



LOG OF AMENDMENTS

ESRS 1

GENERAL
REQUIREMENTS



JULY 2025

 EFRAG

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

Annex to the Basis for Conclusions – Illustration of the Amendments

Disclaimer: The Log of Amendments by Standard accompanies but is not part of the ESRS Amendments Exposure Drafts. It complements and should be read in conjunction with Chapter 7 of the Basis for Conclusions (BFC), where a summarised description of the main changes to individual 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 Chapter 7 of the Basis for Conclusions (BFC) where a summarised description of the main changes to individual Standards can be found.**
2. This document illustrates the Amendments at paragraph level in Amended ESRS S1 *General requirements*.
3. The starting point is the text of the 2023 Delegated Act, 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 includes an explanation of changes made to the DR (or Chapter for ESRS 1) using the following terminology: Amended, Unchanged, Merged, New or Deleted and moved to NMIG (where text has been deleted from mandatory content, but it is presented as illustration in NMIG).
6. The last column also includes additional explanations and rationale for changes useful to gain an understanding of why text or DRs have been amended.

Disclaimer		
ESRS Set 1 as per Delegated Act 2023	[Draft] Amended ESRS 1 <i>General requirements</i>	Comment/Rationale
N/A	<p><u>DISCLAIMER:</u> The following are items not addressed in ESRS 1 Exposure Draft (ED), as due to the fact that they are currently under discussion for possible amendments in the level 1 regulation, as part of the Omnibus discussions:</p> <ol style="list-style-type: none"> 1. definition of value chain for financial institutions; 2. possible exemption to consolidate subsidiaries by undertakings that are financial holdings; 3. relief for omission of confidential/sensitive information; 4. phasing-in provisions (maintained as in the 2023 Delegated Act); 5. clarification of the meaning of ‘compatibility with 1.5 degrees’ for the Transition Plans disclosure (maintained as in the 2023 Delegated Act). 	<p>NEW (limited to the ED phase, not to stay in the final Amended Standards).</p> <p>For 1, 3 and 5 the input gathered from outreach indicates that these provisions are sources of significant implementation challenges. However, in agreement with the EC representatives, these important components of the Standards are left unchanged, pending the developments that may originate on their content from the ongoing legislative process regarding Level 1 (CSRD). They may be amended following the conclusion of that process.</p>
Objective		
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>1. The objective of The European Sustainability Reporting Standards (‘ESRS’) is to specify the sustainability information that an undertaking shall disclose about sustainability matters and/or factors, in accordance with as stipulated by 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>AMENDED</p> <p>ESRS are a legal requirement, and 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 paragraph 5.</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	<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</p>	<p>NEW</p>

<p>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.</p>	<p>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.</p> <p><u>2. The ESRS use the term sustainability ‘topic or sub-topic’, to be understood as synonymous with sustainability matters and/or factors. Disclosures in the ESRS are structured into topics. A topic is further disaggregated into sub-topics. In the ESRS, the term ‘topic’ 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 objective.</u></p>	<p>Given the emphasis on materiality of information stating here that only information on material matters are needed is redundant.</p> <p>Content added to explain updated architecture and approach of ESRS. The Amended ESRS do not use the term “material matter/topic” anymore, to foster a better understanding that “IROs” are material and topics are “to be reported” when the related IROs are material.</p> <p>Multiple terms were used to indicate similar concepts (factors – which is a term used in the CSRD – matters, topics, sub-topics). This sentence intends to clarify that “topic” replaces all the other terms, which are synonymous. In addition, when used in bold and italic (“<i>topic</i>”) topic means either topic or sub-topic depending on what is appropriate in the context of the specific requirement/disclosure. When used in normal font (“topic”) it indicates the first column of the table in Appendix A.</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. 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>sustainability reporting prepared in accordance with the ESRS is to present fairly (see Chapter 2) the undertaking’s material impacts on people and environment, as well as the material sustainability risks and opportunities (collectively referred to as ‘impacts, risks and opportunities’) in relation to environmental, social and governance topics. Reporting under these two perspectives constitutes the double materiality principle. An ESRS sustainability statement covers governance, strategy, policies, actions, targets and metrics for topics related to material impacts, risks and opportunities.</u></p>	<p>AMENDED</p> <p>Paragraph 3 can be deleted as the legal references are already in paragraph 1 and the objective of ESRS 1 is again repeated in paragraph 6.</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 compliance efforts, discouraging a checklist approach to reporting the remaining datapoints. This is also expected to foster a more focused and decision-useful report. The public consultation questionnaire asks a specific question on this amendment given its importance and the level of debate that it triggered in EFRAG decision making.</p>
	<p><u>4. The ESRS require the undertaking to disclose information that is useful to the users of general purpose sustainability statements, which are:</u></p> <p><u>(a) primary users of general purpose financial reporting such as existing and potential investors, lenders and other creditors,</u></p>	<p>NEW</p> <p>Content is new but builds upon definition of stakeholders previously included in former paragraph 22 / 24. This section is thus limited to users. Definitions however, stay unchanged.</p>

