p>59. The outcome of the undertaking's sustainability due diligence process (referred to as 'due diligence' in the international instruments mentioned below) informs the undertaking's assessment of its material impacts, risks and opportunities assessment of its material negative impacts.</p>	<p>AMENDED, MOVED Moved from the first part of former paragraph 58.</p>

<p>60. These international instruments identify a number of steps in the due diligence process, including the identification and assessment of negative impacts connected with the undertaking's own operations and its upstream and downstream value chain, including through its products or services, as well as through its business relationships. Where the undertaking cannot address all impacts at once, the due diligence process allows for action to be prioritised based on the severity and likelihood of the impacts. It is this aspect of the due diligence process that informs the assessment of material impacts (see section 3.4 of this Standard). The identification of material impacts also supports the identification of material sustainability risks and opportunities, which are often a product of such impacts.</p>	<p>60. These international instruments identify a number of steps in the due diligence process. <u>One of these steps is, including the identification and assessment of negative impacts connected with the undertaking's own operations, and its upstream and downstream value chain, including through its products or services, as well as through its business relationships products or services, including through business relationships in the undertaking's upstream and downstream value chain.</u> Where the undertaking cannot address all impacts at once, the due diligence process allows for action to be prioritised based on the severity and likelihood of the impacts. <u>It is this aspect of the due diligence process that informs the assessment of material impacts (see section 3.4 of this Standard).</u> The <u>identification and assessment steps in the due diligence process inform the assessment of material impacts for reporting purposes (see Chapter 3.2.1).</u> The identification of material <u>negative</u> impacts also supports the identification of material sustainability risks and opportunities, which are often a product of such impacts.</p>	<p>AMENDED [AR 33 contains related guidance for paragraph 60] Editorial changes.</p>
<p>61. The core elements of due diligence are reflected directly in Disclosure Requirements set out in ESRS 2 and in the topical ESRS, as illustrated below:</p> <p>(a) embedding due diligence in governance, strategy and business model. This is addressed under:</p> <ul style="list-style-type: none"> i. ESRS 2 GOV-2: Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies; ii. ESRS 2 GOV-3: Integration of sustainability-related performance in incentive schemes; and iii. ESRS 2 SBM-3: Material impacts, risks and opportunities and their interaction with strategy and business model. <p>(b) engaging with affected stakeholders. This is addressed under:</p> <ul style="list-style-type: none"> i. ESRS 2 GOV-2; ii. ESRS 2 SBM-2: Interests and views of stakeholders; iii. ESRS 2 IRO-1; iv. ESRS 2 MDR-P; and v. Topical ESRS: reflecting the different stages and purposes of stakeholder engagement throughout the due diligence process. 	<p>61. The core elements of due diligence are reflected directly in Disclosure Requirements set out in ESRS 2 and in the topical ESRS, as illustrated below:</p> <p>(a) embedding due diligence in governance, strategy and business model. This is addressed under:</p> <ul style="list-style-type: none"> i. ESRS 2 GOV-2: Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies; ii. ESRS 2 GOV-3: Integration of sustainability-related performance in incentive schemes; and iii. ESRS 2 SBM-3: Material impacts, risks and opportunities and their interaction with strategy and business model. <p>(b) engaging with affected stakeholders. This is addressed under:</p> <ul style="list-style-type: none"> i. ESRS 2 GOV-2; ii. ESRS 2 SBM-2: Interests and views of stakeholders; iii. ESRS 2 IRO-1; iv. ESRS 2 MDR-P; and v. Topical ESRS: reflecting the different stages and purposes of stakeholder engagement throughout the due diligence process. 	<p>MOVED Became AR 33 and not as part of main body. The content aligns better with application requirements than with the main body text, providing a description of core due process elements.</p> <p>In addition, the information on mapping the reporting requirements linked to the due diligence process have been deleted.</p>

(c) identifying and assessing negative impacts on people and the environment . This is addressed under: i. ESRS 2 IRO-1 (including Application Requirements related to specific sustainability matters in the relevant ESRS); and ii. ESRS 2 SBM-3;	(c) identifying and assessing negative impacts on people and the environment . This is addressed under: i. ESRS 2 IRO-1 (including Application Requirements related to specific sustainability matters in the relevant ESRS); and ii. ESRS 2 SBM-3;	
(d) taking action to address negative impacts on people and the environment . This is addressed under: i. ESRS 2 MDR-A; and ii. Topical ESRS: reflecting the range of actions, including transition plans, through which impacts are addressed.	(d) taking action to address negative impacts on people and the environment . This is addressed under: i. ESRS 2 MDR-A; and ii. Topical ESRS: reflecting the range of actions, including transition plans, through which impacts are addressed.	
(e) tracking the effectiveness of these efforts . This is addressed under: i. ESRS 2 MDR-M; ii. ESRS 2 MDR-T; and iii. Topical ESRS: regarding metrics and targets.	(e) tracking the effectiveness of these efforts . This is addressed under: i. ESRS 2 MDR-M; ii. ESRS 2 MDR-T; and iii. Topical ESRS: regarding metrics and targets.	
	AR 33 for para. 60 (Due diligence steps) The due diligence steps laid out by the international instruments detailed in paragraph 60 are: embedding due diligence in governance, strategy and business model; engaging with affected stakeholders; identifying and assessing negative impacts on people and the environment; taking action to address negative impacts on people and the environment; and tracking the effectiveness of these efforts.	NEW [AR 33 includes guidance for paragraph 60] Merged and simplified into one paragraph the following paragraphs from the Delegated Act: 61 (a) – (e).
5. Value chain	5. Reporting undertaking and upstream and downstream value chain	AMENDED Title changed to clarify content of chapter
5.1 Reporting undertaking and value chain	5.1 Reporting undertaking and own operations	Comment/Rationale
ESRS 1 as enacted in 2023	Draft Amended ESRS 1	
62. The sustainability statement shall be for the same reporting undertaking as the financial statements. For example, if the reporting undertaking is a parent company required to prepare consolidated financial statements, the sustainability statement will be for the group. This requirement does not apply where the reporting undertaking is not required to draw-up financial statements or where the reporting undertaking is preparing consolidated sustainability reporting pursuant to Article 48i of Directive 2013/34/EU.	62. <u>61.</u> The sustainability statement shall be for the same reporting undertaking as the financial statements. <u>For example, If the reporting parent undertaking is a parent company required to prepare consolidated financial statements, the sustainability statement will be for the group shall be for the parent and its subsidiaries in accordance with the applicable accounting requirements.</u> <u>This requirement does not apply where the reporting if the undertaking is not required to draw-up prepare financial</u>	AMENDED Editorial, for clarity reasons.

	<p>statements or <u>where the reporting undertaking is preparing consolidated sustainability reporting pursuant to if its consolidated sustainability reporting is prepared in accordance with Article 48i of Directive 2013/34/EU</u></p>	
	<p><u>62. In the case of group reporting, the reporting undertaking usually - except for specific circumstances, such as leasing and assets that are held by the undertaking's long-term employee benefit schemes - considers as part of own operations: the assets, liabilities, revenues and expenses of the parent undertaking and its subsidiaries, located in or outside the EU, as determined in accordance with the applicable accounting requirements.</u> <u>Paragraphs 63 to 76 provide further provisions and exceptions for determining the reporting boundaries of own operations and upstream and downstream value chain. In addition, the undertaking may exclude from the sustainability reporting boundary a subsidiary that has been excluded from the scope of the consolidated financial statements due to its non-materiality from a financial perspective, unless there are specific facts and circumstances that expose the group to impacts arising from such subsidiary, that meet the group's materiality thresholds.</u></p>	<p>NEW</p> <p>[AR 34 and AR 35 contain related guidance for paragraph 62]</p> <p>To introduce a definition of own operations. Numerous questions were received on the EFRAG Q&A platform related how to define own operations and issues related to it. This addresses also questions received regarding non-EU subsidiaries and regarding treatment of subsidiaries excluded from consolidation in financial statements.</p> <p>Clarified that subsidiaries that are financially immaterial cannot be excluded from the sustainability statement when they expose the group to IROs that meet the group's materiality thresholds.</p> <p>The qualifier "usually" has been added in relation to the exceptions and other provisions in paragraphs 63 and 76. The EFRAG SRB and SR TEG tried to develop sector specific guidance on the definition of own operations and value chain for financial institutions but concluded that this task would be incompatible with the objectives and timing of the Omnibus.</p> <p>Added 'located in or outside the EU' as questions were received whether non-EU subsidiaries shall be included in the sustainability report.</p> <p>The following challenges were also identified in relation to ESRS boundaries requiring separate clarification in respect of the reporting boundary:</p> <p>(a) consideration of employee pension funds / plan assets in the sustainability statement; and</p> <p>(b) lessor treatment of leased assets.</p>
	<p><u>AR 34 for para. 62 (Subsidiary with different reporting period)</u></p> <p><u>When including subsidiaries with different reporting periods in the consolidated sustainability statement, the undertaking may make use of applicable accounting provisions that deal with those circumstances.</u></p>	<p>NEW</p> <p>[AR 34 includes guidance for paragraph 62]</p> <p>Clarification of the treatment of subsidiaries with different reporting periods, to address an implementation question received in the Q&A platform.</p>

	<p><u>AR 35 for para. 62 (Joint operations share)</u></p> <p><u>Without prejudice to the relief in paragraph 93, the undertaking shall classify as 'own operations' the impacts, risks and opportunities connected with the share of its joint operation's assets, liabilities, revenues and expenses recognised in the financial statements.</u></p>	<p>NEW</p> <p>[AR 35 includes guidance for paragraph 62]</p> <p>The general requirement identifies own operations as the assets, liabilities, income and expenses of the parent and its subsidiaries (therefore this includes, if applicable, the share of the joint operations).</p>
	<u>5.2 Inclusion of upstream and downstream value chain information</u>	Comment/Rationale
ESRS 1 as enacted in 2023	Draft Amended ESRS 1	
63. The information about the reporting undertaking provided in the sustainability statement shall be extended to include information on the material impacts, risks and opportunities connected with the undertaking through its direct and indirect business relationships in the upstream and/or downstream value chain ('value chain information'). In extending the information about the reporting undertaking, the undertaking shall include material impacts, risks and opportunities connected with its upstream and downstream value chain:	63. <u>The information about the reporting undertaking provided in the sustainability statement shall be extended to include information on the To the extent necessary for an understanding of the undertaking's material impacts, risks and opportunities and to meet the qualitative characteristics of information (see Appendix B), the reported information shall be extended beyond own operations to cover material impacts, risks and opportunities connected with the undertaking through its direct and indirect business relationships in the upstream and/or downstream value chain ('value chain information'), without prejudice to the relief on acquisitions in Chapter 5.4. In extending the information about the reporting undertaking, the undertaking shall include material impacts, risks and opportunities connected with its upstream and downstream value chain:</u>	<p>AMENDED</p> <p>[AR 36 contains related guidance for paragraph 63]</p> <p>Streamlined and mentioning the relief for acquisitions as a consequential amendment.</p>
(a) following the outcome of its due diligence process and of its materiality assessment; and	(a) following the outcome of its due diligence process and of its materiality assessment; and	<p>MOVED</p> <p>Merged with 63(b) and moved to paragraph 64 below to streamline.</p>
(b) in accordance with any specific requirements related to the value chain in other ESRS.	(b) in accordance with any specific requirements related to the value chain in other ESRS.	<p>MOVED</p> <p>Merged with 63 (a) and moved to paragraph 64 below to streamline.</p>
	64. <u>The undertaking shall include material upstream and downstream value chain information in accordance with the outcome of its double materiality assessment as described in this standard and any specific requirements related to the upstream and downstream value chain in other ESRS.</u>	<p>MOVED</p> <p>Moved from 63 (a) and 63 (b) above.</p>

<p>64. Paragraph 63 does not require information on each and every actor in the value chain, but only the inclusion of material upstream and downstream value chain information. Different sustainability matters can be material in relation to different parts of the undertaking's upstream and downstream value chain. The information shall be extended to include value chain information only in relation to the parts of the value chain for which the matter is material.</p>	<p>64. <u>65. Applying</u> paragraph 643 does not require information on each and every actor in the value chain, but only the inclusion of material upstream and downstream value chain information. Different sustainability matters can be material in relation to different parts of the undertaking's upstream and downstream value chain. The information shall be extended to include value chain information only in relation to the parts of the value chain for which the matter is material.</p>	<p>MOVED See new paragraph 68.</p>
<p>65. The undertaking shall include material value chain information when this is necessary to:</p> <ul style="list-style-type: none"> (a) allow users of sustainability statements to understand the undertaking's material impacts, risks and opportunities; and/or 	<p>65. <u>The undertaking shall include material value chain information when this is necessary to:</u></p> <ul style="list-style-type: none"> (a) allow users of sustainability statements to understand the undertaking's material impacts, risks and opportunities; and/or 	<p>MOVED Replaced with text from former paragraph 63 above and moved to paragraph 64 as considered repetitive.</p>
<p>(b) produce a set of information that meets the qualitative characteristics of information (see Appendix B of this Standard).</p>	<p>(b) produce a set of information that meets the qualitative characteristics of information (see Appendix B of this Standard).</p>	
	<p><u>66. To identify material <i>impacts, risks or opportunities</i> that are connected with the undertaking through its <i>business relationships</i> in the upstream and downstream value chain, and to report on them, the undertaking may use information collected directly from counterparties in the upstream and downstream value chain, or it may use estimates, depending on practicability and reliability considerations related to the necessary input. When developing estimates, the undertaking may use internal and external information, such as data from indirect sources, sector-average data, sample analyses, market and peer groups data, spend-based data or other proxies.</u></p>	<p>NEW Paragraph replaces the provisions of former paragraph 69. Following input from outreach and public call, there was excessive emphasis in ESRS on collecting direct data from counterparts in the value chain, resulting in possible unnecessary collection efforts. Preparers reported that estimates might be more reliable than direct data, when the counterpart is not mature for a proper calculation. This Amendment intends to provide flexibility to decide whether to report based on estimates (using proxies or secondary data) or to report based on direct information collected from counterparties. Both are now equally possible and there is no preference to direct data. The two steps (first try to collect direct data with reasonable effort and second, if first step is not successful, proceed with an estimate) are now abandoned for a single step process, informed by the criterion of undue cost or effort. Questions received on the EFRAG Q&A platform confirmed the necessity of this relief.</p>
	<p><u>67. When applying paragraph 66, the undertaking is not expected to collect from other undertakings in its upstream and downstream value chain information that exceeds any limits set</u></p>	<p>NEW</p>

	<u>by relevant EU law and regulation. This limitation also applies to non-EU undertakings in the upstream and downstream value chain of the reporting undertaking.</u>	Explicit incorporation of the 'value chain cap' and recognition of the limit to data collection allowed under relevant EU law and regulation. Something similar was in 135 but it referred to LSME.
	<u>64- 68. Different sustainability matters impacts, risks or opportunities</u> can be material in relation to different parts of the undertaking's upstream and downstream value chain.	AMENDED, MOVED See second sentence of former paragraph 64. Wording clarified on which value chain information to consider. Clarify that materiality is assessed at IRO level.
	<u>69. The information reported about policies, actions and targets shall include upstream or downstream value chain information only to the extent that the value chain is within the scope of the undertaking's policies, actions and targets.</u>	AMENDED, MOVED Moved from former paragraph 71.
	<u>70. Investments, including shareholding positions in associates and joint ventures, are treated as business relationships.</u>	NEW Clarification that business relationships include positions in investments, joint ventures and associates.
66. When determining at which level within its own operations and its upstream and downstream value chain a material sustainability matter arises, the undertaking shall use its assessment of impacts, risks and opportunities following the double materiality principle (see chapter 3 of this Standard).	66. When determining at which level within its own operations and its upstream and downstream value chain a material sustainability matter arises, the undertaking shall use its assessment of impacts, risks and opportunities following the double materiality principle (see chapter 3 of this Standard).	DELETED Considered repetitive, part of chapter 3 DMA
67. When associates or joint ventures, accounted for under the equity method or proportionally consolidated in the financial statements, are part of the undertaking's value chain, for example as suppliers, the undertaking shall include information related to those associates or joint ventures in accordance with paragraph 63 consistent with the approach adopted for the other business relationships in the value chain. In this case, when determining impact metrics, the data of the associate or joint venture are not limited to the share of equity held, but shall be taken into account on the basis of the impacts that are connected with the undertaking's products and services through its business relationships.	67- 71. Without prejudice to the relief in paragraph 93, in some cases, When associates or joint ventures that are accounted for under the equity method or proportionally consolidated in the financial statements, are also part of the undertaking's upstream and downstream value chain beyond the shareholding relationship, such as when they are also suppliers or customers, for example as suppliers, In these cases, the undertaking shall include disclose information related to these associates or joint ventures these suppliers or customer relationships in accordance with paragraph 63, consistent with the approach adopted for the other similar business relationships in the value chain. In these cases, when determining impact metrics, the data of the associate or joint venture are is not limited to the share of equity held, but shall be taken into account on the basis of the impacts that are connected with the undertaking's products and services through its business relationships, it shall reflect the impacts, risks and opportunities that are connected with the undertaking through the supply or customer relationship. This means that the undertaking considers both its relationship as investor in the	AMENDED To clarify paragraph 67 of the ESRS 1 as per Delegated Act 2023. Questions were received on what basis to consider business relationships with associates and joint ventures: (a) fully same as any other business relationship in the value chain or (b) only as a percentage based on the investment in the associate or joint venture. Accordingly, text was amended.