	<p><u>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, governments, analysts and academics. Civil society, non-governmental organisations and trade unions as users are proxies for affected stakeholders.</u></p>	
	<p><u>5. The ESRS do not mandate behaviour but sets Disclosure Requirements ('DRs') regarding topics related to material impacts, risks or opportunities connected with the undertaking's own operations, products or services and through business relationships in its upstream and downstream value chain. Reporting in accordance with the ESRS does not exempt it from other obligations laid down in EU law.</u></p>	<p>NEW</p> <p>Addition regarding “not mandating behaviour” added as this was misinterpreted in many questions received on the EFRAG Q&A platform indicating a need to state this explicitly and prominently.</p> <p>Recurring questions received indicate that this fundamental principle (not only in respect of stakeholder engagement) is not always clear to preparers and their auditors. Similar text is in ESRS 1 paragraph 58 (new paragraph 47) but only regarding Due diligence.</p>
	<p><u>6. This Standard ESRS 1 <i>General Requirements</i> describes the architecture of ESRS standards, explains drafting conventions and fundamental concepts sets out general requirements for preparing and presenting sustainability related information: identification of the undertaking's material impacts, risks and opportunities, as well as for preparing and presenting information about the topics related to them. It also sets out general requirements for the basis of the preparation of a sustainability statement.</u></p>	<p>MOVED</p> <p>Content added to explain updated architecture and approach of ESRS 1. Includes parts of former paragraph 6</p>
<p>1. Categories of ESRS Standards, reporting areas, and drafting conventions</p>		
<p>1.1 Categories of ESRS Standards, reporting areas and drafting conventions</p>	<p>1.1 ESRS standards, reporting areas and entity-specific disclosures</p>	<p>Comment/Rationale</p>
<p>ESRS Set 1 as per Delegated Act 2023</p>	<p>[Draft] Amended ESRS 1 <i>General requirements</i></p>	

	7. The undertaking shall apply this Standard in conjunction with <u>[Draft] ESRS 2 General disclosures</u> (both referred to as ‘cross-cutting standards’) and with topical standards. The requirements of this Standard are accompanied by mandatory Application Requirements (ARs), presented at the end of each chapter.	NEW Providing clarification about the new design of ED, in particular for the new allocation of the AR at the end of each section
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.
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.	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.	DELETED Specification about the application of ESRS is superfluous.
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.	MOVED Overall streamlined and moved to paragraph 6 above.
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.	7. 8. [Draft] Amended ESRS 2 General disclosures establishes Disclosure requirements <u>DRs</u> on the information that the undertaking shall provide at a general level across all material sustainability matters for topics related to material impacts, risks and opportunities on the reporting areas <u>of (i) governance, strategy, impact, risk and opportunity management, and metrics and targets, as well as (ii) policies, actions, targets and metrics.</u>	AMENDED “Sustainability matters” replaced with “topics” and clarification about the reporting areas under ESRS 2 and topical standards.

<p>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 sub-sub-topics (collectively ‘sustainability matters’) covered by topical ESRS.</p>	<p>8-9. Topical ESRS standards address cover a sustainability topic and are structured into topics and sub-topics, and where necessary sub-sub-topics – reflect the same reporting areas as [Draft] Amended ESRS 2 General disclosures.</p> <p>The table in Application Requirement 16 (AR 16) <u>Appendix A List of topics to this standard</u> provides an overview of the sustainability topics sub-topics and sub-sub-topics (collectively ‘sustainability matters’) covered by topical ESRS.</p>	<p>AMENDED</p> <p>Sub sub-topic level deleted as former AR 16 (now Appendix A) is reduced to two columns only (topics and sub-topics).</p>
<p>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.</p>	<p>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.</p>	<p>DELETED</p> <p>Dropped based on the outcome of the ESRS 2 streamlining.</p>
<p>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.</p>	<p>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.</p>	<p>DELETED</p> <p>Dropped based on the outcome of the ESRS 2 streamlining.</p>
<p>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 ing entity-specific disclosures.</p>	<p>11 10. In addition to the disclosure requirements laid down in the three categories of ESRS, when an <u>If the undertaking concludes that a topic related to one or more material impacts, risks or opportunities 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</u></p> <p>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.</p> <p><u>on that topic. This may be the case due to sectorial specificities and/or other facts and circumstances relevant to the undertaking</u></p>	<p>AMENDED</p> <p>[NMIG 1 contain related guidance for paragraph 10]</p> <p>Concept of entity-specific stays unchanged, but wording is clarified. The changes reflect the fact that there will be no sector standards in the future and as such the temporary regime (shall consider other framework/standards) will be permanent.</p> <p>Reference to the business model and strategy added to have an appropriate filter before additional topics (not covered in ESRS) are added to the reporting.</p>