	<u>associate or joint venture and its supply or customer relationship with them.</u>	
	<u>AR 36 for para. 63 (Metrics and value chain)</u> <u>The undertaking is required to include entity-specific metrics to cover its upstream and downstream value chain, when this is necessary in accordance with paragraph 11, as the metrics defined in ESRS topical standards only cover own operations, with the exception of GHG emissions (ESRS E1-8).</u>	NEW [AR 36 includes guidance for paragraph 63] To address concerns regarding value chain data generation it has been clarified that only ESRS E1-8 requires value chain data and that accordingly, additional value chain metrics only stem from entity-specific disclosures. This AR does not add new provisions but make only explicit the value chain coverage of metrics in ESRS.
5.2 Estimation using sector averages and proxies	5.2 Estimation using sector averages and proxies	Comment/Rationale
ESRS 1 as enacted in 2023	Draft Amended ESRS 1	
68. The undertaking's ability to obtain the necessary upstream and downstream value chain information may vary depending on various factors, such as the undertaking's contractual arrangements, the level of control that it exercises on the operations outside the consolidation scope and its buying power. When the undertaking does not have the ability to control the activities of its upstream and/or downstream value chain and its business relationships, obtaining value chain information may be more challenging.	68. The undertaking's ability to obtain the necessary upstream and downstream value chain information may vary depending on various factors, such as the undertaking's contractual arrangements, the level of control that it exercises on the operations outside the consolidation scope and its buying power. When the undertaking does not have the ability to control the activities of its upstream and/or downstream value chain and its business relationships, obtaining value chain information may be more challenging.	DELETED Contained descriptive text.
69. There are circumstances where the undertaking cannot collect the information about its upstream and downstream value chain as required by paragraph 63 after making reasonable efforts to do so. In these circumstances, the undertaking shall estimate the information to be reported about its upstream and downstream value chain, by using all reasonable and supportable information, such as sector-average data and other proxies.	69. There are circumstances where the undertaking cannot collect the information about its upstream and downstream value chain as required by paragraph 63 after making reasonable efforts to do so. In these circumstances, the undertaking shall estimate the information to be reported about its upstream and downstream value chain, by using all reasonable and supportable information, such as sector-average data and other proxies.	DELETED See new paragraph 66 replacing this provision.
70. Obtaining value chain information could also be challenging in the case of SMEs and other upstream and/or downstream value chain entities that are not in the scope of the sustainability reporting required by Articles 19a and 29a of Directive 2013/34/EU (see ESRS 2-BP-2 Disclosures in relation to specific circumstances).	70. Obtaining value chain information could also be challenging in the case of SMEs and other upstream and/or downstream value chain entities that are not in the scope of the sustainability reporting required by Articles 19a and 29a of Directive 2013/34/EU (see ESRS 2-BP-2 Disclosures in relation to specific circumstances).	DELETED Superseded by the new paragraphs 66 and 67.

<p>71. With reference to policies, actions and targets, the undertaking's reporting shall include upstream and/or downstream value chain information to the extent that those policies, actions and targets involve actors in the value chain. With reference to metrics, in many cases, in particular for environmental matters for which proxies are available, the undertaking may be able to comply with the reporting requirements without collecting data from the actors in its upstream and downstream value chain, especially from SMEs, for example, when calculating the undertaking's GHG Scope 3 emissions.</p>	<p>71. With reference to policies, actions and targets, the undertaking's reporting shall include upstream and/or downstream value chain information to the extent that those policies, actions and targets involve actors in the value chain. With reference to metrics, in many cases, in particular for environmental matters for which proxies are available, the undertaking may be able to comply with the reporting requirements without collecting data from the actors in its upstream and downstream value chain, especially from SMEs, for example, when calculating the undertaking's GHG Scope 3 emissions.</p>	<p>MOVED Moved to new paragraph 69.</p>
<p>72. The incorporation of estimates made using sector-average data or other proxies shall not result in information that does not meet the qualitative characteristics of information (see chapter 2 and section 7.2 Sources of estimation and outcome uncertainty of this Standard).</p>	<p>72. The incorporation of estimates made using sector average data or other proxies shall not result in information that does not meet the qualitative characteristics of information (see chapter 2 and section 7.2 Sources of estimation and outcome uncertainty of this Standard).</p>	<p>DELETED Considered repetitive as the qualitative characteristics always apply – no need to mention it for specific situations. Also, superseded by approach explained in paragraph 66.</p>
<p><u>5.3. Provisions and exceptions for determining the respective reporting boundaries of own operations and value chain</u></p>		<p>Comment/Rationale</p>
<p>ESRS 1 as enacted in 2023</p>	<p>Draft Amended ESRS 1</p>	
	<p><u>72. Impacts, risks and opportunities relating to a leased asset might have different sources, depending on whether they result from the use of the asset or from its ownership. The lessee is using the leased asset, and shall report the impacts connected with the use of the asset in its own operations during the lease period. The lessor provides the right to use the asset to the lessee, and shall report the impacts connected with the use of the asset as part of its downstream value chain. Whether risks and opportunities relating to a leased asset, as well as impacts other than those connected with the use of the leased asset, accrue to the lessor or the lessee depends on the provisions of the lease contract, which should be reflected in the reported information.</u></p>	<p>NEW [AR 37 contains related guidance for paragraph 72] Clarification on treatment of leased assets; also, questions received on the EFRAG Q&A platform in that respect. The treatment of leases is compatible with the one under operational control in the GHG protocol.</p>
	<p><u>73. The impacts, risks or opportunities arising from assets that are held by the undertaking's long-term employee benefit schemes are connected with the undertaking through its business relationships in the value chain.</u></p>	<p>NEW Clarification of the treatment of assets held by the undertaking under employee benefit funds (defined benefit plans); also, questions received on the EFRAG Q&A platform in that respect.</p>

	<p><u>74. The provisions of paragraph 72 and 73 take precedence over topical standards including over the provisions in ESRS E1-8.</u></p>	NEW This provision was considered necessary to clarify with respect of GHG emissions, that the ESRS 1 provisions take precedence over the options available under the GHG protocol.
	<p><u>AR 37 for para. 72 (Leased assets)</u></p> <p><u>For example, the lessor is not the one causing pollution, using energy or consuming water in a leased factory, but rather the lessee. The lessee therefore assesses the material impacts connected with the use of the leased assets in its own operations.</u></p>	NEW [AR 37 includes guidance for paragraph 72] To explain the rationale for having the impacts caused by the lessee in its own operations and only in the value chain of the lessor.
ESRS 1 as enacted in 2023	<p><u>5.4. Relief for acquisitions and disposals</u></p>	Comment/Rationale
	<p>Draft Amended ESRS 1</p>	
	<p><u>75. If the undertaking acquires a subsidiary or a business in the reporting period, it may defer the inclusion of the subsidiary or business in the materiality assessment and in the sustainability statement to the subsequent reporting period. If the undertaking loses control over a subsidiary or business in the reporting period, it may adjust the scope of the materiality assessment and the reporting boundary as from the beginning of the current reporting period.</u></p>	NEW This relief introduces flexibility in the treatment of acquisitions and disposals in the year when they occur. Questions were also received on in EFRAG Q&A platform in that respect.
	<p><u>76. If the undertaking uses the relief of paragraph 75, it shall use available information to disclose significant events that affected during the reporting period the subsidiary or business acquired or sold since acquisition or until disposal, if this has an effect on the groups exposure to material impacts, risks and opportunities.</u></p>	NEW Information to be provided when making use of the relief above. This provides the necessary transparency on information about the subsidiary, when using the relief. This additional disclosure is limited to major transactions for which the relief is used and to significant events that affect the groups exposure to IROs.
6. Time Horizons	<p>6. Time Horizons</p>	
6.1 Reporting period	<p>6.1 Reporting period <u>and base year</u></p>	Comment/Rationale

ESRS 1 as enacted in 2023	Draft Amended ESRS 1	
73. The reporting period for the undertaking's sustainability statement shall be consistent with that of its financial statements.	73–77. The reporting period for the undertaking's sustainability statement – <u>including for the calculation of metrics</u> – shall be consistent with that of its financial statements.	AMENDED Clarification proposed due to concern raised in that respect.
6.2 Linking past, present and future	6.2 Linking past, present and future	Comment/Rationale
ESRS 1 as enacted in 2023	Draft Amended ESRS 1	
74. The undertaking shall establish appropriate linkages in its sustainability statement between retrospective and forward-looking information, when relevant, to foster a clear understanding of how historical information relates to future-oriented information.	74. The undertaking shall establish appropriate linkages in its sustainability statement between retrospective and forward-looking information, when relevant, to foster a clear understanding of how historical information relates to future-oriented information.	DELETED IFRS includes the issue of 'appropriate linkages' under 'connected information'. Therefore, the concepts included in paragraph 74 were moved to the corresponding chapter of the ESRS: Chapter 9.1. <i>Connected information</i> .
6.3 Reporting progress against base year	6.3 Reporting progress against base year	Comment/Rationale
ESRS 1 as enacted in 2023	Draft Amended ESRS 1	
75. A base year is the historical reference date or period for which information is available and against which subsequent information can be compared over time.	75–78. A base year is the historical reference date or period for which information is available and against which subsequent information can be compared over time.	UNCHANGED
76. The undertaking shall present comparative information in respect of the base year for amounts reported in the current period when reporting the developments and progress towards a target, unless the relevant Disclosure Requirement already defines how to report progress. The undertaking may also include historical information about achieved milestones between the base year and the reporting period when this is relevant information	76–79. The undertaking shall present comparative information in respect of the base year for <u>amounts metrics</u> reported in the current period when reporting the developments and progress towards a target, unless the relevant <u>DR specifically requires otherwise</u> . Disclosure Requirement already defines how to report progress. The undertaking may also include historical information about achieved milestones between the base year and the reporting period when this is relevant information have been reached, reporting about these achievements is useful contextual information.	AMENDED Clarified only through editorial changes to avoid significant deviations from IFRS language.

6.4 Definition of short-, medium- and long-term for reporting purposes	6.4 6.2. Time horizon: definition of short, medium and long term for reporting purposes	Comment/Rationale
ESRS 1 as enacted in 2023	Draft Amended ESRS 1	
<p>77. When preparing its sustainability statement, the undertaking shall adopt the following time intervals as of the end of the reporting period:</p> <p>(a) for the short-term time horizon: the period adopted by the undertaking as the reporting period in its financial statements;</p>	<p><u>77.80.</u> When preparing its sustainability statement, the undertaking shall adopt the following time intervals as of the end of the reporting period:</p> <p>(a) for the short-term time horizon: the length of the period adopted by the undertaking as the reporting period in for its financial statements;</p>	<p>AMENDED</p> <p>Considering questions received on the EFRAG Q&A platform short-term definition was amended.</p> <p>Possible alignment to IFRS was considered (having short, medium and long term as entity specific) but not implemented as the current approach fosters better comparability.</p>
<p>(b) for the medium-term time horizon: from the end of the short-term reporting period defined in (a) up to 5 years; and</p>	<p>(b) for the medium-term time horizon: from the end of the short-term reporting period defined in (a) up to 5 five years; and</p>	<p>UNCHANGED</p>
<p>(c) for the long-term time horizon: more than 5 years.</p>	<p>(c) for the long-term time horizon: more than 5 five years.</p>	<p>Minor editorial changes to improve clarity.</p>
<p>78. The undertaking shall use an additional breakdown for the long-term time horizon when impacts or actions are expected in a period longer than 5 years if necessary to provide relevant information to users of sustainability statements.</p>	<p><u>78-81.</u> The undertaking shall use an additional breakdowns for the a long-term time horizon when if impacts or actions are expected over in a period longer than 5 five years if necessary to as adding such a breakdown provides relevant information to users of sustainability statements.</p>	<p>UNCHANGED</p> <p>Minor editorial changes to improve clarity.</p>
<p>79. If different definitions of medium- or long-term time horizons are required for specific items of disclosure in other ESRS, the definitions in those ESRS shall prevail.</p>	<p><u>79.</u> If different definitions of medium- or long-term time horizons are required for specific items of disclosure in other ESRS, the definitions in those ESRS shall prevail.</p>	<p>DELETED</p> <p>Deleted as there are no specific definition in other ESRS.</p>
<p>80. There may be circumstances where the use of the medium- or long-term time horizons defined in paragraph 77 results in non-relevant information, as the undertaking uses a different definition for (i) its processes of identification and management of material impacts, risks and opportunities or (ii) the definition of its actions and setting targets.</p> <p>These circumstances may be due to industry-specific characteristics, such as cash flow and business cycles, the expected duration of capital investments, the time horizons over which the users of sustainability statements conduct their assessments or the planning horizons typically used in the undertaking's industry for decision-making. In these</p>	<p><u>80-82.</u> There may be circumstances where the use of the The undertaking may adopt a different definition for medium- or long-term time horizons if the use of medium- or long-term horizons defined in paragraph 77 80 results in non-relevant information. This may happen if as the undertaking uses a different definition for (a+) its processes of identification and management of material impacts, risks and opportunities or (+ b) the definition of its actions and setting targets.</p> <p>These circumstances may be due to industry-specific characteristics, such as cash flow and business cycles <u>or planning horizons typically used in the sector for decision-making</u>, the expected duration of capital investments, the time horizons over</p>	<p>AMENDED</p> <p>Reworked to improve clarity.</p>

circumstances, the undertaking may adopt a different definition of medium- and/or long- term time horizons (see ESRS 2 BP-2, paragraph 9)	which users of sustainability statements conduct their assessments. or the planning horizons typically used in the undertaking's industry for decision making. In these circumstances, the undertaking may adopt a different definition of medium- and/or long- term time horizons (see ESRS 2 BP-2, paragraph 9)	
81. References to 'short-term', 'medium-term', and 'long-term' in ESRS refer to the time horizon as determined by the undertaking according to the provisions in paragraphs 77 to 80.	81-83. References to 'short term', 'medium term', and 'long term' in ESRS refer to time horizons as determined by the undertaking in accordance with according to the provisions in paragraphs 77 to 80 80-82.	UNCHANGED Minor editorial amendments.
7. Preparation and presentation of sustainability information	7. Preparation and presentation of sustainability information	
ESRS 1 as enacted in 2023	Draft Amended ESRS 1	Comment/Rationale
82. This chapter provides general requirements to be applied when preparing and presenting sustainability information.	82. This chapter provides general requirements to be applied when preparing and presenting sustainability information.	DELETED Not needed.
7.1 Presenting comparative information	8. Presenting comparative information	Comment/Rationale
ESRS 1 as enacted in 2023	Draft Amended ESRS 1	
83. The undertaking shall disclose comparative information in respect of the previous period for all quantitative metrics and monetary amounts disclosed in the current period. When relevant to an understanding of the current period's sustainability statement, the undertaking shall also disclose comparative information for narrative disclosures	83-84. The undertaking shall disclose comparative information in respect of the previous period for all quantitative metrics and monetary amounts disclosed in the current period. When If relevant to an understanding of the current period's sustainability statement, the undertaking shall also it is also required to disclose comparative information for narrative disclosures.	AMENDED Reworked to improve clarity. Paragraph aligned with IFRS S1-74.
	95-85. The definition and calculation of metrics, including metrics used to set targets and monitor progress towards them those targets , shall be consistent over time. The undertaking shall provide restated contextual information and revised comparative figures unless it is impracticable to do so (see ESRS 2 BP-2) when if it has:	AMENDED, MOVED Moved from previous paragraph 95 and amended with editorial changes.

	<p>(a) redefined or replaced a metric or target; or</p> <p>(b) identified new information in relation to the estimated figures disclosed in the preceding period, and the new information provides evidence of circumstances that existed in <u>the preceding that period</u>.</p>	
	<p><u>86. 85. Sometimes, if it is impracticable to adjust comparative information for one or more prior periods to achieve comparability with the current period. For example, data might not have been collected in the prior period(s) in a way that allows either retrospective application of a new definition of a metric or target, or retrospective restatement to correct a prior period error, and it may be impracticable to recreate the information (see ESRS 2.BP-2).</u></p> <p><u>When If it is impracticable to adjust revise comparative information for metrics for one or more prior periods, the undertaking shall disclose this fact.</u></p>	<p>AMENDED, MOVED</p> <p>Moved from former paragraph 85. The deleted content was in part amended and moved in the glossary under the definition for 'impracticable' based on IFRS S1. The remainder of the paragraph is aligned to IFRS S1. B50-54.</p>
	<p><u>86-87. When an ESRS requires the undertaking to present more than one comparative period for a metric or datapoint, the requirements of that ESRS shall prevail.</u></p>	<p>MOVED</p> <p>Moved from former paragraph 86 with no changes.</p>
<p>84. When the undertaking reports comparative information that differs from the information reported in the previous period it shall disclose:</p> <p>(a) the difference between the figure reported in the previous period and the revised comparative figure; and</p> <p>(b) the reasons for the revision of the figure.</p>	<p><u>84. 88. For metrics and monetary amounts:</u></p> <p><u>(a) if when the undertaking reports comparative information amounts that significantly differs from the information reported in the previous period, it shall disclose provide the reasons for the change and (a) the difference between the figure amounts reported in the previous period and the revised comparative figure amounts; and</u></p> <p><u>(b) the reasons for the revision of the figure.</u></p>	<p>AMENDED</p> <p>Amended to improve clarity and streamline the concept.</p>
	<p><u>(b) if the undertaking reports on a topic or on material impacts, risks and opportunities for the first time, it is not required to present comparative information related to them in the current reporting period (i.e. if they have not been reported in prior sustainability statements of the undertaking); and</u></p>	<p>NEW</p> <p>[AR 38 contains related guidance for paragraph 85(b)]</p> <p>Added to clarify that comparative information is not required for new IROs.</p>

	<p><u>(c) without prejudice to the relief on acquisitions (see Chapter 5.4), when necessary to provide an understanding of progress towards meeting a target following a major acquisition or disposal, the undertaking shall describe how the transaction affects the progress towards meeting the target</u></p>	<p>NEW</p> <p>Paragraph added to create transparency of the effect of acquisitions and disposals on the achievement of targets.</p> <p>A readjustment of targets for the effect of acquisitions and disposals was discussed by EFRAG but rejected as considered behavioural.</p>
85. Sometimes, it is impracticable to adjust comparative information for one or more prior periods to achieve comparability with the current period. For example, data might not have been collected in the prior period(s) in a way that allows either retrospective application of a new definition of a metric or target, or retrospective restatement to correct a prior period error, and it may be impracticable to recreate the information (see ESRS 2 BP-2). When it is impracticable to adjust comparative information for one or more prior periods, the undertaking shall disclose this fact.	<p><u>85. Sometimes, it is impracticable to adjust comparative information for one or more prior periods to achieve comparability with the current period. For example, data might not have been collected in the prior period(s) in a way that allows either retrospective application of a new definition of a metric or target, or retrospective restatement to correct a prior period error, and it may be impracticable to recreate the information (see ESRS 2 BP-2). When it is impracticable to adjust comparative information for one or more prior periods, the undertaking shall disclose this fact.</u></p>	<p>AMENDED, MOVED</p> <p>Last sentence moved to new paragraph 86. The rest of the paragraph was re-elaborated and added to the glossary as definition of 'impracticable' in line with IFRS S1.</p>
86. When an ESRS requires the undertaking to present more than one comparative period for a metric or datapoint, the requirements of that ESRS shall prevail.	<p><u>86. When an ESRS requires the undertaking to present more than one comparative period for a metric or datapoint, the requirements of that ESRS shall prevail.</u></p>	<p>MOVED</p> <p>Moved to new paragraph 87.</p>
	<p><u>AR 38 for para. 85(b) (Restating comparatives)</u></p> <p><u>The undertaking is not required to revise the comparative figure for new information received, if the revised comparatives do not provide useful information, such as when the estimation methodology for the relevant metric relies systematically at the reporting date on an input of the previous period.</u></p>	<p>NEW</p> <p>[AR 38 includes guidance for paragraph 85(b)]</p> <p>This provision was added to avoid unintended consequences, as EFRAG noted that some current year metrics estimated are systematically based on prior year data in some sectors; revisions in those situations are not considered appropriate.</p>
7.2 Sources of estimation and outcome uncertainty	7.2 sources of estimation and outcome uncertainty	Comment/Rationale
ESRS 1 as enacted in 2023	Draft Amended ESRS 1	
87. When quantitative metrics and monetary amounts, including upstream and downstream value chain information (see chapter 5 of this Standard), cannot be measured directly and can only be estimated, measurement uncertainty may arise.	<p><u>87. When quantitative metrics and monetary amounts, including upstream and downstream value chain information (see chapter 5 of this Standard), cannot be measured directly and can only be estimated, measurement uncertainty may arise.</u></p>	<p>DELETED</p> <p>Not needed narrative paragraph.</p>