	<p><u>itself. 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, such as where its business model and strategy are associated with material impacts, risks and opportunities that do not correspond to the ESRS topics.</u></p>	
	<p>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 (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</p> <p><u>11. AR 4.</u> When developing its entity-specific disclosures, the undertaking shall carefully consider (a) comparability between over time and with other undertakings that operate in the same sector(s). For this purpose, it may use available best practices and/or available frameworks or reporting standards, such as IFRS industry-based guidance and GRI Sector Standards.</p> <p>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 (b) comparability over time: consistency of methodologies and disclosures is a key factor for achieving comparability over time</p>	<p>AMENDED</p> <p>[AR 1 and AR 2 contain related 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 paragraph 131 of the Delegated Act). The undertaking shall report entity specific in accordance with paragraph 10, and it may refer to IFRS and GRI in doing so.</p> <p>Content moved and incorporated in one paragraph from: former paragraphs 131 and former AR 4.</p>
	<p><u>AR 1 for para. 11</u></p> <p>When developing entity-specific disclosures, the undertaking shall ensure <u>they that</u>:</p>	<p>MOVED</p> <p>Moved from former AR 2 with small editorial changes</p>

	<p>(a) the disclosures meet the qualitative characteristics of information as set out in Chapter 2 Qualitative characteristics of information; and</p> <p>(b) its disclosures include where applicable all material information related to the reporting areas of governance, strategy, impact, risk and opportunity management (i.e. policies and actions), and metrics and targets (see [Draft] Amended ESRS 2 chapters 2 to 5).</p>	
	<p>AR 2 for para. 11 When determining the usefulness of metrics for inclusion in its entity-specific disclosures, the undertaking shall consider whether:</p> <p>(a) its chosen performance metrics provide insight into <u>relevant information about the material impacts, risks and opportunities</u>;</p> <p style="padding-left: 40px;">i. how effective its practices are in reducing negative outcomes and/or increasing positive outcomes for people and the environment (for impacts); and/or</p> <p style="padding-left: 40px;">ii. the likelihood that its practices result in financial effects on the undertaking (for risks and opportunities);</p> <p>(b) the measured outcomes are sufficiently reliable, meaning that they do <u>not involve an excessive number of assumptions and unknowns that would render the metrics too arbitrary to provide a faithful representation</u>; 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>	<p>MOVED</p> <p>Moved from former AR 3 and streamlined</p>
1.2 Reporting Areas and minimum content disclosure requirements on policies, actions, targets and metrics		Comment/Rationale
ESRS Set 1 as per Delegated Act 2023	[Draft] Amended ESRS 1 <i>General requirements</i>	

12. The Disclosure Requirements in ESRS 2 in topical ESRS and in sector-specific ESRS are structured into the following reporting areas: (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);	12. The Disclosure Requirements in ESRS 2 in topical ESRS and in sector-specific ESRS are structured into the following reporting areas: (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);	DELETED Avoiding repetition with the new paragraph 8
(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 Avoiding repetition with the new paragraph 8
(c) Impact, risk and opportunity management (IRO): the process(es) by which the undertaking: 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: 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 Avoiding repetition with the new paragraph 8.
(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 Avoiding repetition with the new par. 8
13. ESRS 2 includes: (a) in section 4.2 Minimum Disclosure Requirements regarding policies (MDR-P) and actions (MDR-A);	13. ESRS 2 includes: (a) in section 4.2 Minimum Disclosure Requirements regarding policies (MDR-P) and actions (MDR-A);	DELETED Repetition of what is already in former Paragraphs 12 (c) and (d)
(b) in section 5 Minimum Disclosure Requirements regarding metrics (MDR-M) and targets (MDR-T).	(b) in section 5 Minimum Disclosure Requirements regarding metrics (MDR-M) and targets (MDR-T).	DELETED
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 Set 1 as per Delegated Act 2023	[Draft] Amended ESRS 1 <i>General requirements</i>	
14. In all ESRS: (a) the term ‘impacts’ refers to 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	14. 12. In all ESRS, <u>the terms</u> : (a) the term ‘impacts’ refers to 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 <u>impacts</u> refers to <u>positive and negative</u> , actual impacts and to potential future impacts;	AMENDED Streamlining the text in consideration that the glossary defines already the term
(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).	(b) the term ‘risks’ and ‘opportunities’ refers to the undertaking’s sustainability-related financial risks and opportunities, including those deriving from <u>the undertaking’s impacts and</u> dependencies on natural, human and social resources, as identified through a financial materiality assessment (see Section 3.5 <u>Chapter 3.3.2</u>).	AMENDED Small editorials
Collectively, these are referred to as ‘impacts, risks and opportunities’ (IROs). They reflect the double materiality perspective of ESRS described in section 3.	Collectively, these are referred to as ‘impacts, risks and opportunities’ (IROs). They reflect the double materiality perspective of ESRS described in section 3.	DELETED Not needed
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.	15. 13. Throughout the ESRS, the terms that are defined in the Glossary of Definitions (Annex II of <u>delegated Regulation (EU) 2023/2772</u>) are put <u>denoted</u> in bold italic , except when a defined term is used more than once in the same paragraph.	AMENDED Small editorial changes
16. ESRS structure the information to be disclosed under Disclosure Requirements. Each Disclosure Requirement consists of one or more distinct datapoints. The term ‘datapoint’ can also refer to a narrative sub-element of a Disclosure Requirement.	16. 14. <u>The ESRS structure of the information in ESRS is based on to be disclosed under Disclosure Requirements. DRS, Each Disclosure Requirement which</u> consists of one or more distinct datapoints. The term ‘datapoint’ can also refer to a narrative sub-element of a Disclosure Requirement. They are introduced by the term ‘shall disclose’ to indicate that the provision is prescribed, subject to materiality of information (see Chapter 3.1).	MOVED Previous paragraph 18 (a) moved here