<p>88. An undertaking shall disclose information to enable users to understand the most significant uncertainties affecting the quantitative metrics and monetary amounts reported in its sustainability statement.</p>	<p>88. 89. The An undertaking shall disclose information to enable users to understand:</p> <p>(a) <u>the judgements it makes that have the most significant effect on the reported information;</u></p> <p>(b) <u>the most significant uncertainties affecting the quantitative metrics and monetary amounts reported in its sustainability statement, information presented, including whether it relies on estimates; and</u></p> <p>(c) <u>significant assumptions and limitations in the estimates.</u></p>	<p>AMENDED</p> <p>[AR 39, AR 40, AR 41 contain related guidance for paragraph 89]</p> <p>Added the 'judgement' provision to align with IFRS S1 paragraph 74.</p>
<p>89. The use of reasonable assumptions and estimates including scenario or sensitivity analysis is an essential part of preparing sustainability-related information and does not undermine the usefulness of that information provided that the assumptions and estimates are accurately described and explained. Even a high level of measurement uncertainty would not necessarily prevent such an assumption or estimate from providing useful information or meeting the qualitative characteristics of information (see Appendix B of this Standard).</p>	<p>89. The use of reasonable assumptions and estimates including scenario or sensitivity analysis is an essential part of preparing sustainability-related information and does not undermine the usefulness of that information provided that the assumptions and estimates are accurately described and explained. Even a high level of measurement uncertainty would not necessarily prevent such an assumption or estimate from providing useful information or meeting the qualitative characteristics of information (see Appendix B of this Standard).</p>	<p>AMENDED, MOVED</p> <p>To new AR 40.</p>
<p>90. Data and assumptions used in preparing the sustainability statement shall be consistent to the extent possible with the corresponding financial data and assumptions used in the undertaking's financial statements.</p>	<p>90. Data and assumptions used in preparing the sustainability statement shall be consistent to the extent possible with the corresponding financial data and assumptions used in the undertaking's financial statements.</p>	<p>AMENDED, MOVED</p> <p>This is now in section 9.2 (direct/indirect connectivity with financial statements and consistency of assumptions).</p>
<p>91. Some ESRS require the disclosure of information such as explanations about possible future events that have uncertain outcomes. In judging whether information about such possible future events is material the undertaking shall refer to the criteria in Chapter 3 of this Standard and consider: (a) the potential financial effects of the events (the possible outcome); (b) the severity and likelihood of the impacts on people or the environment resulting from the possible events taking account of the factors of severity specified in paragraph 45; and (c) the full range of possible outcomes and the likelihood of the possible outcomes within that range.</p>	<p>91. 90. Some ESRS require the disclosure of information such as explanations about possible future events that have uncertain outcomes, such as explanations about possible future events. In judging whether information about such possible future events is material, the undertaking shall refer to the criteria in Chapter 3.2.2 of this Standard and consider:</p> <p>(a) <u>the potential anticipated financial effects of the events (the possible outcomes);</u></p> <p>(b) <u>the severity and likelihood of the potential impacts on people or the environment resulting from the possible future events taking account of the factors of severity specified in paragraph 45; and</u></p> <p>(c) <u>the full range of possible outcomes and the likelihood of the possible outcomes within that range.</u></p>	<p>AMENDED</p> <p>Amended to align with IFRS S1 B22.</p>

<p>92. When assessing the possible outcomes the undertaking shall consider all relevant facts and circumstances including information about low-probability and high-impact outcomes which when aggregated could become material. For example the undertaking might be exposed to several impacts or risks each of which could cause the same type of disruption such as disruptions to the undertaking's supply chain. Information about an individual source of risk might not be material if disruption from that source is highly unlikely to occur. However information about the aggregate risk of supply chain disruption from all sources might be material (see ESRS 2 BP-2).</p>	<p>92. When assessing the possible outcomes the undertaking shall consider all relevant facts and circumstances including information about low-probability and high-impact outcomes which when aggregated could become material. For example the undertaking might be exposed to several impacts or risks each of which could cause the same type of disruption such as disruptions to the undertaking's supply chain. Information about an individual source of risk might not be material if disruption from that source is highly unlikely to occur. However information about the aggregate risk of supply chain disruption from all sources might be material (see ESRS 2 BP-2).</p>	<p>DELETED Deleted as now in previous paragraph with IFRS alignment.</p>
	<p><u>AR 39 for para. 89 (About judgements)</u></p> <p><u>In preparing its sustainability statement, the undertaking makes various judgements, beyond those involving estimations, that can significantly affect the reported information, such as when:</u></p> <p class="list-item-l1">(a) identifying material information to include in the sustainability statement (see paragraph 23); and</p> <p class="list-item-l1">(b) identifying material impacts, risks or opportunities, associating them to the relevant topic(s), and assessing whether an update of the materiality assessment is necessary (see Chapter 3).</p>	<p>NEW [AR 39 includes guidance for paragraph 89] To align with IFRS S1 paragraph 75.</p>
	<p><u>AR 40 for para. 89 (Use of reasonable and supportable assumptions and estimates)</u></p> <p>89. The use of reasonable <u>assumptions and estimates</u>, including <u>when developing scenario or sensitivity analysis</u>, is an essential part of preparing <u>sustainability-related information and the undertaking's sustainability statement</u>. It does not undermine the usefulness of that information provided that the <u>significant assumptions and estimates are accurately described and explained</u>. Even a high level of measurement uncertainty would not necessarily prevent such an assumption or estimate from providing useful information or meeting the qualitative characteristics of information (see Appendix B of this standard).</p>	<p>MOVED [AR 40 includes guidance for paragraph 89] From former paragraph 89 with editorial changes</p>
	<p><u>AR 41 for para. 89 (Use of reasonable and supportable assumptions and estimates)</u></p> <p><u>The requirement in paragraph 89 relates to the estimates that require the most difficult, subjective or complex judgements.</u></p>	<p>NEW [AR 41 includes guidance for paragraph 89] From IFRS S1 paragraph 80.</p>

	<u>7.3 Reliefs for preparing the ESRS sustainability statement</u>	Comment/Rationale
ESRS 1 as enacted in 2023	Draft Amended ESRS 1	
	<p><u>91. The undertaking may exclude activities from metric calculations if, due to their nature, they are not a significant driver of the impacts, risks or opportunities that the metric purports to represent, and if their exclusion from the calculation is not expected to impair the relevance and faithful representation of the reported information. The undertaking shall disclose if this relief is used and include any relevant information to enable users to understand the scope limitations resulting from it.</u></p>	<p>NEW</p> <p>This relief respond to the necessity to avoid unnecessary efforts to document that a given activity would have a not material contribution when calculating a metric, before being allowed to exclude such activity. Questions were received on the EFRAG Q&A platform whether metrics data from all subsidiaries in a group must be collected even if some of them do not or only insignificantly contribute to the respective metrics. Disclosure to provide transparency if relief is used.</p>
	<p><u>92. Except when reporting ESRS E1-8 metrics, if the undertaking can provide without incurring undue cost or effort reliable direct or estimated data only for an objectively defined part of its own operations or its upstream or downstream value chain, it shall disclose that it has identified material impacts, risks or opportunities but that the corresponding metric can currently only be reported on a partial reporting scope or for a subset of the value chain. In this circumstance, the undertaking shall disclose the actions it has taken to increase the coverage and quality of reported information in future periods and the progress made compared to the previous period. The coverage of reported information is expected to increase over time, particularly for metrics in own operations. This paragraph applies without prejudice to the applicability of the provisions in Sub-Chapter 7.4.</u></p>	<p>NEW</p> <p>This relief extends to both own operations and value chain and has no time limits. It responds to the concern that undertakings are not able to cover the entirety of metrics calculation with the necessary quality. The relief does not allow to completely omit the metric, but to provide a partial scope in the calculation. The EFRAG SRB discussed whether to include a time limit, for own operations, but at the end concluded that if the relief is accompanied by transparency on the status and progresses in the scope of missing data, the market discipline will avoid that companies will abuse and not report indefinitely about parts of the relevant scope.</p>
	<p><u>93. The undertaking may exclude joint operations over which it does not have operational control from the scope of the calculation for environmental metrics reported in accordance with ESRS E2 Pollution, ESRS E3 Water, ESRS E4 Biodiversity and Ecosystems and ESRS E5 Resource Use and Circular Economy. The undertaking shall disclose if this relief is being used and include any relevant information to allow an understanding of the scope limitations resulting from it. In this circumstance, the undertaking shall disclose the actions it has taken to increase the coverage and quality of reported information in future periods and the progress made compared to the previous period.</u></p>	<p>NEW</p> <p>This relief respond to concerns about data availability. For ESRS E1 the relief is not applicable, to avoid unintended consequences in terms of misalignment with the GHG protocol.</p>

	<p><u>AR 42 for para. 92 (Relief and Scope 3 GHG emissions)</u></p> <p><u>Within the boundaries of GHG emissions as set in this standard, the provisions for the calculation of scope 3 in the GHG Protocol can be considered in accordance with ESRS E1 Climate Change.</u></p>	<p>NEW</p> <p>[AR 42 includes guidance for paragraph 92]</p> <p>This provision was added to further clarify that provisions of the GHG protocol are applicable for ESRS E1 GHG emission disclosures.</p>
	<p><u>7.4 Reasonable and supportable information that is available without undue cost or effort</u></p>	<p>Comment/Rationale</p>
ESRS 1 as enacted in 2023	Draft Amended ESRS 1	
	<p><u>94. The undertaking shall use all reasonable and supportable information that is available to the undertaking at the reporting date without undue cost or effort:</u></p> <p><u>(a) to identify material impacts, risks or opportunities;</u> <u>(b) to determine the scope of its upstream and downstream value chain, including its breadth and composition, in relation to material impacts, risks or opportunities;</u> <u>(c) when extending the information to include upstream and downstream value chain information, as required by paragraph 63;</u> <u>(d) to prepare information on metrics; and</u> <u>(e) to report on current and anticipated financial effects.</u></p>	<p>NEW</p> <p>[AR 43 contains related guidance for paragraph 94]</p> <p>To align to IFRS S1 reliefs. The scope of the undue cost or effort mechanism is broader than IFRS as it includes also all metrics, to provide for additional burden reduction. See also IFRS S1 B6.</p>
	<p><u>95. The assessment of what constitutes undue cost or effort depends on the undertaking's specific circumstances and requires a balanced consideration of the costs for the undertaking and the benefits of the resulting information for users.</u></p>	<p>NEW</p> <p>To align to IFRS S1 reliefs (see also IFRS S1 B10).</p>
	<p><u>96. Reasonable and supportable information that is available to the undertaking without undue cost or effort is subject to reassessment for each reporting period. It reflects the results of the undertaking's past actions to improve data availability or the higher availability of external information. As a result, availability of information is expected to improve over time.</u></p>	<p>NEW</p> <p>This paragraph was introduced to address the concerns emerged during the public consultation related to the reliefs, to counterbalance the absence of time limits by introducing an explicit expectation of increased coverage overtime, thus avoiding abuses. It is expected that over time the need to use the reliefs decreases due to learning effects.</p>
	<p><u>AR 43 for para. 94 (Reasonable and supportable information available without undue cost or effort)</u></p>	<p>NEW</p>

	<p><u>Reasonable and supportable information covers factors that are specific to the undertaking, as well as general conditions in the external environment. Reasonable and supportable information includes information about past events, current conditions and forecasts of future conditions.</u></p>	<p>[AR 43 includes guidance for paragraph 94]</p> <p>To align to IFRS S1 reliefs (see IFRS S1 B8).</p>
	<p><u>When assessing whether the preparation of a disclosure would involve undue cost or effort at the reporting date, the undertaking shall consider, individually or jointly, criteria such as:</u></p> <p class="list-item-l1">(a) <u>its size, resources and technical readiness in relation to the scale and complexity of its upstream and downstream value chain; and</u></p> <p class="list-item-l1">(b) <u>the availability of tools to access and share information, including digital tools.</u></p> <p><u>The undertaking is not required to carry out an exhaustive search for such information.</u></p>	<p>NEW</p> <p>Aligned to IFRS S1 B10</p>
	<p><u>In identifying information that is reasonably available, the undertaking:</u></p> <p class="list-item-l1">(a) <u>shall use internal and external information that is available to the undertaking at the reporting date, acknowledging that the availability at the reporting date reflects the improvements in data gathering implemented since the previous period; and</u></p>	
	<p class="list-item-l1">(b) <u>is expected to consider available without undue cost or effort the information deriving from:</u></p> <p class="list-item-l2">(i) <u>internal resources, such as: the undertaking's risk management processes; information that is used by the undertaking in preparing its financial statements, operating its business model, setting its strategy, conducting its sustainability due diligence and managing its impacts, risks and opportunities; and</u></p> <p class="list-item-l2">(ii) <u>external resources, such as sector or peer group experience, and scientific research.</u></p>	<p>NEW</p> <p>To align with IFRS S1 B9 plus elements for impacts.</p>
7.3 Updating disclosures about events after the end of the reporting period	7.3.7.5. Updating disclosures about events after the end of the reporting period	Comment/Rationale

ESRS 1 as enacted in 2023	Draft Amended ESRS 1	
93. In some cases the undertaking may receive information after the reporting period but before the management report is approved for issuance. If such information provides evidence or insights about conditions existing at period end the undertaking shall where appropriate update estimates and sustainability disclosures in the light of the new information.	93-97. In some cases the undertaking may receive information If, after the reporting period but before the management report is approved for issuance. If such information provides authorised for issue, the undertaking receives information providing evidence or insights about conditions existing that existed at the period end of the reporting period, the undertaking shall where appropriate update estimate and sustainability disclosures its disclosures in the light of the new information.	AMENDED Amended to align with IFRS S1 para 67.
94. When such information provides evidence or insights about material transactions other events and conditions that arise after the end of the reporting period the undertaking shall where appropriate provide narrative information indicating the existence nature and potential consequences of these post-year end events.	94-98. When such information provides evidence or insights. The undertaking shall disclose information about material transactions, other events and conditions that arise occur after the end of the reporting period the undertaking shall where appropriate but before the date on which the management report is authorised for issue and provide narrative information indicating the existence, nature and potential consequences of these post-year end events.	AMENDED Amended to align with IFRS S1 para 67.
7.4 Changes in preparation or presentation of sustainability information	7.4 Changes in preparation or presentation of sustainability information	Comment/Rationale
ESRS 1 as enacted in 2023	Draft Amended ESRS 1	
95. The definition and calculation of metrics including metrics used to set targets and monitor progress towards them shall be consistent over time. The undertaking shall provide restated comparative figures unless it is impracticable to do so (see ESRS 2 BP-2) when it has: (a) redefined or replaced a metric or target;	95. The definition and calculation of metrics including metrics used to set targets and monitor progress towards them shall be consistent over time. The undertaking shall provide restated comparative figures unless it is impracticable to do so (see ESRS 2 BP-2) when it has: (a) redefined or replaced a metric or target;	AMENDED, MOVED Moved and amended to new paragraph 85.
(b) identified new information in relation to the estimated figures disclosed in the preceding period and the new information provides evidence of circumstances that existed in that period.	(b) identified new information in relation to the estimated figures disclosed in the preceding period and the new information provides evidence of circumstances that existed in that period.	
7.5 Reporting errors in prior periods	7.5-7.6. Reporting errors in prior periods	Comment/Rationale

ESRS 1 as enacted in 2023	Draft Amended ESRS 1	
96. The undertaking shall correct material prior period errors by restating the comparative amounts for the prior period(s) disclosed unless it is impracticable to do so. This requirement does not extend to reporting periods before the first year of application of ESRS by the undertaking.	96–99. The undertaking shall correct material prior period errors by restating the comparative amounts for the prior period(s) disclosed unless it is impracticable to do so. This requirement does not extend to reporting periods before the first year of application of ESRS by the undertaking.	UNCHANGED
97. Prior period errors are omissions from and misstatements in the undertaking's sustainability statement for one or more prior periods. Such errors arise from a failure to use or misuse of reliable information that: <ul style="list-style-type: none"> (a) was available when the management report that includes the sustainability statement for those periods was authorised for issuance; and 	97. Prior period errors are omissions from and misstatements in the undertaking's sustainability statement for one or more prior periods. Such errors arise from a failure to use or misuse of reliable information that: <ul style="list-style-type: none"> (a) was available when the management report that includes the sustainability statement for those periods was authorised for issuance; and 	MOVED Moved to AR 44 (Prior Period Errors).
(b) could reasonably be expected to have been obtained and considered in the preparation of sustainability disclosures included in these reports.	(b) could reasonably be expected to have been obtained and considered in the preparation of sustainability disclosures included in these reports.	MOVED Moved to AR 44 (Prior Period Errors).
98. Such errors include: the effects of mathematical mistakes in applying the definitions for metrics or targets oversights or misinterpretations of facts and fraud.	98. Such errors include: the effects of mathematical mistakes in applying the definitions for metrics or targets oversights or misinterpretations of facts and fraud.	MOVED Moved to AR 44 (Prior Period Errors).
99. Potential errors in the current period discovered in that period are corrected before the management report is authorised for issuance. However material errors are sometimes only discovered in a subsequent period	99–100. Potential reporting period errors in the current discovered in the same reporting period are corrected before the management report is authorized for issuance sustainability statement is authorised for issue. However, material errors are sometimes not discovered until a subsequent period. In case of material errors discovered in a subsequent period, if when it is impracticable to determine the effect of an error on all prior periods presented, the undertaking shall restate the comparative information to correct the error from the earliest date practicable. When correcting disclosures for a prior period the undertaking shall not use hindsight either in making assumptions about what the management's intentions would have been in a prior period or in estimating the amounts disclosed in a prior period. This requirement applies to correction of both backward-looking and forward-looking disclosures.	AMENDED Former paragraphs 99 and 100, merged and redrafted to improve readability and clarity. Aligned with IFRS S1 B59.

100. When it is impracticable to determine the effect of an error on all prior periods presented the undertaking shall restate the comparative information to correct the error from the earliest date practicable. When correcting disclosures for a prior period the undertaking shall not use hindsight either in making assumptions about what the management's intentions would have been in a prior period or in estimating the amounts disclosed in a prior period. This requirement applies to correction of both backward-looking and forward-looking disclosures.	100. When it is impracticable to determine the effect of an error on all prior periods presented the undertaking shall restate the comparative information to correct the error from the earliest date practicable. When correcting disclosures for a prior period the undertaking shall not use hindsight either in making assumptions about what the management's intentions would have been in a prior period or in estimating the amounts disclosed in a prior period. This requirement applies to correction of both backward-looking and forward-looking disclosures.	MOVED Merged and redrafted with paragraph 100.
101. Corrections of errors are distinguished from changes in estimates. Estimates may need to be revised as additional information becomes known (see ESRS 2 BP-2)	101. Corrections of errors are distinguished from changes in estimates. Estimates may need to be revised as additional information becomes known (see ESRS 2 BP-2)	MOVED Moved to AR 44 (Prior Period Errors).
	<u>AR 44 for para. 99 (Prior period errors)</u> Prior period errors are omissions from, and misstatements in, the undertaking's sustainability statement for one or more prior periods. Such errors arise from a failure to use, or the misuse of, reliable information that: (a) was available when the management report that includes the sustainability statement for those periods was authorised for issue; and (b) could reasonably be expected to have been obtained and considered in the preparation of sustainability disclosures included in these reports.	MOVED [AR 44 includes guidance for paragraph 99] from former paragraph 97 (editorial changes) aligned with IFRS S1 84.
	Such errors include: the effects of mathematical mistakes, mistakes in applying the definitions for metrics or targets, oversights or misinterpretations of facts, and fraud.	MOVED from former paragraph 98 (unchanged) aligned with IFRS S1 B56.
	Corrections of errors are distinguished from changes in estimates. Estimates may need to be revised as additional information becomes known (see ESRS 2 BP-2)	MOVED from former paragraph 101 (editorial changes) aligned with IFRS S1 para 85.
7.6 Consolidated reporting and subsidiary exemption	7.6 Consolidated reporting and subsidiary exemption	Comment/Rationale
ESRS 1 as enacted in 2023	Draft Amended ESRS 1	

102. When the undertaking is reporting at a consolidated level it shall perform its assessment of material impacts, risks and opportunities for the entire consolidated group regardless of its group legal structure. It shall ensure that all subsidiaries are covered in a way that allows for the unbiased identification of material impacts risks and opportunities. Criteria and thresholds for assessing an impact risk or opportunity as material shall be determined based on chapter 3 of this Standard.	102. When the undertaking is reporting at a consolidated level it shall perform its assessment of material impacts, risks and opportunities for the entire consolidated group regardless of its group legal structure. It shall ensure that all subsidiaries are covered in a way that allows for the unbiased identification of material impacts risks and opportunities. Criteria and thresholds for assessing an impact risk or opportunity as material shall be determined based on chapter 3 of this Standard.	AMENDED, MOVED Moved to new paragraph 56.
103. Where the undertaking identifies significant differences between material impacts, risks or opportunities at group level and material impacts, risks or opportunities of one or more of its subsidiaries, the undertaking shall provide an adequate description of the impacts, risks and opportunities, as appropriate, of the subsidiary or subsidiaries concerned.	103. Where the undertaking identifies significant differences between material impacts, risks or opportunities at group level and material impacts, risks or opportunities of one or more of its subsidiaries, the undertaking shall provide an adequate description of the impacts, risks and opportunities, as appropriate, of the subsidiary or subsidiaries concerned.	AMENDED, MOVED Moved to new paragraph 56.
104. When assessing whether the differences between material impacts, risks or opportunities at group level and material impacts, risks or opportunities of one or more of its subsidiaries are significant, the undertaking may consider different circumstances, such as whether the subsidiary or subsidiaries operate in a different sector than the rest of the group or the circumstances reflected in section 3.7 Level of disaggregation.	104. When assessing whether the differences between material impacts, risks or opportunities at group level and material impacts, risks or opportunities of one or more of its subsidiaries are significant, the undertaking may consider different circumstances, such as whether the subsidiary or subsidiaries operate in a different sector than the rest of the group or the circumstances reflected in section 3.7 Level of disaggregation.	AMENDED, MOVED Content amended, streamlined and moved to new paragraph 56.
7.7 Classified and sensitive information, and information on intellectual property, know-how or results of innovation	<u>7.7 Classified and sensitive information, and information on intellectual property, know-how or results of innovation</u> <u>7.7 Omission of information in accordance with applicable Union law and regulations</u>	Comment/Rationale
ESRS 1 as enacted in 2023	Draft Amended ESRS 1	
	<u>101. The undertaking is relieved from disclosing qualitative and quantitative information required by an ESRS if applicable Union law and regulations prohibits the undertaking from disclosing or allows the undertaking to omit such disclosure. If the undertaking omits material information for that reason, it shall identify the type of information not disclosed and explain the source of the restriction.</u>	NEW [AR 45 contains related guidance for paragraph 101] The purpose of this paragraph is to enable undertakings to make use of the future reliefs on prejudicial information that will be introduced at Level 1.
105. The undertaking is not required to disclose classified information or sensitive information, even if such information is considered material.	<u>105. The undertaking is not required to disclose classified information or sensitive information, even if such information is considered material.</u>	DELETED

<p>106. When disclosing information about its strategy, plans and actions, where a specific piece of information corresponding to intellectual property, know-how or the results of innovation is relevant to meet the objective of a Disclosure Requirement, the undertaking may nevertheless omit that specific piece of information if it:</p> <p>(a) is secret in the sense that it is not, as a body or in the precise configuration and assembly of its components, generally known among or readily accessible to persons within the circles that normally deal with the kind of information in question;</p>	<p>106. When disclosing information about its strategy, plans and actions, where a specific piece of information corresponding to intellectual property, know-how or the results of innovation is relevant to meet the objective of a Disclosure Requirement, the undertaking may nevertheless omit that specific piece of information if it:</p> <p>(a) is secret in the sense that it is not, as a body or in the precise configuration and assembly of its components, generally known among or readily accessible to persons within the circles that normally deal with the kind of information in question;</p>	<p>DELETED</p>
<p>(b) has commercial value because it is secret; and</p>	<p>(b) has commercial value because it is secret; and</p>	<p>DELETED</p>
<p>(c) has been subject to reasonable steps by the undertaking to keep it secret.</p>	<p>(c) has been subject to reasonable steps by the undertaking to keep it secret.</p>	<p>DELETED</p>
<p>107. If the undertaking omits classified information or sensitive information, or a specific piece of information corresponding to intellectual property, know-how or the results of innovation because it meets the criteria established in the previous paragraph, it shall comply with the disclosure requirement in question by disclosing all other required information.</p>	<p><u>102.</u> 107. If the undertaking omits classified information or sensitive, or a specific piece of information corresponding to intellectual property, know how or the results of innovation because it meets the criteria established in the previous paragraph, information in accordance with paragraph 101, it shall comply with the <u>DR</u> Disclosure Requirement in question by disclosing all other required information.</p> <p>The undertaking shall make every reasonable effort to ensure that beyond the this omission of the classified information or sensitive information, or of the specific piece of information corresponding to intellectual property, know how or the results of innovation, the overall relevance of the disclosure in question is not impaired.</p>	<p>AMENDED</p>
<p>108. The undertaking shall make every reasonable effort to ensure that beyond the omission of the classified information or sensitive information, or of the specific piece of information corresponding to intellectual property, know-how or the results of innovation, the overall relevance of the disclosure in question is not impaired.</p>	<p>108. The undertaking shall make every reasonable effort to ensure that beyond the omission of the classified information or sensitive information, or of the specific piece of information corresponding to intellectual property, know how or the results of innovation, the overall relevance of the disclosure in question is not impaired.</p>	<p>DELETED</p>
	<p><u>AR 45 for para. 101 (Member states option)</u></p> <p><u>The CSRD leaves to the Member States the option to provide the following relief, which is therefore available to undertakings in Member States that have exercised this option:</u></p>	<p>NEW</p> <p>[AR 45 includes guidance for paragraph 101]</p> <p>New text to acknowledge the CSRD member state option at level 1 and provide necessary transparency when option is used.</p>

	<p><u>The undertaking may limit information relating to impending developments or matters in the course of negotiation in exceptional cases where, in the duly justified opinion of the members of the administrative, management and supervisory bodies, acting within the competences assigned to them by national law and having collective responsibility for that opinion, the disclosure of such information would be seriously prejudicial to the commercial position of the undertaking, provided that such omission does not prevent a fair and balanced understanding of the undertaking's development, performance and position, and the impact of its activity.</u></p> <p><u>If the undertaking elects to use this exemption, disclosing this fact provides useful information.</u></p>	
7.8 Reporting on opportunities	7.8. Reporting on material opportunities	Comment/Rationale
ESRS 1 as enacted in 2023	Draft Amended ESRS 1	
109. When reporting on opportunities, the disclosure should consist of descriptive information allowing the reader to understand the opportunity for the undertaking or the entire sector. When reporting on opportunities, the undertaking shall consider the materiality of the information to be disclosed. In this context, it shall consider, among other factors: <ul style="list-style-type: none"> (a) whether the opportunity is currently being pursued and is incorporated in its general strategy, as opposed to a general opportunity for the undertaking or the sector; and 	<p><u>109-103. When reporting on material opportunities, the disclosure should shall consist of descriptive information allowing the reader users to understand the opportunities.</u></p> <p><u>opportunity for the undertaking or the entire sector. When reporting on opportunities, the undertaking shall consider the materiality of the information to be disclosed. In this context, it shall consider, among other factors:</u></p> <p style="margin-left: 20px;">(a) <u>whether the opportunity is currently being pursued and is incorporated in its general strategy, as opposed to a general opportunity for the undertaking or the sector; and</u></p> <p><u>The undertaking shall not report general opportunities for the sector but only opportunities that are currently being pursued or incorporated in its general strategy. The provisions on financial effects in ESRS 2 General Disclosures apply when reporting on material opportunities.</u></p>	AMENDED Streamlined; added the term 'material' to reiterate that only 'material' opportunities shall be reported; clarified that general opportunities are not relevant information.
(b) whether the inclusion of quantitative measures of anticipated financial effects is appropriate, taking into account the number of assumptions that it could require and consequential uncertainty.	<u>(b) whether the inclusion of quantitative measures of anticipated financial effects is appropriate, taking into account the number of assumptions that it could require and consequential uncertainty.</u>	DELETED Deleted specific relief for quantitative financial effects as one is already present (reliefs in ESRS 2 SBM are applicable).

8. Structure of the sustainability statement	8. Presentation requirements and structure of the sustainability statement	
	8.1. General presentation requirement, structure and content of the sustainability statement	Comment/Rationale
ESRS 1 as enacted in 2023	Draft Amended ESRS 1	
110. This chapter provides the basis for the presentation of the information about sustainability matters prepared in compliance with Articles 19a and 29a of Directive 2013/34/EU (i.e., the sustainability statement) within the undertaking's management report. Such information is presented in a dedicated section of the management report identified as the sustainability statement. Appendix F Example of structure of ESRS sustainability statement of this Standard provides an illustrative example of a sustainability statement structured according to the requirements of this chapter.	<p><u>104.</u> 110 This chapter provides the basis for the presentation of the information about sustainability matters prepared in compliance with Articles 19a and 29a of Directive 2013/34/EU (i.e., the sustainability statement) within the undertaking's management report. Such information is presented in a dedicated section of the management report identified as the sustainability statement. Appendix F Example of structure of ESRS sustainability statement of this Standard provides an illustrative example of a sustainability statement structured according to the requirements of this chapter</p> <p><u>112.</u> Except for the possibility to incorporate information by reference in accordance with section 9.1 Incorporation by reference of this standard, The undertaking shall report present all the applicable disclosures required by ESRS in accordance with chapter 1 of this standard within a dedicated section of the management report identified as the undertaking's sustainability statement which also includes those incorporated by reference in accordance with Chapter 9.3.</p>	<p>AMENDED</p> <p>Editorial, to simplify. Old text deleted as no longer necessary, paragraph updated.</p>
8.1 General presentation requirement	8.1 General presentation requirement	Comment/Rationale
ESRS 1 as enacted in 2023	Draft Amended ESRS 1	
111. Sustainability information shall be presented: (a) in a way that allows a distinction between information required by disclosures in ESRS and other information included in the management report; and	<p><u>105.</u> 111 Sustainability information shall be presented:</p> <p>(a) in a way that allows a distinction between for clear identification of information required by disclosures in ESRS and from other information included in the management report; and</p>	<p>AMENDED</p> <p>Editorial</p>

<p>(b) under a structure that facilitates access to and understanding of the sustainability statement, in a format that is both human-readable and machine-readable.</p>	<p>(b) under a structure that facilitates access to and understanding of the sustainability statement, in a format that is both human-readable and machine-readable.</p>	<p>UNCHANGED</p>
<p>8.2 Content and structure of the sustainability statement</p>	<p>8.2 Content and structure of the sustainability statement</p>	<p>Comment/Rationale</p>
<p>ESRS 1 as enacted in 2023</p>	<p>Draft Amended ESRS 1</p>	
<p>112. Except for the possibility to incorporate information by reference in accordance with section 9.1 Incorporation by reference of this Standard the undertaking shall report all the applicable disclosures required by ESRS in accordance with chapter 1 of this Standard within a dedicated section of the management report.</p>	<p>112. Except for the possibility to incorporate information by reference in accordance with section 9.1 Incorporation by reference of this Standard the undertaking shall report all the applicable disclosures required by ESRS in accordance with chapter 1 of this Standard within a dedicated section of the management report.</p>	<p>MOVED Moved and amended to paragraph 104</p>
	<p>106. 115 The undertaking shall structure its sustainability statement in four parts, in the following order: general information, environmental information (including disclosures pursuant to Article 8 of Regulation (EU) 2020/852), social information and governance information. Respecting the provision in section 3.6 Material impacts or risks arising from actions to address sustainability matters of this Standard, when information provided in one part contains information to be reported also in another part, the undertaking may refer in one part to information presented in another part, avoiding duplications. The undertaking may apply the detailed structure illustrated in Appendix F of this Standard. It may use appendices or separate sub-parts in accordance with paragraphs 108 – 112.</p>	<p>MOVED AND AMENDED Moved and amended from former paragraph 115. Updated to reflect ability to use separate sub-parts or appendices as outlined in paragraphs 107 (for Art 8 EUT disclosures) and 112 for supplementary information.</p>
<p>113. The undertaking shall include in its sustainability statement the disclosures pursuant to Article 8 of Regulation (EU) 2020/852 of the European Parliament and the Council and to the Commission Delegated Regulations that specify the content and other modalities of those disclosures. The undertaking shall ensure that these disclosures are separately identifiable within the sustainability statement. The disclosures relating to each of the environmental objectives defined in the Taxonomy Regulation shall be presented together in a clearly identifiable part of the environmental section of the sustainability statement. These disclosures are not subject to the provisions of ESRS, with the exception of this paragraph and the first sentence of paragraph 115 of this standard</p>	<p>107. 113 If the undertaking shall include in its sustainability statement the disclosures pursuant to Article 8 of Regulation (EU) 2020/852 of the European Parliament and the Council and to the Commission Delegated Regulations that specify the content and other modalities of those disclosures. The undertaking shall ensure that these disclosures are separately identifiable within the sustainability statement. The disclosures relating to each of the environmental objectives defined in the Taxonomy Regulation shall be presented together in a clearly identifiable part of the environmental section of the sustainability statement. These disclosures are not subject to the provisions of ESRS, with the exception of this paragraph and the first sentence of paragraph 115 of this standard prepares disclosures pursuant to Article 8 of</p>	<p>AMENDED Considering the feedback received on relevance and length of these disclosures when included in the sustainability statement (from stakeholders and in response to the public call for input) and suggestions to allow flexibility on the location of such disclosures (separate section or appendix) within the management report.</p>

	Regulation (EU) 2020/852 of the European Parliament and the Council and to the Commission Delegated Regulations, it is required to include them in its sustainability statement, and may do so in a separate appendix within the management report. These disclosures are not subject to the provisions of ESRS, with the exception of this paragraph.	
	<u>8.2. Presentation of supplementary information included in the sustainability statement</u>	Comment/Rationale
ESRS 1 as enacted in 2023	Draft Amended ESRS 1	
<p>114. When the undertaking includes in its sustainability statement additional disclosures stemming from (i) other legislation which requires the undertaking to disclose sustainability information, or (ii) generally accepted sustainability reporting standards and frameworks, including non-mandatory guidance and sector-specific guidance, published by other standard-setting bodies (such as technical material issued by the International Sustainability Standards Board or the Global Reporting Initiative), such disclosures shall:</p> <p>(a) be clearly identified with an appropriate reference to the related legislation standard or framework (see ESRS 2 BP-2 paragraph 15);</p> <p>(b) meet the requirements for qualitative characteristics of information specified in chapter 2 and Appendix B of this standard.</p>	<p>108.–114 When the undertaking includes in its sustainability statement additional disclosures The undertaking may include in its sustainability statement supplementary information stemming from (i) other legislation which requires the undertaking it to disclose sustainability information, or (ii) generally accepted sustainability reporting standards and or frameworks, including non-mandatory guidance and sector-specific guidance, published by other standard setting bodies (such as technical material issued by the International Sustainability Standards Board or by the Global Reporting Initiative), such disclosures shall: even if that information is not material. Such information shall (a) be clearly identified with an appropriate reference to the related legislation, standard or framework (see ESRS 2 BP-2 paragraph 15); (b) meet the requirements for qualitative characteristics of information specified in chapter 2 and Appendix B of this standard.</p>	<p>AMENDED</p> <p>Editorial and updated to clarify that such disclosures can include non-material information.</p>
	<p><u>109. If needed to meet the data demands of a specific user, the undertaking may include in its sustainability statement supplementary disclosures that are not material. Such information shall be clearly identified as not resulting from the materiality assessment.</u></p>	<p>NEW</p> <p>Added to meet requirements of specific users where appropriate even where topic not determined as material as part of materiality assessment, also due to feedback received on the EFRAG Q&A platform on specific datapoints that were requested e.g. from rating agencies or other third parties. Clarified that such information should be clearly identified as not resulting from the materiality assessment (requested by stakeholders).</p>
	<p><u>110. Disclosures made in accordance with paragraphs 108 and 109 shall provide a faithful representation of the aspects they intend to</u></p>	<p>NEW</p>