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.	17. 15. In addition to Disclosure Requirements most DRs per se, [Draft] Amended ESRS 2 <i>General disclosures</i> and topical standards also contain mandatory 'Application Requirements' relating to DR, included within boxed text. Its content Application Requirements supports the application of Disclosure Requirements preparation of information and/or disclosures that meet the qualitative characteristics of information (see Appendix B) and has the same authority as other parts of a n-ESRS standard. In addition, ESRS use ARs also include text where the term 'shall consider' is used when referring 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 if applicable. They also include presentation options, indicating that a given piece of information may be provided in a tabular form or in narrative text or other similar options.	AMENDED Reflect the new structure of DRs and related ARs with text incorporated from former paragraph 18
18. ESRS use the following terms to distinguish between different degrees of obligation on the undertaking to disclose information: (a) 'shall disclose' – indicates that the provision is prescribed by a Disclosure Requirement or datapoint;	18. ESRS use the following terms to distinguish between different degrees of obligation on the undertaking to disclose information: (a) 'shall disclose' – indicates that the provision is prescribed by a Disclosure Requirement or datapoint;	MOVED 18 (a) moved to Paragraph 14
(b) 'may disclose' – indicates voluntary disclosure to encourage good practice.	(b) 'may disclose' – indicates voluntary disclosure to encourage good practice.	DELETED Not needed as there are no voluntary DPs anymore in the main body nor in AR.
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.	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.	MOVED Moved to Paragraph 15
2. Qualitative characteristics of information		
2. Qualitative characteristics of information	2. Fair presentation and qualitative characteristics of information	Comment/Rationale
ESRS Set 1 as per Delegated Act 2023	[Draft] Amended ESRS 1 <i>General requirements</i>	

	<u>16. Fair presentation requires disclosure of relevant information that meets the conditions in paragraph 21, 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.</u>	<p>NEW</p> <p>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. This will enhance the interoperability with IFRS as they have a chapter dedicated to "Fair Presentation" in IFRS S1 (see also comments above, new paragraph 2).</p>
	<u>17. Applying the ESRS is presumed to result in a sustainability statement that achieves a fair presentation.</u>	<p>NEW</p> <p>See comment above, paragraph 16. Paragraph added to better align with IFRS.</p>
<p>19. When preparing its sustainability statement, the undertaking shall apply:</p> <p>(a) the fundamental qualitative characteristics of information, i.e. relevance and faithful representation; and</p>	<p>19. 18. When preparing its sustainability statement, Fair presentation requires the undertaking shall to apply: (a) the fundamental qualitative characteristics of information, as defined and described in Appendix B of this standard, i.e.:</p> <p><u>(a) relevance and faithful representation (fundamental characteristics); and</u></p>	<p>MERGED</p> <p>Incorporation of paragraph 20</p> <p>Concerns were raised that ESRS should give prevalence to a principles-based approach emphasising fair presentation as an overarching principle. For further information see chapter 2. The qualitative characteristics of information in chapter 2 of ESRS 1 were considered as not playing a sufficient role in ESRS and, as a result, reporting and the presentation of disclosures could only be made within very strict limits constituting high effort for undertakings and little benefit for users.</p> <p>Undertakings need significantly more discretion in reporting and in the presentation of disclosures to provide useful sustainability information. In other words: To achieve this, the qualitative characteristics must be given the role of overarching principles, as is the case of other reporting frameworks.</p> <p>ESRS currently only mention "faithful representation" but not "fair presentation". In corporate reporting fair presentation is the outcome, and faithful reporting is one of the means to achieve it.</p> <p>This amendment incorporates fair presentation along the lines as this is used in corporate reporting (IFRS: IAS 1.15 et seq.), in IFRS S1 paragraph 11 et seq. and to align it with the qualitative characteristics mentioned in ESRS 1 chapter 2 so far.</p>

(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 <u>(enhancing characteristics)</u> .	AMENDED Better reflect the qualitative characteristics of information.
	<u>19. To achieve faithful presentation, the undertaking shall provide information that meets the conditions in paragraph 21 and that is necessary for a complete, neutral and accurate depiction of its material impacts, risks and opportunities.</u>	NEW See comment above on faithful representation
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.	MOVED Moved to Paragraph 18
3. Double materiality as the basis for sustainability disclosures		
ESRS Set 1 as per Delegated Act 2023	[Draft] Amended ESRS 1 <i>General requirements</i>	Comment/Rationale
21. The undertaking shall report on sustainability matters based on the double materiality principle as defined and explained in this chapter.	21. 20. The undertaking shall report on sustainability matters <u>topics</u> based on the double materiality principle as defined and explained <u>in paragraph 3</u> and explained in in this Chapter.	AMENDED Former Paragraph 21 (now 20) retained as an overall intro to chapter 3.
	3.1 Materiality of information as a general filter for reported information	Comment/Rationale
ESRS Set 1 as per Delegated Act 2023	[Draft] Amended ESRS 1 <i>General requirements</i>	

	<p><u>21. The sustainability statement shall include material information. Information is material when:</u></p>	<p>NEW</p> <p>[AR 3 and AR 4 contain related guidance for paragraph 21]</p> <p>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>
	<p>22 (b) (a) omitting, misstating or obscuring that information could reasonably be expected to influence decisions that users of sustainability statements; primary users of general purpose financial reports make based on those reports, (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, including financial statements and the sustainability statement; or</p>	<p>MOVED</p> <p>Moved from paragraph 22 (b) and streamlined.</p>
	<p><u>(b) it is necessary for users of general purpose sustainability statements to understand the undertaking's material impacts, risks and opportunities and how it identifies and manages them.</u></p>	<p>NEW</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 ED. The SRB considered possible alternatives to provide more emphasis to decision usefulness for (b). Preparers' views seem to be split on what is more or less legally risky and cost intense, whether it is a generic understanding or it is providing sufficient details to take decisions. The ED reflects a compromise text. The addition of</p>

		<p>“general purpose sustainability statement” is also important in this context, as illustrated by AR 3, to provide limit the possible scope of the necessary information.</p> <p>Reference to general purpose sustainability statement has been added to (b) and AR 3 provide context for this concept, which can be traced back to the material issued by the EC in the context of the Omnibus proposal.</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>AR 3 for para. 21: <u>The term ‘general purpose’ refers to interests and viewpoints assessed based on groups of users.</u></p>	<p>NEW</p> <p>To clarify that interests and viewpoints of users are considered on the basis of the identified groups of users (we refer collectively and not on individual basis).</p>
	<p>AR 4 for para. 21: <u>Material impacts, risks and opportunities identified under the double materiality principle and therefore reported on in its sustainability statement are understood to be the same as the undertaking’s principal impacts, risks and opportunities referred to in the CSRD (Directive (EU) 2022/2464).</u></p> <p>Some existing standards and frameworks also use the term ‘most significant impacts’ when referring to the threshold used to identify the impacts that are described in the ESRS as ‘material impacts’.</p>	<p>NEW</p> <p>To clarify how material IROs are understood and convergence of definitions in CSRD and/or other existing standards and frameworks.</p> <p>Second sentence is amended content from former paragraph 42.</p>
3.1 Stakeholders and their relevance to the materiality assessment process		Comment/Rationale
ESRS Set 1 as per Delegated Act 2023	[Draft] Amended ESRS 1 <i>General requirements</i>	
<p>22. Stakeholders are those who can affect or be affected by the undertaking. There are two main groups of stakeholders:</p> <p>(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</p>	<p>22. Stakeholders are those who can affect or be affected by the undertaking. There are two main groups of stakeholders:</p> <p>(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</p>	<p>MOVED</p> <p>Former paragraph 22 was split, former paragraph 22 (a) relating to impact materiality is now in paragraph 33, in chapter 3.3.1 Impact materiality assessment.</p>

(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.	MOVED Former paragraph 22 (b) moved to paragraph 21 (a); now (amended) in chapter 3.1 Materiality of information 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).	MOVED Former Paragraph 24 is now in 3.3.1. Impact materiality assessment as part of AR 11 to paragraph 33.
	3.2 Interaction between topics to be reported and material impacts, risks and opportunities	Comment/Rationale
ESRS Set 1 as per Delegated Act 2023	[Draft] Amended ESRS 1 <i>General requirements</i>	
	22. The undertaking shall report on a given topic when the <u>topic relates to one or more material impacts, risks and opportunities, as identified through its double materiality assessment. The information shall be presented either at topical level or at impacts, risks and opportunities level, depending on what provides the most relevant information, such as reflecting their nature or the way they are managed (refer to the general requirement on level of disaggregation in Chapter 3.7).</u>	NEW This reflects the emphasis in Amended ESRS on IROs being material and topics being reported when related IROs are material. In addition, the changes are related to the way to present the information at topic level or at most granular one depending on the relevance of information. This is to encourage more focused and less granular reports, limiting the disclosure at IRO level to when this is needed. This sets a general requirement to be applied across all the disclosures in ESRS 2, topical standards and entity-specific.