	<u>represent and shall be presented in a way that does not obscure material information.</u>	To clarify inclusion of such disclosures should be faithful represented and where not material not obscure other material information presented.
	8.3. Options for presenting information across parts of the sustainability statement	Comment/Rationale
ESRS 1 as enacted in 2023	Draft Amended ESRS 1	
	<p><u>111. The undertaking may provide an executive summary in the sustainability statement which includes the key messages about its material environmental, social and governance impacts, risks or opportunities and their management. The content and presentation of this executive summary shall meet the qualitative characteristics of information and is an integral part of the sustainability statement prepared in accordance with the provisions of ESRS. Alternatively, the undertaking may incorporate information by reference to an executive summary placed outside its sustainability statement, such as in another section of the management report, provided that it meets the conditions for incorporation by reference (see Sub-Chapter 9.3).</u></p>	<p>NEW</p> <p>Feedback from outreach and public call indicated that information in the ESRS sustainability statement may be too detailed to be compatible with the usual communication style adopted in the investor communications. Sustainability reporting lacks the equivalent of "primary statements" in financial reporting. Chapter 8 now includes an option to include an 'executive summary' in the sustainability statement to include 'key messages' in a flexible format allowing undertakings to 'tell their story'. More detailed content remains in the main part of the ESRS sustainability statement. This has been already seen in practice in 2024 reports from some preparers. While implementing this option, it is important to respect the qualitative characteristics of information, such as to avoid reporting mainly positive information in the executive summary and leaving the negative information in the main sections.</p>
	<p><u>112. The undertaking may use appendices or separate sub-parts in its sustainability statement:</u></p> <p class="list-item-l1">(a) <u>to present more detailed information related to any of the four parts;</u></p> <p class="list-item-l1">(b) <u>to facilitate readability with content indices, tables mapping different disclosures or cross-reference tables; and</u></p> <p class="list-item-l1">(c) <u>to present supplementary information prepared in accordance with Sub-Chapter 8.2 above.</u></p>	<p>NEW</p> <p>[AR 46 contains related guidance for paragraph 112]</p> <p>Clarify existing flexibility in using appendices to present more granular information or other supplementary information in accordance with Chapter 8.2.</p>
	<p><u>AR 46 for para. 112 (Presentation of more detailed information)</u></p> <p><u>The undertaking may use internal references across different parts or subparts (including appendices) in the sustainability</u></p>	<p>NEW</p> <p>[AR 46 includes guidance for paragraph 112]</p>

	<u>statement to facilitate the understanding of linkages that exist between different items of information. These internal references are not incorporation by reference.</u>	AR for new para 112, clarifying that cross referencing can be used to illustrate linkages including between sub-parts or appendices used.
115. The undertaking shall structure its sustainability statement in four parts, in the following order: general information, environmental information (including disclosures pursuant to Article 8 of Regulation (EU) 2020/852), social information and governance information. Respecting the provision in section 3.6 Material impacts or risks arising from actions to address sustainability matters of this Standard, when information provided in one part contains information to be reported also in another part, the undertaking may refer in one part to information presented in another part, avoiding duplications. The undertaking may apply the detailed structure illustrated in Appendix F of this Standard.	115. The undertaking shall structure its sustainability statement in four parts, in the following order: general information, environmental information (including disclosures pursuant to Article 8 of Regulation (EU) 2020/852), social information and governance information. Respecting the provision in section 3.6 Material impacts or risks arising from actions to address sustainability matters of this Standard, when information provided in one part contains information to be reported also in another part, the undertaking may refer in one part to information presented in another part, avoiding duplications. The undertaking may apply the detailed structure illustrated in Appendix F of this Standard.	MOVED Moved to new paragraph 106.
116. The disclosures required by sector-specific ESRS shall be grouped by reporting area and, where applicable, by sustainability topic. They shall be presented alongside the disclosures required by ESRS 2 and the corresponding topical ESRS.	116. The disclosures required by sector-specific ESRS shall be grouped by reporting area and, where applicable, by sustainability topic. They shall be presented alongside the disclosures required by ESRS 2 and the corresponding topical ESRS.	DELETED Not needed Sector provision now not applicable due to Omnibus proposal.
117. Where the undertaking develops material entity-specific disclosures in accordance with paragraph 11 it shall report those disclosures alongside the most relevant sector-agnostic and sector-specific disclosures.	117. Where the undertaking develops material entity specific disclosures in accordance with paragraph 11 it shall report those disclosures alongside the most relevant sector-agnostic and sector specific disclosures.	DELETED Unnecessary prescriptive guidance.
9. Linkages with other parts of corporate reporting and connected information	9. <u>Connected information and</u> linkages with other parts of corporate reporting and connected information	Comment/Rationale
	9.1. Connected information	NEW STRUCTURE: Former chapter 9.2 and has been split in 9.1 <i>Connected information</i> (overall concept of connected information) and 9.2 <i>Direct/indirect connectivity with financial statements and consistency of assumptions</i> to clearly separate the two. Former 9.1 <i>Incorporation by reference</i> is now chapter 9.3.
ESRS 1 as enacted in 2023	Draft Amended ESRS 1	
118. The undertaking shall provide information that enables users of its sustainability statement to understand the connections between different pieces of information in the statement, and the connections between the information in the sustainability statement and other information that the undertaking discloses in other parts of its corporate reporting.	118. <u>113.</u> The undertaking shall provide information that enables users of its sustainability statement to understand the connections between different pieces of information in the statement, and the connections between the information in the sustainability statement and other information that the undertaking discloses in other parts of its corporate reporting.	AMENDED Editorial – for simplified reading

	statement and other information that the undertaking discloses in other parts of its corporate reporting.	Connected information has been moved before incorporation by reference (ordering change) for ease of reading / flow.
	a) <u>within the sustainability statement; and</u>	NEW Clarifies requirements that were set out in para 118
	b) <u>between the sustainability statement and other corporate reporting documents published by the undertaking, including its financial statements.</u>	NEW Clarifies requirements that were set out in para 118
	<u>114. Repeating the same information within the sustainability statement may obscure material information and impair the provision of concise and understandable information. If the same information is relevant to more than one DR, the undertaking may present the information where it considers it to be most relevant and cross-refer to that location as appropriate.</u>	NEW Emphasis on avoiding repetitions. To support more concise and relevant reporting.
	<u>AR 47 for para. 113 (Connections within the sustainability statement)</u> <u>Connections within the sustainability statement include:</u> <u>a) those between the general disclosures on governance and strategy and the disclosures about a specific topic; and</u> <u>b) those between the information about material impacts, risks and opportunities in accordance with ESRS 2 General Disclosures (SBM 3 and IRO 2) and the respective policies, actions, targets and metrics.</u>	NEW [AR 47 includes guidance for paragraph 113] Clarification on what connections the DR relates to (guidance).
ESRS 1 as enacted in 2023	<u>9.2. Direct and indirect connectivity with financial statements, including consistency of assumptions</u>	Comment/Rationale
	Draft Amended ESRS 1	
	<u>115. If the sustainability statement includes monetary amounts or other quantitative information also presented in the undertaking's financial statements, the undertaking shall cross-reference to its financial statements ('direct connectivity').</u>	MOVED Editorial to simplify. This is former paragraph 124 (all content relating to direct and indirect connectivity has been streamlined and included in new

		section 9.2 Direct/indirect connectivity with financial statements and consistency of assumptions)
	<p><u>116. If the sustainability statement includes amounts that are an aggregation or part of amounts presented in the undertaking's financial statements ('indirect connectivity'), the undertaking shall explain how these amounts relate to the most relevant ones presented in the financial statements.</u></p>	MOVED Editorials to simplify. This was former paragraph 125 (all content relating to direct and indirect connectivity has been streamlined and included in new section 9.2 Direct/indirect connectivity with financial statements and consistency of assumptions)
	<p><u>117. Data and assumptions used in preparing the sustainability statement shall, to the extent possible, be consistent with the corresponding data and assumptions used in preparing the financial statements. To support the understanding of significant data and assumptions, the undertaking shall explain any significant differences in assumptions between those used in preparing the sustainability statements and those used in preparing the financial statements.</u></p>	MERGED Former paragraph 90 and 127. Streamlined.
	<p><u>AR 48 for para. 115 (Currency to be used)</u> <u>For monetary amounts the undertaking shall use the same currency as in the financial statements.</u></p>	NEW [AR 48 includes guidance for paragraph 115] Clarification in AR on currency to be applied.
9.1 Incorporation by reference	9.1.9.3 Incorporation by reference	Comment/Rationale
ESRS 1 as enacted in 2023	Draft Amended ESRS 1	
119. Provided that the conditions in paragraph 120 are met, information prescribed by a Disclosure Requirement of an ESRS, including a specific datapoint prescribed by a Disclosure Requirement, may be incorporated in the sustainability statement by reference to: (a) another section of the management report;	119. 118. Provided that the conditions in paragraph 120 are met, information or a specific datapoint prescribed by a DR Disclosure Requirement of an ESRS, including a specific datapoint prescribed by a Disclosure Requirement may be incorporated in the sustainability statement by cross-reference to: (a) another section of the management report;	AMENDED Editorial – clarify a DP prescribed by a DR
(b) the financial statements;	(b) the financial statements;	UNCHANGED

(c) the corporate governance statement (if not part of the management report);	(c) the corporate governance statement (if not part of the management report);	UNCHANGED
(d) the remuneration report required by Directive 2007/36/EC of the European Parliament and of the Council;	(d) the remuneration report required by Directive 2007/36/EC of the European Parliament and of the Council;	UNCHANGED
(e) the universal registration document, as referred to in Article 9 of Regulation (EU) 2017/1129; and	(e) the universal registration document, as referred to in Article 9 of Regulation (EU) 2017/1129; and	UNCHANGED
(f) public disclosures under Regulation (EU) No 575/2013 of the European Parliament and of the Council (Pillar 3 disclosures). If the undertaking incorporates by reference information from Pillar 3 disclosures, it shall ensure that the information matches the scope of consolidation used for the sustainability statement by complementing the incorporated information with additional elements as necessary.	(f) public disclosures under Regulation (EU) No 575/2013 of the European Parliament and of the Council (Pillar 3 disclosures). If the undertaking incorporates by reference information from Pillar 3 disclosures, it shall ensure that the information matches the scope of consolidation used for the sustainability statement by complementing the incorporated information with additional elements as necessary.	UNCHANGED
120. The undertaking may incorporate information by reference to the documents, or part of the documents, listed in paragraph 119, provided that the disclosures incorporated by reference:	120. 119. The undertaking may incorporate information by reference to the documents, or part of the documents, listed in paragraph 119 118 , provided that the <u>information disclosures</u> incorporated by reference:	AMENDED Editorial – language / clarification only
(a) constitute a separate element of information and are clearly identified in the document concerned as addressing the relevant Disclosure Requirement, or the relevant specific datapoint prescribed by a Disclosure Requirement;	(a) constitutes a separate element of information and are clearly identified in the <u>source</u> document concerned as addressing the relevant <u>ESRS DR Disclosure Requirement</u> , or the relevant specific datapoint prescribed by a Disclosure Requirement;	
(b) are published before or at the same time as the management report;	(b) are is published before or at the same time as the management report;	AMENDED Editorial only
(c) are in the same language as the sustainability statement;	(c) are is in the same language as the sustainability statement;	AMENDED Editorial only
(d) are subject to at least the same level of assurance as the sustainability statement; and	(d) are is subject to at least the same level of assurance as the sustainability statement. <u>In this case it is not required that the entire document containing the information is subject to assurance</u> ; and	AMENDED To address questions received in the Q&A platform that were asking whether the entire source document needs to be audited or only the part that incorporated. This was also raised in other stakeholder feedback so has now been addressed with this clarification.
(e) meet the same technical digitalisation requirements as the sustainability statement.	(e) meet allows the same technical digitalisation requirements as <u>the other information in the sustainability statement</u> .	AMENDED Editorial only for clarification

<p>121. Provided that the conditions established in paragraph 120 are met, information prescribed by a Disclosure Requirement of an ESRS, including a specific datapoint prescribed by a Disclosure Requirement, may be incorporated in the sustainability statement by reference to the undertaking's report prepared according to EU Eco-Management and Audit Scheme (EMAS) Regulation (EU) No 1221/2009. In this case, the undertaking shall ensure that the information incorporated by reference is produced using the same basis for preparation of ESRS information, including scope of consolidation and treatment of value chain information.</p>	<p>121. 120. Provided that the conditions established in paragraph 120-119 are met, information prescribed by a Disclosure Requirement DR or datapoint including a specific datapoint prescribed by a Disclosure Requirement may be incorporated in the sustainability statement by reference to the undertaking's report prepared according to in accordance with the EU Eco-Management and Audit Scheme (EMAS) Regulation (EU) No 1221/2009. In this case, the undertaking shall ensure that the information incorporated by reference is produced using the same basis for preparation of ESRS information, including scope of consolidation and treatment of upstream and downstream value chain information.</p>	<p>AMENDED Editorial – language simplification only</p>
<p>122. In the preparation of its sustainability statement using incorporation by reference, the undertaking shall consider the overall cohesiveness of the reported information and ensure that the incorporation by reference does not impair the readability of the sustainability statement. Appendix G Example of incorporation by reference of this Standard is an illustrative example of incorporation by reference (See ESRS 2 BP-2).</p>	<p>122-121- In the preparation of its sustainability statement using incorporation by reference, The undertaking shall consider the overall cohesiveness of the reported information and ensure that the incorporation by reference does not impair the readability of the sustainability statement. Appendix G Example of incorporation by reference of this Standard is an illustrative example of incorporation by reference (See ESRS 2 BP-2).</p>	<p>AMENDED Editorial – language simplification only, example removed to simplify the standard</p>
<p>9.2 Connected information and connectivity with financial statements</p>	<p>9.2 Connected information and connectivity with financial statements</p>	<p>Comment/Rationale</p>
<p>ESRS 1 as enacted in 2023</p>	<p>Draft Amended ESRS 1</p>	
<p>123. The undertaking shall describe the relationships between different pieces of information. Doing so could require connecting narrative information on governance, strategy and risk management to related metrics and targets. For example, in providing connected information, the undertaking may need to explain the effect or likely effect of its strategy on its financial statements or financial plans, or explain how its strategy relates to metrics and targets used to measure progress against performance. Furthermore, the undertaking may need to explain how its use of natural resources and changes within its supply chain could amplify, change or reduce its material impacts, risks and opportunities. It may need to link this information to information about current or anticipated financial effects on its production costs, to its strategic response to mitigate such impacts or risks, and to its related investment in new assets. The undertaking may also need to link narrative information to the related metrics and targets and to information in the financial</p>	<p>123. The undertaking shall describe the relationships between different pieces of information. Doing so could require connecting narrative information on governance, strategy and risk management to related metrics and targets. For example, in providing connected information, the undertaking may need to explain the effect or likely effect of its strategy on its financial statements or financial plans, or explain how its strategy relates to metrics and targets used to measure progress against performance. Furthermore, the undertaking may need to explain how its use of natural resources and changes within its supply chain could amplify, change or reduce its material impacts, risks and opportunities. It may need to link this information to information about current or anticipated financial effects on its production costs, to its strategic response to mitigate such impacts or risks, and to its related investment in new assets. The undertaking may also need to link narrative information to the related metrics and targets and to information in the financial</p>	<p>DELETED All content relating to connected information is now in new chapter 9.1 <i>Connected information</i> above. This paragraph provided examples not required as part of this Chapter, such examples may be part of future guidance.</p>

statements. Information that describes connections shall be clear and concise.	statements. Information that describes connections shall be clear and concise.	
124. When the sustainability statement includes monetary amounts or other quantitative data points that exceed a threshold of materiality and that are presented in the financial statements (direct connectivity between information disclosed in sustainability statement and information disclosed in financial statements), the undertaking shall include a reference to the relevant paragraph of its financial statements where the corresponding information can be found.	124. When the sustainability statement includes monetary amounts or other quantitative data points that exceed a threshold of materiality and that are presented in the financial statements (direct connectivity between information disclosed in sustainability statement and information disclosed in financial statements), the undertaking shall include a reference to the relevant paragraph of its financial statements where the corresponding information can be found.	MOVED This is now reflected in paragraphs 115 and 116 (all content relating to direct and indirect connectivity has been streamlined and included in new section 9.2 Direct/indirect connectivity with financial statements and consistency of assumptions)
125. The sustainability statement may include monetary amounts or other quantitative datapoints that exceed a threshold of materiality and that are either an aggregation of, or a part of, monetary amounts or quantitative data presented in the undertaking's financial statements (indirect connectivity between information disclosed in sustainability statement and information disclosed in financial statements). If this is the case, the undertaking shall explain how these amounts or datapoints in the sustainability statement relate to the most relevant amounts presented in the financial statements. This disclosure shall include a reference to the line item and/or to the relevant paragraphs of its financial statements where the corresponding information can be found. Where appropriate, a reconciliation may be provided, and it may be presented in a tabular form.	125. The sustainability statement may include monetary amounts or other quantitative datapoints that exceed a threshold of materiality and that are either an aggregation of, or a part of, monetary amounts or quantitative data presented in the undertaking's financial statements (indirect connectivity between information disclosed in sustainability statement and information disclosed in financial statements). If this is the case, the undertaking shall explain how these amounts or datapoints in the sustainability statement relate to the most relevant amounts presented in the financial statements. This disclosure shall include a reference to the line item and/or to the relevant paragraphs of its financial statements where the corresponding information can be found. Where appropriate, a reconciliation may be provided, and it may be presented in a tabular form.	MOVED This is now reflected in paragraphs 115 and 116 (all content relating to direct and indirect connectivity has been streamlined and included in new section 9.2 Direct/indirect connectivity with financial statements and consistency of assumptions)
126. In the case of information not covered by paragraphs 124 and 125, the undertaking shall explain, based on a threshold of materiality, the consistency of significant data, assumptions, and qualitative information included in its sustainability statement with the corresponding data, assumptions and qualitative information included in the financial statements. This may occur when the sustainability statement includes: (a) monetary amounts or other quantitative data linked to monetary amounts or other quantitative data presented in the financial statements; or	126. In the case of information not covered by paragraphs 124 and 125, the undertaking shall explain, based on a threshold of materiality, the consistency of significant data, assumptions, and qualitative information included in its sustainability statement with the corresponding data, assumptions and qualitative information included in the financial statements. This may occur when the sustainability statement includes: (a) monetary amounts or other quantitative data linked to monetary amounts or other quantitative data presented in the financial statements; or	MOVED, AMENDED Paragraph 117 (90 amended) now includes consistency of data and assumptions to financial statements.
(b) qualitative information linked to qualitative information presented in the financial statements.	(b) qualitative information linked to qualitative information presented in the financial statements.	DELETED As per above commentary
127. Consistency as required by paragraph 126 shall be at the level of a single datapoint and shall include a reference to the relevant line item or paragraph of notes to the financial	127. Consistency as required by paragraph 126 shall be at the level of a single datapoint and shall include a reference to the relevant line item or paragraph of notes to the financial	MOVED, AMENDED Paragraph 127 is on consistency; this requirement was already in paragraph 90 of ESRS 1 ("Data and assumptions used in preparing

statements. When significant data, assumptions and qualitative information are not consistent, the undertaking shall state that fact and explain the reason.	statements. When significant data, assumptions and qualitative information are not consistent, the undertaking shall state that fact and explain the reason.	the sustainability statement shall be consistent to the extent possible with the corresponding financial data and assumptions used in the undertaking's financial statements") which has now been relocated in this section (paragraph 117 above).
128. Examples of items for which the explanation in paragraph 126 is required, are: (a) when the same metric is presented as of the reporting date in financial statements and as a forecast for future periods in the sustainability statement; and	128. Examples of items for which the explanation in paragraph 126 is required, are: (a) when the same metric is presented as of the reporting date in financial statements and as a forecast for future periods in the sustainability statement; and	DELETED Removed from main text as guidance/examples
(b) when macroeconomic or business projections are used to develop metrics in the sustainability statement and they are also relevant in estimating the recoverable amount of assets, the amount of liabilities or provisions in financial statements.	(b) when macroeconomic or business projections are used to develop metrics in the sustainability statement and they are also relevant in estimating the recoverable amount of assets, the amount of liabilities or provisions in financial statements.	DELETED Removed from main text as guidance/examples
129. Topical and sector-specific ESRS may include requirements to include reconciliations or to illustrate consistency of data and assumptions for specific Disclosure Requirements. In such cases, the requirements in those ESRS shall prevail.	129. Topical and sector-specific ESRS may include requirements to include reconciliations or to illustrate consistency of data and assumptions for specific Disclosure Requirements. In such cases, the requirements in those ESRS shall prevail.	DELETED Removed from main text as guidance/examples and also as sector standards are not under development at this stage.
10.1 Transitional provision related to entity-specific disclosures	<u>10. Transitional provisions</u> <u>10.1 Transitional provision related to entity-specific disclosures</u>	Comment/Rationale
ESRS 1 as enacted in 2023	Draft Amended ESRS 1	
130. The extent to which sustainability matters are covered by ESRS is expected to evolve as further Disclosure Requirements are developed. Therefore, the need for entity-specific disclosures is likely to decrease over time, in particular as a result of the future adoption of sector specific standards.	130. The extent to which sustainability matters are covered by ESRS is expected to evolve as further Disclosure Requirements are developed. Therefore, the need for entity specific disclosures is likely to decrease over time, in particular as a result of the future adoption of sector specific standards.	DELETED Former Chapter 10.1 deleted as there will be no sector specific standards.
131. When defining its entity-specific disclosures, the undertaking may adopt transitional measures for their preparation in the first three annual sustainability statements under which it may as a priority: (a) introduce in its reporting those entity-specific disclosures that it reported in prior periods, if these disclosures meet or are adapted to meet the qualitative characteristics of information referred to under chapter 2 of this Standard; and	131. When defining its entity specific disclosures, the undertaking may adopt transitional measures for their preparation in the first three annual sustainability statements under which it may as a priority:(a) introduce in its reporting those entity specific disclosures that it reported in prior periods, if these disclosures meet or are adapted to meet the qualitative characteristics of information referred to under chapter 2 of this Standard; and	

<p>(b) complement its disclosures prepared on the basis of the topical ESRS with an appropriate set of additional disclosures to cover sustainability matters that are material for the undertaking in its sector(s), using available best practice and/or available frameworks or reporting standards, such as IFRS industry-based guidance and GRI Sector Standards.</p>	<p>(b) complement its disclosures prepared on the basis of the topical ESRS with an appropriate set of additional disclosures to cover sustainability matters that are material for the undertaking in its sector(s), using available best practice and/or available frameworks or reporting standards, such as IFRS industry-based guidance and GRI Sector Standards.</p>	<p>DELETED Content of former paragraph 131 (b) is moved to AR 5 on entity specific disclosures as there will be no sector ESRS.</p>
	<p><u>121. 122. Unless otherwise stated, the transitional provisions in this Chapter apply from the first financial year the undertaking is subject to the preparation and publication of a sustainability statement as required by Directive 2013/34/EU. Accordingly, earlier voluntary application of ESRS does not limit the use of the reliefs in this chapter and does not trigger the start of the phase-in provisions. In this chapter financial year refers to the reporting period of an undertaking's sustainability statement starting on or after January 1 of the respective year.</u></p>	<p>NEW Clarified that the first application of the ESRS on provisions of the CSRD independent of member state transposition. The issue also triggered questions on the EFRAG Q&A platform. Clarified what is meant by financial year for those undertakings with financial years different from calendar year.</p>
	<p><u>123. 'Wave-one' undertakings are those that were scheduled to report on sustainability for the first time for financial year 2024, irrespective of whether the corresponding Member State transposed the Directive (EU) 2022/2464 (CSRD). They are defined in Article 5(2), first subparagraph, point (a), and third subparagraph, point (a), of the CSRD.</u></p>	<p>NEW Added as the definition of 'wave-one' undertakings is needed for chapter 10.1 and 10.2.</p>
<p>10.2 Transitional provision related to chapter 5 Value chain</p>	<p><u>10.2 Transitional provision related to chapter 5 Value chain</u></p>	<p>Comment/Rationale</p>
<p>ESRS as enacted in 2023</p>	<p>Draft Amended ESRS 1</p>	
<p>132. For the first 3 years of the undertaking's sustainability reporting under the ESRS, in the event that not all the necessary information regarding its upstream and downstream value chain is available, the undertaking shall explain the efforts made to obtain the necessary information about its upstream and downstream value chain, the reasons why not all of the necessary information could be obtained, and its plans to obtain the necessary information in the future.</p>	<p>132. For the first 3 years of the undertaking's sustainability reporting under the ESRS, in the event that not all the necessary information regarding its upstream and downstream value chain is available, the undertaking shall explain the efforts made to obtain the necessary information about its upstream and downstream value chain, the reasons why not all of the necessary information could be obtained, and its plans to obtain the necessary information in the future.</p>	<p>DELETED Transitional provision related to Chapter 5 deleted as considered redundant in addition to the reliefs provided without time limit in other parts of ESRS 1 (mainly chapter 7.3 and 7.4).</p>
<p>133. For the first 3 years of its sustainability reporting under the ESRS, in order to take account of the difficulties that undertakings may encounter in gathering information from actors throughout their value chain and in order to limit the burden for SMEs in the value chain:</p>	<p>133. For the first 3 years of its sustainability reporting under the ESRS, in order to take account of the difficulties that undertakings may encounter in gathering information from actors throughout their value chain and in order to limit the burden for SMEs in the value chain:</p>	

<p>(a) when disclosing information on policies, actions and targets in accordance with ESRS 2 and other ESRS, the undertaking may limit upstream and downstream value chain information to information available in-house, such as data already available to the undertaking and publicly available information; and</p>	<p>(a) when disclosing information on policies, actions and targets in accordance with ESRS 2 and other ESRS, the undertaking may limit upstream and downstream value chain information to information available in-house, such as data already available to the undertaking and publicly available information; and</p>	
<p>(b) when disclosing metrics, the undertaking is not required to include upstream and downstream value chain information, except for datapoints derived from other EU legislation, as listed in ESRS 2 Appendix B.</p>	<p>(b) when disclosing metrics, the undertaking is not required to include upstream and downstream value chain information, except for datapoints derived from other EU legislation, as listed in ESRS 2 Appendix B.</p>	
<p>134. Paragraphs 132 and 133 apply irrespective of whether or not the relevant actor in the value chain is an SME.</p>	<p>134. Paragraphs 132 and 133 apply irrespective of whether or not the relevant actor in the value chain is an SME.</p>	
<p>135. Starting from the fourth year of its reporting under the ESRS, the undertaking shall include upstream and/or downstream value chain information according to paragraph 63. In this context, the information required by ESRS to be obtained from SME undertakings in the undertaking's upstream and/or downstream value chain will not exceed the content of the future ESRS for listed SMEs.</p>	<p>135. Starting from the fourth year of its reporting under the ESRS, the undertaking shall include upstream and/or downstream value chain information according to paragraph 63. In this context, the information required by ESRS to be obtained from SME undertakings in the undertaking's upstream and/or downstream value chain will not exceed the content of the future ESRS for listed SMEs.</p>	
<p>10.3 Transitional provision related to section 7.1 Presenting comparative information</p>	<p>10.3 10.1 Transitional provision related to chapter 7.1 Presenting comparative information</p>	<p>Comment/Rationale</p>
<p>ESRS 1 as enacted in 2023</p>	<p>Draft Amended ESRS 1</p>	
<p>136. To ease the first-time application of this Standard, the undertaking is not required to disclose the comparative information required by section 7.1 Presenting comparative information in the first year of preparation of the sustainability statement under the ESRS. For disclosure requirements listed in Appendix C List of phased-in Disclosure Requirements, this transitional provision applies with reference to the first year of mandatory application of the phased-in disclosure requirement.</p>	<p>136. <u>124.</u> To ease the first time application of this Standard, the undertaking is. (136) 'Wave one' undertakings, as defined in paragraph 123, are not required to disclose comparative information as required by section Chapter 7.1 Presenting comparative information in the first year of preparation of the sustainability statement under the ESRS. For disclosure requirements listed in Appendix C List of phased-in Disclosure Requirements, this transitional provision applies with reference to the first year of mandatory application of the phased-in disclosure requirement for the financial year 2024. Other undertakings that are subject for the first time to reporting under ESRS based on the provisions of the CSRD are not required to disclose comparative information as required by Chapter 7.1 for their first reporting period.</p>	<p>AMENDED</p> <p>Phase-in provision is available for all undertakings in their first reporting under CSRD. For wave-one undertakings this is restricted to financial year 2024 to create a 'level playing field' if a country did not transpose the CSRD in time.</p>

10.4 Transitional provision: List of Disclosure Requirements that are phased-in	<u>10.2. Transitional provision: List of Disclosures Requirements DRs that are phased in</u>	Comment/Rationale
ESRS 1 as enacted in 2023	Draft Amended ESRS 1	
137. Appendix C List of phased-in Disclosure Requirements in this Standard sets phase-in provisions for the Disclosure Requirements or datapoints of Disclosure Requirements in ESRS that may be omitted or that are not applicable in the first year(s) of preparation of the sustainability statement under the ESRS.	137. Appendix C List of phased in Disclosure Requirements in this Standard sets phase in provisions for the Disclosure Requirements or datapoints of Disclosure Requirements in ESRS that may be omitted or that are not applicable in the first year(s) of preparation of the sustainability statement under the ESRS.	DELETED The detailed Appendix C is replaced by the following phase-ins that were considered better presented in the main body.
	<u>NOTE TO THE EUROPEAN COMMISSION: CONSIDERING THE CLOSE LINKAGE OF THE PHASING IN FOR UNDERTAKINGS OTHER THAN WAVE 1 UNDERTAKINGS - INCLUDING FUTURE NEW REPORTERS - WITH THE LEVEL 1 PROVISIONS IN COURSE OF NEGOTIATION AND FINALISATION, EFRAG LEAVES TO THE EUROPEAN COMMISSION THE DECISION ON WHICH PHASING IN TREATMENT IS APPROPRIATE FOR THEM. ACCORDINGLY THIS CHAPTER ONLY DEALS WITH WAVE 1 UNDERTAKINGS.</u>	n/a
	<u>125. 'Wave-one' undertakings may omit in their sustainability statement:</u> <u>(a) all the DRs of ESRS E4 Biodiversity and Ecosystems, ESRS S2 Workers in the Value Chain, ESRS S3 Affected Communities, and ESRS S4 Consumers and End-users for their financial years prior to financial year 2027;</u>	NEW Proposed phase-in provisions for 'wave-one' undertakings.
	<u>(b) all information about anticipated financial effects, required in paragraph 27 of ESRS 2 General Disclosures and in ESRS E1-11 for their financial years prior to financial year 2027, with the exception of ESRS E1-11 paragraph 38(a)(b) and 39 (a)(b).</u>	
	<u>(c) quantitative information about anticipated financial effects, required in paragraph 27 of ESRS 2 General Disclosures and in ESRS E1-11 for their financial years prior to financial year 2030, with the exception of ESRS E1-11 paragraph 38(a)(b) and 39 (a)(b);</u>	
	<u>(d) quantitative information related to substances of concern (SoC) prescribed by ESRS E2-5, for their financial years prior to financial year 2030; and</u>	

	(e) ESRS S1-6, S1-7 for non-EEA countries, S1-10, S1-11, S1-12, S1-13 datapoints paragraph 40(d)(e) and non-employees datapoints, and S1-14 for their financial years prior to financial year 2027.	
Appendix A Application Requirements	Appendix A Application Requirements	Comment/Rationale
ESRS as enacted in 2023	Draft Amended ESRS 1	
This appendix is an integral part of ESRS 1 and has the same authority as the other parts of the Standard.	This appendix is an integral part of ESRS 1 and has the same authority as the other parts of the Standard.	DELETED
Entity specific disclosures AR 1. The entity-specific disclosures shall enable users to understand the undertaking's impacts, risks and opportunities in relation to environmental, social or governance matters.	AR 1. The entity-specific disclosures shall enable users to understand the undertaking's impacts, risks and opportunities in relation to environmental, social or governance matters.	DELETED Deleted as a stand-alone AR; requirement that entity-specific disclosures enable users to understand material IROs is already covered by paragraph 11 and the fair presentation objective of the sustainability statement.
AR 2. When developing entity-specific disclosures, the undertaking shall ensure that: (a) the disclosures meet the qualitative characteristics of information as set out in chapter 2 Qualitative characteristics of information; and	AR 2. When developing entity-specific disclosures, the undertaking shall ensure that: (a) the disclosures meet the qualitative characteristics of information as set out in chapter 2 Qualitative characteristics of information; and	MOVED Amended and moved to AR 3
(b) its disclosures include, where applicable, all material information related to the reporting areas of governance; strategy; impact, risk and opportunity management; and metrics and targets (see ESRS 2 chapters 2 to 5).	(b) its disclosures include, where applicable, all material information related to the reporting areas of governance; strategy; impact, risk and opportunity management; and metrics and targets (see ESRS 2 chapters 2 to 5).	MOVED Amended and moved to AR 3
AR 3. When determining the usefulness of metrics for inclusion in its entity-specific disclosures, the undertaking shall consider whether: (a) its chosen performance metrics provide insight into: i. how effective its practices are in reducing negative outcomes and/or increasing positive outcomes for people and the environment (for impacts); and/or ii. the likelihood that its practices result in financial effects on the undertaking (for risks and opportunities);	AR 3. When determining the usefulness of metrics for inclusion in its entity-specific disclosures, the undertaking shall consider whether: (a) its chosen performance metrics provide insight into: i. how effective its practices are in reducing negative outcomes and/or increasing positive outcomes for people and the environment (for impacts); and/or ii. the likelihood that its practices result in financial effects on the undertaking (for risks and opportunities);	MOVED Amended and moved to AR 4

(b) the measured outcomes are sufficiently reliable, meaning that they do not involve an excessive number of assumptions and unknowns that would render the metrics too arbitrary to provide a faithful representation; and	(b) the measured outcomes are sufficiently reliable, meaning that they do not involve an excessive number of assumptions and unknowns that would render the metrics too arbitrary to provide a faithful representation; and	MOVED Amended and moved to AR 4
(c) it has provided sufficient contextual information to interpret performance metrics appropriately, and whether variations in such contextual information may impact the comparability of the metrics over time.	(c) it has provided sufficient contextual information to interpret performance metrics appropriately, and whether variations in such contextual information may impact the comparability of the metrics over time.	MOVED Amended and moved to AR 4
AR 4. When developing its entity-specific disclosures, the undertaking shall carefully consider: (a) comparability between undertakings, while still ensuring relevance of the information provided, recognising that comparability may be limited for entity-specific disclosures. The undertaking shall consider whether the available and relevant frameworks, initiatives, reporting standards and benchmarks (such as technical material issued by the International Sustainability Standards Board or the Global Reporting Initiative) provide elements that can support comparability to the maximum extent possible; and	AR 4. When developing its entity-specific disclosures, the undertaking shall carefully consider: (a) comparability between undertakings, while still ensuring relevance of the information provided, recognising that comparability may be limited for entity-specific disclosures. The undertaking shall consider whether the available and relevant frameworks, initiatives, reporting standards and benchmarks (such as technical material issued by the International Sustainability Standards Board or the Global Reporting Initiative) provide elements that can support comparability to the maximum extent possible; and	MOVED Content on comparability between undertakings and over time, and on the use of external frameworks (IFRS/GRI), is moved from AR 4 and paragraph 131 into paragraph 12 and AR 5 for paragraph 12. The reference to sector standards and the transitional nature are removed; use of best practices and reporting frameworks becomes a permanent feature.
(b) comparability over time: consistency of methodologies and disclosures is a key factor for achieving comparability over time.	(b) comparability over time: consistency of methodologies and disclosures is a key factor for achieving comparability over time.	MOVED Amended and moved to Paragraph 12
AR 5. Further guidance for developing entity-specific disclosures can be found by considering the information required under topical ESRS that addresses similar sustainability matters.	AR 5. Further guidance for developing entity-specific disclosures can be found by considering the information required under topical ESRS that addresses similar sustainability matters.	DELETED
Double materiality Stakeholders and their relevance to the materiality assessment process AR 6. In addition to the categories of stakeholder listed in paragraph 22, common categories of stakeholders are: employees and other workers, suppliers, consumers, customers, end-users, local communities and persons in vulnerable situations, and public authorities, including regulators, supervisors and central banks.	Double materiality Stakeholders and their relevance to the materiality assessment process AR 6. In addition to the categories of stakeholder listed in paragraph 22, common categories of stakeholders are: employees and other workers, suppliers, consumers, customers, end-users, local communities and persons in vulnerable situations, and public authorities, including regulators, supervisors and central banks.	AMENDED, MOVED Amended and moved to AR 21 for para. 43 (Stakeholders)
AR 7. Nature may be considered as a silent stakeholder. In this case, ecological data and data on the conservation of species may support the undertaking's materiality assessment.	AR 7. Nature may be considered as a silent stakeholder. In this case, ecological data and data on the conservation of species may support the undertaking's materiality assessment.	AMENDED, MOVED Amended and moved to AR 21 for para. 43 (Stakeholders)