	<p>23. The ESRS are structured on the basis of 10 topical standards. <u>Each topical standard covers a number of related topics and is organised as a series of DRs. The topics addressed in the ESRS topical standards are set out in Appendix A. In addition, paragraph 10 requires the undertaking to report on entity-specific material topics related to one or several material impacts, risks and opportunities that are not covered, or not sufficiently covered, by these topical standards (refer to AR 21 for the application of this requirement when only a sub-topic is material).</u></p>	<p>NEW</p> <p>To introduce the ESRS architecture including topical standards, topics addressed within the standard and entity-specific disclosure. To introduce Appendix A. The part in parenthesis serves to avoid excessive reporting, by limiting the content to what is really material in a topical standard (only content in a topical standard that relates to material sub-topics is reported).</p>
3.2 Material matters and materiality of information		Comment/Rationale
ESRS Set 1 as per Delegated Act 2023	[Draft] Amended ESRS 1 General requirements	
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.	<p>MOVED</p> <p>Moved to paragraph 24</p>
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.	<p>DELETED</p> <p>Not needed.</p>
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.	<p>DELETED</p> <p>Appendix A already introduced above. Flowchart is now deleted, i.e. moved outside the main body of the standard and AR (now in NMIG to ESRS 1).</p>
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.	<p>DELETED</p> <p>To better streamline content and simplify understanding of the double materiality assessment process (DMA). Corresponding concept is now in paragraph 22.</p>

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 paragraph 31 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:	MOVED To paragraph 50
(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	MOVED To paragraph 50
(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.	MOVED To paragraph 50 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 section 3.1
(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 See section 3.1

(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 See section 3.1
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 deleted also 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 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.	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 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.	DELETED Role of former MDRs, now GDRs, is covered in section 3.6 via a simplified text.
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:	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:	DELETED Role of former MDRs, now GDRs, is covered in section 3.6 via a simplified text.

(a) shall include the information prescribed by a Disclosure Requirement if it assesses such information to be material; and	(a) shall include the information prescribed by a Disclosure Requirement if it assesses such information to be material; and	DELETED Streamlining of the text, replaced by the general filter of materiality of information.
(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.	(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.	DELETED Streamlining of the text, replaced by the general filter of materiality of information.
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'.	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'.	DELETED Not needed as already in ESRS 2.
36. The undertaking shall establish how it applies criteria, including appropriate thresholds, to determine:	36. The undertaking shall establish how it applies criteria, including appropriate thresholds, to determine:	DELETED Simplified and moved to paragraph 28
(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	(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	DELETED Simplified and moved to paragraph 28
(b) the information to be disclosed as entity-specific disclosures.	(b) the information to be disclosed as entity-specific disclosures.	DELETED Simplified and moved to paragraph 28
3.3. Double materiality	3.3. Double materiality <u>assessment</u>	Comment/Rationale
ESRS Set 1 as per Delegated Act 2023	[Draft] Amended ESRS 1 <i>General requirements</i>	
	24. Performing a materiality assessment (<u>see Chapters 3.3.1 and 3.3.2</u>) is necessary to identify the undertaking's material impacts, risks and opportunities and the related topics to be reported.	MOVED Former paragraph 25
37. Double materiality has two dimensions, namely: impact materiality and financial materiality. Unless specified otherwise,	25. Double materiality has two dimensions, namely: impact materiality and financial materiality. Unless specified otherwise,	AMENDED

the terms ‘material’ and ‘materiality’ are used throughout ESRS to refer to double materiality.	the terms “material” and “materiality” are used throughout ESRS to refer to double materiality. 38. Impact materiality and financial materiality assessments which are interrelated. These interdependencies shall be considered in the assessment. An 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.	Former paragraph 37 was amended and there was the incorporation of content from former paragraph 38
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.	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.	MOVED Incorporated in new paragraph 25 with amended text
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.	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.	MOVED Amended and moved to new paragraph 45
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.	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.	MOVED To new paragraph 41
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.	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.	DELETED Moved to AR 4 as supporting the concept of materiality of information.