AR 8. Materiality assessment is informed by dialogue with affected stakeholders. The undertaking may engage with affected stakeholders or their representatives (such as employees or trade unions), along with users of sustainability reporting and other experts, to provide inputs or feedback on its conclusions regarding its material impacts, risks and opportunities.	AR 8. Materiality assessment is informed by dialogue with affected stakeholders. The undertaking may engage with affected stakeholders or their representatives (such as employees or trade unions), along with users of sustainability reporting and other experts, to provide inputs or feedback on its conclusions regarding its material impacts, risks and opportunities.	AMENDED, MOVED Amended and moved to AR 22 for para. 43 (Engagement with affected stakeholders)
Assessment of impact materiality AR 9. In assessing impact materiality and determining the material matters to be reported, the undertaking shall consider the following three steps: (a) understanding of the context in relation to its impacts including its activities, business relationships, and stakeholders;	Assessment of impact materiality AR 9. In assessing impact materiality and determining the material matters to be reported, the undertaking shall consider the following three steps: (a) understanding of the context in relation to its impacts including its activities, business relationships, and stakeholders;	AMENDED, MOVED Amended and moved to AR 18 for paras. 39-40 (Steps in the impact materiality assessment)
(b) identification of actual and potential impacts (both negative and positive), including through engaging with stakeholders and experts. In this step, the undertaking may rely on scientific and analytical research on impacts on sustainability matters;	(b) identification of actual and potential impacts (both negative and positive), including through engaging with stakeholders and experts. In this step, the undertaking may rely on scientific and analytical research on impacts on sustainability matters;	AMENDED, MOVED Amended and moved to AR 18 for paras. 39-40 (Steps in the impact materiality assessment)
(c) assessment of the materiality of its actual and potential impacts and determination of the material matters. In this step, the undertaking shall adopt thresholds to determine which of the impacts will be covered in its sustainability statement.	(c) assessment of the materiality of its actual and potential impacts and determination of the material matters. In this step, the undertaking shall adopt thresholds to determine which of the impacts will be covered in its sustainability statement.	AMENDED, MOVED Amended and moved to AR 18 for paras. 39-40 (Steps in the impact materiality assessment)
Characteristics of severity AR 10. The severity is determined by the following factors: (a) scale: how grave the negative impact is or how beneficial the positive impact is for people or the environment;	Characteristics of severity AR 10. The severity is determined by the following factors: (a) scale: how grave the negative impact is or how beneficial the positive impact is for people or the environment;	AMENDED, MOVED Amended and moved to AR 20 for para. 41 (Scale, scope and irremediable character)
(b) scope: how widespread the negative or positive impacts are. In the case of environmental impacts, the scope may be understood as the extent of environmental damage or a geographical perimeter. In the case of impacts on people, the scope may be understood as the number of people adversely affected; and	(b) scope: how widespread the negative or positive impacts are. In the case of environmental impacts, the scope may be understood as the extent of environmental damage or a geographical perimeter. In the case of impacts on people, the scope may be understood as the number of people adversely affected; and	AMENDED, MOVED Amended and moved to AR 20 for para. 41 (Scale, scope and irremediable character)
(c) irremediable character: whether and to what extent the negative impacts could be remediated, i.e., restoring the environment or affected people to their prior state.	(c) irremediable character: whether and to what extent the negative impacts could be remediated, i.e., restoring the environment or affected people to their prior state.	AMENDED, MOVED Amended and moved to AR 20 for para. 41 (Scale, scope and irremediable character)

AR 11. Any of the three characteristics (scale, scope, and irremediable character) can make a negative impact severe. In the case of a potential negative human rights impact, the severity of the impact takes precedence over its likelihood.	AR 11. Any of the three characteristics (scale, scope, and irremediable character) can make a negative impact severe. In the case of a potential negative human rights impact, the severity of the impact takes precedence over its likelihood.	AMENDED, MOVED Amended and moved to AR 20 for para. 41 (Scale, scope and irremediable character)
Impacts connected with the undertaking AR 12. As an illustration: (a) if the undertaking uses cobalt in its products that is mined using child labour, the negative impact (i.e., child labour) is connected with the undertaking's products through the tiers of business relationships in its upstream value chain. These relationships include the smelter and minerals trader and the mining enterprise that uses child labour; and	Impacts connected with the undertaking AR 12. As an illustration: (a) if the undertaking uses cobalt in its products that is mined using child labour, the negative impact (i.e., child labour) is connected with the undertaking's products through the tiers of business relationships in its upstream value chain. These relationships include the smelter and minerals trader and the mining enterprise that uses child labour; and	AMENDED, MOVED Amended and moved to AR 16 for paras. 39 - 40 (Examples of impacts connected)
(b) if the undertaking provides financial loans to an enterprise for business activities that, in breach of agreed standards, result in the contamination of water and land surrounding the operations, this negative impact is connected with the undertaking through its relationship with the enterprise it provides the loans to.	(b) if the undertaking provides financial loans to an enterprise for business activities that, in breach of agreed standards, result in the contamination of water and land surrounding the operations, this negative impact is connected with the undertaking through its relationship with the enterprise it provides the loans to.	AMENDED, MOVED Amended and moved to AR 16 for paras. 39 - 40 (Examples of impacts connected)
Assessment of financial materiality AR 13. The following are examples of how impacts and dependencies are sources of risks or opportunities: (a) when the undertaking's business model depends on a natural resource – for example water – it is likely to be affected by changes in the quality, availability and pricing of that resource;	Assessment of financial materiality AR 13. The following are examples of how impacts and dependencies are sources of risks or opportunities: (a) when the undertaking's business model depends on a natural resource – for example water – it is likely to be affected by changes in the quality, availability and pricing of that resource;	DELETED
(b) when the undertaking's activities result in negative impacts, e.g., on local communities, the activities could become subject to stricter government regulation and/or the impact could trigger consequences of a reputational nature. These might have negative effects on the undertaking's brand and higher recruitment costs might arise; and	(b) when the undertaking's activities result in negative impacts, e.g., on local communities, the activities could become subject to stricter government regulation and/or the impact could trigger consequences of a reputational nature. These might have negative effects on the undertaking's brand and higher recruitment costs might arise; and	DELETED
(c) when the undertaking's business partners face material sustainability-related risks, the undertaking could be exposed to related consequences as well.	(c) when the undertaking's business partners face material sustainability-related risks, the undertaking could be exposed to related consequences as well.	DELETED
AR 14. The identification of risks and opportunities that affect or could reasonably be expected to affect the undertaking's financial position, financial performance, cash flows, access to finance or	AR 14. The identification of risks and opportunities that affect or could reasonably be expected to affect the undertaking's financial position, financial performance, cash flows, access to finance or	DELETED

<p>cost of capital over the short-, medium- or long-term is the starting point for financial materiality assessment. In this context, the undertaking shall consider:</p> <p>(a) the existence of dependencies on natural and social resources as sources of financial effects (see paragraph 50);</p>	<p>cost of capital over the short-, medium- or long-term is the starting point for financial materiality assessment. In this context, the undertaking shall consider:</p> <p>(a) the existence of dependencies on natural and social resources as sources of financial effects (see paragraph 50);</p>	
<p>(b) their classification as sources of:</p> <p>i. risks (contributing to negative deviation in future expected cash inflows or increase in deviation in future expected cash outflows and/or negative deviation from an expected change in capitals not recognised in the financial statements); or</p> <p>ii. opportunities (contributing to positive deviation in future expected cash inflows or decrease in deviation in future cash outflows and/or positive deviation from expected change in capitals not recognised in financial statements).</p>	<p>(b) their classification as sources of:</p> <p>i. risks (contributing to negative deviation in future expected cash inflows or increase in deviation in future expected cash outflows and/or negative deviation from an expected change in capitals not recognised in the financial statements); or</p> <p>ii. opportunities (contributing to positive deviation in future expected cash inflows or decrease in deviation in future cash outflows and/or positive deviation from expected change in capitals not recognised in financial statements).</p>	<p>DELETED</p>
<p>AR 15. Once the undertaking has identified its risks and opportunities, it shall determine which of them are material for reporting. This shall be based on a combination of (i) the likelihood of occurrence and (ii) the potential magnitude of financial effects determined on the basis of appropriate thresholds. In this step it shall consider the contribution of those risks and opportunities to financial effects in the short-, medium- and long-term based on:</p> <p>(a) scenarios/forecasts that are deemed likely to materialise; and</p>	<p>AR 15. Once the undertaking has identified its risks and opportunities, it shall determine which of them are material for reporting. This shall be based on a combination of (i) the likelihood of occurrence and (ii) the potential magnitude of financial effects determined on the basis of appropriate thresholds. In this step it shall consider the contribution of those risks and opportunities to financial effects in the short-, medium- and long term based on:</p> <p>(a) scenarios/forecasts that are deemed likely to materialise; and</p>	<p>AMENDED, MOVED</p> <p>Amended and moved to AR 29 for para. 49 (Contributions to financial effects)</p>
<p>(b) anticipated financial effects related to sustainability matters deriving either from situations with a below the 'more likely than not' threshold or assets/liabilities not, or not yet, reflected in financial statements. This includes:</p> <p>i. potential situations that following the occurrence of future events may affect cash flow generation potential;</p> <p>ii. capitals that are not recognised as assets from an accounting and financial reporting perspective but have a significant influence on financial performance, such as natural, intellectual (organisational), human, social and relationship capitals; and</p>	<p>(b) anticipated financial effects related to sustainability matters deriving either from situations with a below the 'more likely than not' threshold or assets/liabilities not, or not yet, reflected in financial statements. This includes:</p> <p>i. potential situations that following the occurrence of future events may affect cash flow generation potential;</p> <p>ii. capitals that are not recognised as assets from an accounting and financial reporting perspective but have a significant influence on financial performance, such as natural, intellectual (organisational), human, social and relationship capitals; and</p>	<p>AMENDED, MOVED</p> <p>Amended and moved to AR 29 for para. 49 (Contributions to financial effects)</p>

iii. possible future events that may have an influence on the evolution of such capitals.	iii. possible future events that may have an influence on the evolution of such capitals.	
Sustainability matters to be included in the materiality assessment AR 16. When performing its materiality assessment, the undertaking shall consider the following list of sustainability matters covered in the topical ESRS. When, as a result of the undertaking's materiality assessment (see ESRS 2 IRO-1), a given sustainability matter in this list is assessed to be material, the undertaking shall report according to the corresponding Disclosure Requirements of the relevant topical ESRS. Using this list is not a substitute for the process of determining material matters. This list is a tool to support the undertaking's materiality assessment. The undertaking still needs to consider its own specific circumstances when determining its material matters. The undertaking, where necessary, also shall develop entity-specific disclosures on material impacts, risks and opportunities not covered by ESRS as described in paragraph 11 of this Standard.	Sustainability matters to be included in the materiality assessment AR 16. When performing its materiality assessment, the undertaking shall consider the following list of sustainability matters covered in the topical ESRS. When, as a result of the undertaking's materiality assessment (see ESRS 2 IRO-1), a given sustainability matter in this list is assessed to be material, the undertaking shall report according to the corresponding Disclosure Requirements of the relevant topical ESRS. Using this list is not a substitute for the process of determining material matters. This list is a tool to support the undertaking's materiality assessment. The undertaking still needs to consider its own specific circumstances when determining its material matters. The undertaking, where necessary, also shall develop entity-specific disclosures on material impacts, risks and opportunities not covered by ESRS as described in paragraph 11 of this Standard.	MOVED To Appendix A with an amended text. This change responds to the request to change the status of this list from mandatory to non-mandatory/illustrative and avoid that it is interpreted as a check list by auditors and preparers. See also appendix to this document for a comparison between the former AR 16 table and the new table of sustainability topics and sub-topics included in Appendix A of [Draft] ESRS 1 [as simplified 2025].
Estimation using sector averages and proxies AR 17. When the undertaking cannot collect upstream and downstream value chain information as required by paragraph 63 after making reasonable efforts to do so, it shall estimate the information to be reported using all reasonable and supportable information that is available to the undertaking at the reporting date without undue cost or effort. This includes, but is not limited to, internal and external information, such as data from indirect sources, sector-average data, sample analyses, market and peer groups data, other proxies or spend-based data.	AR 17. When the undertaking cannot collect upstream and downstream value chain information as required by paragraph 63 after making reasonable efforts to do so, it shall estimate the information to be reported using all reasonable and supportable information that is available to the undertaking at the reporting date without undue cost or effort. This includes, but is not limited to, internal and external information, such as data from indirect sources, sector-average data, sample analyses, market and peer groups data, other proxies or spend-based data.	AMENDED, MOVED Amended and moved to para. 32
Content and structure of the sustainability statement AR 18. As an illustration for paragraph 115 in section 8.2 Content and structure of the sustainability statement of this Standard, the undertaking that covers environmental and social matters in the same policy may cross-refer. That means that the undertaking may report on the policy in its environmental disclosures and cross-refer to it from the relevant social disclosures or vice versa. Consolidated presentation of policies across topics is allowed.	Content and structure of the sustainability statement AR 18. As an illustration for paragraph 115 in section 8.2 Content and structure of the sustainability statement of this Standard, the undertaking that covers environmental and social matters in the same policy may cross-refer. That means that the undertaking may report on the policy in its environmental disclosures and cross-refer to it from the relevant social disclosures or vice versa. Consolidated presentation of policies across topics is allowed.	DELETED

APPENDIX A – Comparison between table in former AR 16 and new table in Appendix A of the [Draft] ESRS 1 [as revised 2025].

The main rationale for these changes is the elimination of the sub-sub-topic level, to streamline the DMA process.

OLD AR 16				NEW Appendix A		Comments/Rationale
Topical ESRS	Sustainability matters covered in topical ESRS			Topics	Sub-topics	Comments/Rationale
	Topic	Sub-topic	Sub-sub-topics			
ESRS E1	Climate change	Climate change mitigation		Climate change (ESRS E1)	Climate Change Mitigation	UNCHANGED
		Climate change adaptation			Climate Change Adaptation	UNCHANGED
		Energy			Energy	
ESRS E2	Pollution	Pollution of air		Pollution (ESRS E2)	Pollution of air	UNCHANGED
		Pollution of water			Pollution of water	UNCHANGED
		Pollution of soil			Pollution of soil	REMOVED
		Pollution of living organisms and food resources				"Pollution of living organisms and food resources" was removed from the list of subtopics under ESRS E2 given the lack of a specific disclosure requirement or metric in this standard connected to it. Additionally, this sub-topic is particularly sector-specific (applying to, for instance, agriculture and fishing) rather than sector-agnostic and the methodology for measuring pollution in living organisms and food currently lacks maturity, which would further justify the exclusion of this subtopic from the scope of ESRS E2.
		Substances of concern		Substances of concern, including substances of very high concern		
		Substances of very high concern				
		Microplastics			Microplastics	UNCHANGED (merged)
						UNCHANGED

ESRS E3	Water and marine resources	Water	Water consumption	Water (ESRS E3)	Water use, which include withdrawal, consumption, discharges and storage	AMENDED Sub-sub-topics are now sub-topics, except for “water discharges in the ocean”, which has been deleted as it is mainly addressed by paragraph 52 of ESRS 1 in conjunction with the other environmental ESRS. The sub-topic “Water storage” has been added.
			Water withdrawals			
ESRS E3	Water and marine resources	Marine Resources	Water discharges			MOVED The topic, sub-topic, and sub-sub-topic were deleted ESRS E3 now addresses only the use of marine waters. The impact drivers are addressed by ESRS E1 and ESRS E2, the impacts on biodiversity and ecosystems are addressed by ESRS E4, and the use of marine resources by ESRS E5
			Water discharges in the oceans			
ESRS E4	Biodiversity and Ecosystems	Direct impact drivers of biodiversity loss	Extraction and use of marine resources	Biodiversity and ecosystems (ESRS E4)	Drivers of biodiversity and ecosystem change (terrestrial and marine habitat change, invasive species)	AMENDED The sub-topic now includes a broader version of the previous sub-sub-topics, which now include also the drivers on marine ecosystems and biodiversity.
			Climate Change			
			Land-use change, fresh water-use change and sea-use change	Biodiversity and ecosystems (ESRS E4)	State of species	AMENDED The examples have been removed
			Direct exploitation		The extent and condition of terrestrial and marine ecosystems	AMENDED The examples have been removed.
			Invasive alien species	Biodiversity and ecosystems (ESRS E4)	Ecosystem services	UNCHANGED (with editorial edits)
			Pollution			
			Others			
		Impacts on the state of species	Examples: Species population size Species global extinction risk			
		Impacts on the extent and condition of ecosystems	Examples: Land degradation Desertification Soil sealing			
		Impacts and dependencies on ecosystem services				

ESRS E5	Circular Economy	Resources inflows, including resource use		Circular economy and resource use (ESRS E5)	Resource inflows	UNCHANGED (with editorial edits) "Including resource use" has been removed to streamline. Now ESRS E5 addresses the use of marine resources.	
		Resource outflows related to products and materials			Resource outflows related to products and services	UNCHANGED (with minor edits) "Materials" has been substituted with "services" to include both manufacturers and service providers given that circular economy services are critical for circularity	
		Waste			Resource outflows (waste)	UNCHANGED (with editorial edits)	
ESRS S1	Own Workforce	Working conditions	Secure employment Working time Work-life balance Adequate wages Social dialogue	Working conditions (including adequate wages, work-life balance, working time, secure employment, social protection)	Working conditions (including adequate wages, work-life balance, working time, secure employment, social protection)	AMENDED The seventeen sub-sub-topics have been consolidated into six sub-topics. This has led to the aggregation of those sub-sub-topics that were closely linked to others within the same sub-topics. The social sub-sub-topics are mainly those that derive from the CSRD Art 19.	
			Freedom of association, the existence of works councils and the information, consultation and participation rights of workers	Own workforce and workers in the value chain (ESRS S1/S2)	Social dialogue, freedom of association, works councils, participation rights of workers, and collective bargaining		
		Equal treatment and opportunities for all	Collective bargaining, including rate of workers covered by collective agreements	Own workforce and workers in the value chain (ESRS S1/S2)	Health and Safety		
			Health and Safety				
			Training and skills development		Training and skills development		
		Gender equality and equal pay for work of equal value	Gender equality and equal pay for work of equal value	Diversity and equal treatment (including gender equality, equal pay for equal work, employment and inclusion of people with	Diversity and equal treatment (including gender equality, equal pay for equal work, employment and inclusion of people with		
			Employment and inclusion of persons with disabilities				

			Measures against violence and harassment in the workplace		disabilities, non-discrimination, anti-harassment, and measures against violence)	
			Diversity			
		Other work-related rights	Child labour		Other labour-related human rights (including child labour, forced labour, privacy, adequate housing**, and water and sanitation**)	
			Forced labour			
			Adequate housing			
			Privacy			
ESRS S2	Workers in the Value Chain	Working conditions	Secure employment			
			Working time			
			Adequate wages			
			Social dialogue			
			Freedom of association, including the existence of work councils			
			Collective bargaining			
			Work-life balance			
			Health and safety			
		Equal treatment and opportunities for all	Gender equality and equal pay for work of equal value			
			Training and skills development			
			The employment and inclusion of persons with disabilities			
			Measures against violence and harassment in the workplace			
			Diversity			
			Child labour			
AMENDED Consolidated with ESRS S1 Own workforce as the approach and content is the same with the exception of adequate housing and water in sanitation which are only related to ESRS S2 Workers in the Value Chain.						

		Other work-related rights	Forced labour		
			Adequate housing		
			Water and sanitation		
			Privacy		
ESRS S3	Affected Communities	Communities' economic, social and cultural rights	Adequate housing	Affected Communities (ESRS S3)	Communities' economic, social and cultural rights (land-related impacts, security-related impacts, adequate housing and food, water and sanitation)
			Adequate food		
			Water and sanitation		
			Land-related impacts		
			Security-related impacts		
		Communities' civil and political rights	Freedom of expression	Affected Communities (ESRS S3)	Communities' civil and political rights (freedom of expression, freedom of assembly, impacts on human rights defenders)
			Freedom of assembly		
			Impacts on human rights defenders		
		Rights of indigenous peoples	Free, prior and informed consent	Affected Communities (ESRS S3)	Rights of indigenous peoples (free, prior and informed consent ('FPIC'), self-determination, cultural rights)
			Self-determination		
			Cultural rights		
ESRS S4	Consumers and End-users	Information-related impacts for consumers and/or end-users	Privacy	Consumers and End-users (ESRS S4)	Information-related impacts for consumers and/or end users (including privacy, access to information, freedom of expression)
			Freedom of expression		
			Access to (quality) information		
		Personal safety of consumers and/or end-users	Health and safety	Consumers and End-users (ESRS S4)	Personal safety of consumers or end users (including health and safety, protection of children, security of a person)
			Security of a person		
			Protection of children		
		Social inclusion of consumers and/or end-users	Non-discrimination	Consumers and End-users (ESRS S4)	Social inclusion of consumers and/or end users (including access to products and services,
			Access to products and services		

			Responsible marketing practices		responsible marketing practices, non-discrimination)	
ESRS G1	Business Conduct	Corporate culture	Prevention and detection including training	Business Conduct (ESRS G1)	Corporate culture (including anti-corruption and bribery, protection of whistle-blowers and animal welfare)	UNCHANGED The sub-topics were merged aligned with CSRD and the sub-sub-topics deleted.
		Corruption and bribery	Incidents		Political influence, including lobbying activities	UNCHANGED Amended with minor edits
		Protection of whistle-blowers			Management of relationships with suppliers, including payment practices especially late payment to small- and medium-sized undertakings (SMEs)	UNCHANGED Amended with minor edits
		Animal Welfare				
		Political engagement and lobbying activities				
		Management of relationships with suppliers including payment practices				

Appendix B – Qualitative Characteristics of information

Appendix B Qualitative characteristics of information	Appendix B Qualitative characteristics of information	Comment/Rationale
ESRS 1 as enacted in 2023	Draft Amended ESRS 1	
This appendix is an integral part of ESRS 1 and has the same authority as the other parts of the Standard. This appendix defines the qualitative characteristics that the information presented in the sustainability statement prepared according to ESRS shall meet.	This Appendix is an integral part of ESRS 1 <u>General Requirement</u> and has the same authority as the other parts of the Standard. This Appendix defines the qualitative characteristics that the information presented in the sustainability statement prepared in accordance with the ESRS shall meet, as outlined in Chapter 2 of ESRS 1 <u>General Requirement</u> .	Amended Editorial
Relevance	Relevance	Comment/Rationale
ESRS 1 as enacted in 2023	Draft Amended ESRS 1	
QC1. Sustainability information is relevant when it may make a difference in the decisions of users under a double materiality approach (see chapter 3 of this Standard).	QC1. Sustainability information is relevant when it may make a difference in the decisions of users under a double materiality approach (see Chapter 3 of this Standard).	UNCHANGED - editorial: "in this standard" removed.
QC2. Information may make a difference in a decision even if some users choose not to take advantage of it or are already aware of it from other sources. Sustainability information may impact decisions of users if it has predictive value, confirmatory value or both. Information has predictive value if it can be used as an input to processes employed by users to predict future outcomes. Sustainability information does not need to be a prediction or forecast to have predictive value, but rather has predictive value if employed by users in making their own predictions.	QC2. Information may make a difference in a decision even if some users choose not to take advantage of it or are already aware of it from other sources. Sustainability information may impact decisions of users if it has predictive value, confirmatory value or both. Information has predictive value if it can be used as an input to processes employed by users to predict future outcomes. Sustainability information does not need <u>not</u> to be a prediction or forecast to have predictive value but rather has predictive value <u>when</u> if employed by users in making their own predictions.	UNCHANGED Amended with minor edits
QC3. Information has confirmatory value if it provides feedback about (confirms or changes) previous evaluations.	QC3. Information has confirmatory value <u>when</u> if it provides feedback about (confirms or changes) previous evaluations.	UNCHANGED Amended with minor edits
QC 4. Materiality is an entity-specific aspect of relevance based on the nature or magnitude or both of the items to which the information relates as assessed in the context of the undertaking's sustainability reporting (see chapter 3 of this Standard)	QC 4. Materiality is an entity-specific aspect of relevance based on the nature or magnitude or both of the items to which the information relates as assessed in the context of the undertaking's sustainability reporting (see chapter 3 of this Standard)	UNCHANGED - editorial: "in this standard" removed.
Faithful representation	Faithful representation	Comment/Rationale
ESRS 1 as enacted in 2023	Draft Amended ESRS 1	
QC5. To be useful, the information must not only represent relevant phenomena, it must also faithfully represent the substance of the phenomena that it purports to represent.	QC5. To be useful, the information must not only represent relevant phenomena; it must also faithfully represent the substance of the phenomena that it purports to represent. Faithful representation	UNCHANGED Editorial: changed list from roman to letters

Faithful representation requires information to be (i) complete, (ii) neutral and (iii) accurate.	requires information to be (i) (a) complete, (ii) (b) neutral and (iii) (c) accurate.	
QC6. A complete depiction of an impact, a risk or an opportunity includes all material information necessary for the users to understand that impact, risk or opportunity. This includes how the undertaking has adapted its strategy, risk management and governance in response to that impact, risk or opportunity, as well as the metrics identified to set targets and measure performance.	QC6. A complete depiction of an impact, a risk or an opportunity includes all material information necessary for the users to understand that impact, risk or opportunity. This includes how the undertaking has adapted its strategy, risk management and governance in response to that impact, risk or opportunity, as well as <u>the policies and actions in place to manage it, and the metrics</u> identified to set targets and measure performance.	UNCHANGED Added reference to policies and actions to manage IROs
QC7. A neutral depiction is without bias in its selection or disclosure of information. Information is neutral if it is not slanted, weighted, emphasised, de-emphasised or otherwise manipulated to make it more likely that the users will receive that information favourably or unfavourably. It shall be balanced, so as to cover favourable/positive and unfavourable/negative aspects. Both negative and positive material impacts from an impact materiality perspective as well as material risks and opportunities from a financial materiality perspective shall receive equal attention. Any aspirational sustainability information, such as for example, targets or plans, shall cover both aspirations and factors that could prevent the undertaking from achieving these aspirations in order to have a neutral depiction.	QC7. A neutral depiction is without bias in its selection or disclosure of information. Information is neutral if it is not slanted, weighted, emphasised, de-emphasised or otherwise manipulated to make it more likely that the users will receive that information favourably or unfavourably. It shall be balanced so as to cover favourable/positive and unfavourable/negative aspects. Both negative and positive material impacts from an impact materiality perspective as well as material risks and opportunities from a financial materiality perspective shall receive equal attention. Any aspirational sustainability information, <u>such as for example</u> , targets or plans, shall cover both aspirations and factors that could prevent the undertaking from achieving these aspirations in order to have a neutral depiction.	AMENDED Editorial
QC8. Neutrality is supported by the exercise of prudence which is the exercise of caution when making judgements under conditions of uncertainty. Information shall not be netted or compensated to be neutral. The exercise of prudence means that opportunities are not overstated and risks are not understated. Equally, the exercise of prudence does not allow for the understatement of opportunities or the overstatement of risks. The undertaking may present net information, in addition to gross values, if such presentation does not obscure relevant information and includes a clear explanation about the effects of the netting and the reasons for the netting.	QC8. Neutrality is supported by the exercise of prudence which is the exercise of, i.e. caution when making judgements under conditions of uncertainty. Information shall not be netted or compensated to be neutral. The exercise of prudence means that opportunities are not overstated and risks are not understated. Equally, the exercise of prudence does not allow for the understatement of opportunities or the overstatement of risks. The undertaking may present net information, in addition to gross values, if such presentation does not obscure relevant information and includes a clear explanation about the effects of the netting and the reasons for the netting.	AMENDED Editorial
QC9. Information can be accurate without being perfectly precise in all respects. Accurate information implies that the undertaking has implemented adequate processes and internal controls to avoid material errors or material misstatements. As such, estimates shall be presented with a clear emphasis on their possible limitations and associated uncertainty (see section 7.2 of this Standard). The	QC9. Information can be accurate without being perfectly precise in all respects. Accurate information implies that the undertaking has implemented adequate processes and internal controls to avoid material errors or material misstatements. As such, estimates shall be presented with a clear emphasis on their possible limitations and associated uncertainty (see Chapter 7.2 of this Standard). The	AMENDED editorial: "in this standard" removed. + "matters" replaced with "topics"

<p>this Standard). The amount of precision needed and attainable, and the factors that make information accurate, depend on the nature of the information and the nature of the matters it addresses. For example, accuracy requires that:</p>	<p>amount of precision needed and attainable, and the factors that make information accurate, depend on the nature of the information and the nature of the matters <ins>topics</ins> it addresses. For example, accuracy requires that:</p>	
<ul style="list-style-type: none"> (a) factual information is free from material error; (b) descriptions are precise; (c) estimates, approximations and forecasts are clearly identified as such; (d) no material errors have been made in selecting and applying an appropriate process for developing an estimate, approximation or forecast, and the inputs to that process are reasonable and supportable; (e) assertions are reasonable and based on information of sufficient quality and quantity; and (f) information about judgements about the future faithfully reflects both those judgements and the information on which they are based. 	<ul style="list-style-type: none"> (a) factual information is free from material error; (b) descriptions are precise; (c) estimates, approximations and forecasts are clearly identified as such; (d) no material errors have been made in selecting and applying an appropriate process for developing an estimate; approximation or forecast, and the inputs to that process are reasonable and supportable; (e) assertions are reasonable and based on information of sufficient quality and quantity; and (f) information about judgements about the future faithfully reflects both those judgements and the information on which they are based. 	<p>UNCHANGED</p>
Comparability	Comparability	Comment/Rationale
ESRS 1 as enacted in 2023	Draft Amended ESRS 1	
<p>QC10. Sustainability information is comparable when it can be compared with information provided by the undertaking in previous periods and, can be compared with information provided by other undertakings, in particular those with similar activities or operating within the same industry. A point of reference for comparison can be a target, a baseline, an industry benchmark, comparable information from either other undertakings or from an internationally recognised organisation, etc.</p>	<p>QC10. Sustainability information is comparable when it can be compared with information provided by the undertaking in previous periods and, can be compared with information provided by other undertakings, in particular those with similar activities or operating within the same sector <ins>industry</ins>. A point of reference for comparison can be a target, a baseline, an <ins>sector</ins> <ins>industry</ins> benchmark, comparable information from either other undertakings or from an internationally recognised organisation, etc.</p>	<p>UNCHANGED Minor editorials</p>
<p>QC11. Consistency is related to, but is not the same as, comparability. Consistency refers to the use of the same approaches or methods for the same sustainability matter, from period to period by the undertaking and other undertakings. Consistency helps to achieve the goal of comparability</p>	<p>QC11. Consistency is related to, but is not the same as, comparability. Consistency refers to the use of the same approaches or methods for the same matter <ins>topic</ins>, from period to period by the undertaking and other undertakings. Consistency helps to achieve the goal of comparability.</p>	<p>AMENDED “matters” replaced with “topics”</p>
<p>QC12. Comparability is not uniformity. For information to be comparable, like components shall look alike and different components shall look different. Comparability of sustainability information is not enhanced by making unlike things look alike any more than it is enhanced by making like things look different.</p>	<p>QC12. Comparability is not uniformity. For information to be comparable, like components shall look alike and different components shall look different. Comparability of sustainability information is not enhanced by making unlike things look alike any more than it is enhanced by making like things look different.</p>	<p>UNCHANGED</p>

Verifiability	Verifiability	Comment/Rationale
ESRS 1 as enacted in 2023	Draft Amended ESRS 1	
QC13. Verifiability helps to give users confidence that information is complete, neutral and accurate. Sustainability information is verifiable if it is possible to corroborate the information itself or the inputs used to derive it.	QC13. Verifiability helps to give users confidence that information is complete, neutral and accurate. Sustainability information is verifiable if it is possible to corroborate the information itself or the inputs used to derive it.	UNCHANGED
QC14. Verifiability means that various knowledgeable and independent observers could reach consensus, although not necessarily complete agreement, that a particular depiction is a faithful representation. Sustainability information shall be provided in a way that enhances its verifiability, for example:	QC14. Verifiability means that various knowledgeable and independent observers could reach consensus, although not necessarily complete agreement, that a particular depiction is a faithful representation. Sustainability information shall be provided in a way that enhances its verifiability, for example:	UNCHANGED
<ul style="list-style-type: none"> (a) including information that can be corroborated by comparing it with other information available to users about the undertaking's business, about other businesses or about the external environment; (b) providing information about inputs and methods of calculation used to produce estimates or approximations; and (c) providing information reviewed and agreed by the administrative, management and supervisory bodies or their committees. 	<ul style="list-style-type: none"> (a) including information that can be corroborated by comparing it with other information available to users about the undertaking's business, about other businesses or about the external environment; (b) providing information about inputs and methods of calculation used to produce estimates or approximations; and (c) providing information reviewed and agreed by the administrative, management and supervisory bodies or their committees. 	UNCHANGED
QC15. Some sustainability information will be in the form of explanations or forward-looking information. Those disclosures can be supportable by faithfully representing on a factual basis for example the strategies, plans and risk analyses of the undertaking. To help users decide whether to use such information, the undertaking shall describe the underlying assumptions and methods of producing the information, as well as other factors that provide evidence that it reflects the actual plans or decisions made by the undertaking.	QC15. Some sustainability information will be in the form of explanations or forward-looking information. Those disclosures can be supportable by faithfully representing on a factual basis, for example, the strategies, plans and risk analyses of the undertaking. To help users decide whether to use such information, the undertaking shall describe the underlying assumptions and methods of producing the information, as well as other factors that provide evidence <u>reflecting that it reflects</u> the actual plans or decisions made by the undertaking.	UNCHANGED Minor editorials
Understandability	Understandability	Comment/Rationale
ESRS 1 as enacted in 2023	Draft Amended ESRS 1	
QC16. Sustainability information is understandable when it is clear and concise. Understandable information enables any reasonably knowledgeable user to readily comprehend the information being communicated.	QC16. Sustainability information is understandable when it is clear and concise. Understandable information enables any reasonably knowledgeable user to readily comprehend the information being communicated.	
QC17. For sustainability disclosures to be concise, they need to (a) avoid generic 'boilerplate' information, which is not specific to	QC17. For sustainability disclosures to be concise, they need to (a) avoid generic 'boilerplate' information, which is not specific to the	UNCHANGED

<p>the undertaking; (b) avoid unnecessary duplication of information, including information also provided in financial statements; and (c) use clear language and well-structured sentences and paragraphs. Concise disclosures shall only include material information. Complementary information presented pursuant to paragraph 114 shall be provided in a way that avoids obscuring material information</p>	<p>undertaking; (b) avoid unnecessary duplication of information, including information also provided in financial statements; and (c) use clear language and well-structured sentences and paragraphs. <u>Disclosures are concise if they include only Concise disclosures shall only include</u> material information. <u>Complementary Supplementary</u> information presented pursuant to <u>paragraph 114 Sub-Chapter 8.2</u> shall be provided in a way that avoids obscuring material information</p>	<p>Editorial – Reference to sub chapter updated + minor editorials</p>
<p>QC18. Clarity might be enhanced by distinguishing information about developments in the reporting period from 'standing' information that remains relatively unchanged from one period to the next. This can be done, for example, by separately describing features of the undertaking's sustainability-related governance and risk management processes that have changed since the previous reporting period compared to those that remain unchanged.</p>	<p>QC18. Clarity might be enhanced by distinguishing information about developments in the reporting period from 'standing' information that remains relatively unchanged from one period to the next. This can be done, for example, by separately describing features of the undertaking's sustainability-related governance and risk management processes that have changed since the previous reporting period compared to those that remain unchanged.</p>	<p>UNCHANGED</p>
<p>QC19. The completeness, clarity and comparability of sustainability disclosures all rely on information being presented as a coherent whole. For sustainability disclosures to be coherent, they shall be presented in a way that explains the context and the connections between the related information. Coherence also requires the undertaking to provide information in a way that allows users to relate information about its sustainability-related impacts, risks and opportunities to information in the undertaking's financial statements</p>	<p>QC19. The completeness, clarity and comparability of sustainability disclosures all rely on information being presented as a coherent whole. For sustainability disclosures to be coherent, they shall be presented in a way that explains the context and the connections between the related information. Coherence also requires the undertaking to provide information in a way that allows users to relate information about its <u>sustainability related</u> impacts, risks and opportunities to information in the undertaking's financial statements.</p>	<p>UNCHANGED Minor editorials</p>
<p>QC20. If sustainability-related risks and opportunities discussed in the financial statements have implications for sustainability reporting, the undertaking shall include in the sustainability statement the information necessary for users to assess those implications and present appropriate links to the financial statements (see chapter 9 of this Standard). The level of information, granularity and technicality shall be aligned with the needs and expectations of users. Abbreviations shall be avoided and the units of measure shall be defined and disclosed.</p>	<p>QC20. If <u>sustainability related</u> risks and opportunities discussed in the financial statements have implications for sustainability reporting, the undertaking shall include in the sustainability statement the information necessary for users to assess those implications and present appropriate links to the financial statements (see <u>Chapter 9 of this Standard</u>). The level of information, granularity and technicality shall be aligned with the needs and expectations of users. Abbreviations shall be avoided and the units of measure <u>shall need to</u> be defined and disclosed.</p>	<p>UNCHANGED – editorial: "in this standard" removed + moved from "shall" to "need to"</p>



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