	<u>26. 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.</u>	NEW Same concept was in former paragraph 38.
	<u>27. The following are usual internal and external sources of evidence and information that the undertaking may use in conducting a materiality assessment: the undertaking's sustainability due diligence and risk management processes; engagement with affected stakeholders; industry and peer group experience; external ratings, reports and statistics and scientific data; experts' engagement.</u>	NEW This paragraph has been added with the objective of acknowledging the various internal and external sources of evidence that the undertaking can rely on in conducting an impact materiality assessment. The list is meant to be illustrative, i.e. not all of these sources need to be consulted to conclude on materiality.
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."	42. 28. The undertaking shall When applying the criteria set under Chapter 3.3.1 3.4 and 3.3.2 3.5 , using the undertaking shall set appropriate qualitative and/or quantitative thresholds. Appropriate thresholds are necessary to determine which impacts, risks and opportunities are identified and assessed by the undertaking as material and, as a result, to determine which sustainability matters are material for reporting purposes <u>the topics to be reported (refer to AR 17 for the option to adopt a top-down approach in performing the double materiality assessment).</u> 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."	AMENDED Part in parenthesis intends to give visibility already here where the requirements are illustrated on the practical considerations that have been added and are available. This is to avoid that the reader considers that only a bottom-up approach is possible, due to the reference here to material IROs. Both approaches are possible. Last sentence has been moved (amended) to AR 4.
	<u>29. The undertaking shall update the conclusions of the materiality assessments conducted in the previous reporting periods to take into account changed circumstances and/or assumptions. Because of changes in its individual circumstances, or in the external environment, some types of information included in its ESRS sustainability statement for prior periods might no longer be material; conversely, some types of information not previously disclosed might become material.</u>	NEW To enhance interoperability with IFRS S1 and clarify some reported challenges on frequency for the DMA. The term "update" was preferred to the term "reassess" as perceived less demanding. The EFRAG SRB discussed whether an explicit time limit was needed for the intervals between two DMAs but concluded that it was not essential and alignment with IFRS was preferable.
3.4 Impact materiality	3.3.1 impact materiality assessment	Comment/Rationale
ESRS Set 1 as per Delegated Act 2023	[Draft] Amended ESRS 1 General requirements	

<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>43.30. 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 its own operations and upstream and downstream value chain, including through its products, and or services, as well as including 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</p> <p>To streamline the content.</p> <p>[AR 5 and AR 6, NMIG 2 includes guidance for paragraph 30]</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</p> <p>Not needed.</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. 31. 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 based on the severity of the impact. while For potential negative impacts, it is shall be based on a combination of the severity and likelihood of the impact. Severity isshall be 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</p> <p>[AR 7, AR 8, and AR 9 include guidance for paragraph 31]</p> <p>Content of the previous paragraphs 45 (including (a), (b) and (c)) is merged in the new paragraph 31.</p>
<p>(b) scope; and</p>	<p>(b) scope; and</p>	<p>MOVED</p> <p>Moved to new paragraph 31</p>
<p>(c) irremediable character of the impact.</p>	<p>(c) irremediable character of the impact.</p>	<p>MOVED</p> <p>Moved to new paragraph 31</p>
<p>In the case of a potential negative human rights impact, the severity of the impact takes precedence over its likelihood.</p>	<p>In the case of a potential negative human rights impact, the severity of the impact takes precedence over its likelihood.</p>	<p>MOVED</p> <p>Moved to new paragraph 31</p>

46. For positive impacts, materiality is based on: (a) the scale and scope of the impact for actual impacts; and	46. 32. For actual <u>positive</u> impacts, materiality is shall be based on (a) the scale and scope of the impact for actual impacts; and while for potential impacts on the basis of scale, scope and likelihood of the impact.	AMENDED Former paragraphs 46 (a) and 46 (b) are now embedded in new paragraph 32.
(b) the scale, scope and likelihood of the impact for potential impacts.	(b) the scale, scope and likelihood of the impact for potential impacts.	MOVED Moved to new paragraph 32.
	33. 22(a) The results of the engagement with affected stakeholders provides a key input to the impact materiality assessment. Such engagement is central to the ongoing sustainability due diligence. Affected stakeholders are 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 <u>upstream and downstream</u> value chain.	MOVED [AR 10, AR 11, AR 12 include guidance for paragraph 33] Moved from former paragraph 22 (a) with editorial changes
	34. When assessing the materiality of actual negative impacts—<u>those that occurred during the reporting year or in prior years—</u>the severity of the impact shall be evaluated considering the <u>outcomes of any mitigation or prevention measures implemented before the impact occurred. Actual impacts in the reporting period include both newly arisen impacts and those persisting from previous periods. If the undertaking has taken remediation actions during the reporting period to address actual negative impacts, these actions shall not be considered when assessing the materiality of the impact. Where the impact is deemed material based on this assessment, the undertaking shall disclose the remediation actions undertaken and their expected or actual outcomes.</u>	NEW To respond to a frequent implementation question where we see divergence in practice and potentially detrimental effects on the relevance of the reported information, 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 (the so called “gross versus net” issue). 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 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 a robust sustainability reporting for impact materiality. This Amendment is the subject of a specific question and field test in this public consultation. Appendix C is to be read in conjunction with paragraphs 34/36 for a proper understanding of them. Appendix C has the same authority as these paragraphs.

	<p>35. When supportable evidence exists that mitigation or prevention actions taken reduce the severity and/or likelihood of potential negative impacts (i.e. those that could occur in the future), the effect of these actions is considered in assessing the materiality of the impacts. However, if the undertaking needs to maintain significant ongoing mitigation and/or prevention actions, to contain the severity and/or likelihood of occurrence of the potential impact below a materiality level, the impact shall be assessed without considering the mitigation and/or prevention actions. Future remediation actions and policies are not considered in the materiality assessment of potential impacts.</p>	<p>NEW</p> <p>See above [AR 12 includes guidance for paragraph 35]</p>
	<p>36. The undertaking's positive impacts shall be assessed in their own right and shall not be netted off against its negative impacts. The results of the undertaking's mitigation or remediation actions on negative impacts caused by or contributed to by its compliance with law and regulation are not positive impacts. However, if its business activities, products and services mitigate or remediate negative impacts of another party, this is considered a positive impact of the undertaking.</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 5 for para. 30 (Steps of impact materiality assessment)</p> <p>In assessing impact materiality and determining the material matters to be reported, The undertaking shall consider the following three steps in the impact materiality assessment process, but it may implement either a top-down or bottom-up approach, as described in AR 17 below, through:</p> <p>(a) understanding the context in relation to its impacts including its activities, business relationships, and stakeholders;</p> <p>(b) identifying actual and potential impacts (both negative and positive); and including through engaging with stakeholders and experts. In this step, the undertaking may</p>	<p>MOVED</p> <p>Former AR 9 with edits.</p>

	<p>rely on scientific and analytical research on impacts on sustainability matters;</p> <p>(c) assessing assessment of the materiality of actual and potential impacts and determination of material matters determining the topics to be reported. In this step, the undertaking shall adopt thresholds to determine which impacts will be covered in its sustainability statement.</p>	
	<p><u>AR 6 para. 30 (Impacts connected with the undertaking)</u></p> <p>As an illustration. <u>The following are two examples of impacts that are connected with the undertaking:</u></p> <p>(a) if the undertaking uses cobalt in its products which is mined by using children-labour, the negative impact that arises from child labour (i.e. child labour) <u>(i.e. impact on the health and well-being of children)</u> is connected with the undertaking's products through the tiers of business relationships in its upstream value chain. These business relationships include <u>the undertaking's suppliers and their workers, smelter and minerals trader and the mining enterprise that uses child labour; and</u></p> <p>(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 undertaking enterprise <u>it provides the loans to.</u></p>	<p>MOVED</p> <p>Former AR 12 amended</p>
	<p><u>AR 7 for para. 31 (Characteristics of severity)</u></p> <p>The severity is determined <u>assessed based on a combination of its following factors, i.e. scale, scope and irremediable character. The undertaking shall also take into account the practical considerations mentioned in AR 18(b):</u></p>	<p>MOVED</p> <p>Former AR 10 with small editorial amendments</p>

	<p>(a) scale: how serious 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, 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</p> <p>(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.</p>	
	<p><u>AR 8 for para. 31 (Characteristics of severity)</u></p> <p>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.</p> <p><u>The undertaking shall also take into account the practical consideration mentioned in AR 18(b).</u></p>	<p>MOVED</p> <p>Former AR 11. Amended.</p> <p>Reference to the practical consideration brings visibility to them already here, where the general requirement is provided. They have the same authoritative content as the general requirement.</p>
	<p><u>AR 9 for para. 31 (Assessing actual and potential impacts for materiality)</u></p> <p><u>Appendix C provides an overview for assessing actual and potential impacts for materiality.</u></p>	<p>NEW</p> <p>Appendix C has been introduced to explain how to consider the implemented remediation, mitigation and prevention policies and actions when assessing the materiality of an impact (so called “gross versus net” issue).</p> <p>Appendix C is to be read in conjunction with paragraphs 34/36 for a proper understanding of them. Appendix C has the same authority as these paragraphs.</p>
	<p><u>AR 10 for para. 33 (Stakeholders and their relevance to the materiality assessment)</u></p> <p>Common categories of affected stakeholders are: employees and/or workers' representatives, suppliers, consumers or end-users, affected communities and other workers, suppliers, consumers, customers, end users, local communities and persons in vulnerable situations.</p>	<p>MOVED</p> <p>Former AR 6 and 7. Explaining and limiting at the same time the perimeter of stakeholders to consider in the preparation of the sustainability reporting.</p>

	Nature may be considered a silent <u>affected stakeholder</u> .	
	<p><u>AR 11 for para. 33 (Stakeholders and their relevance to the materiality assessment)</u></p> <p><u>If the undertaking engages with affected stakeholders as part of its due diligence process to identify, assess and address negative impacts, the results of this engagement will provide a critical 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 and opportunities, as well as regarding the topics to be reported. Under the CSRD, the management of the undertaking shall inform the workers' representatives at the appropriate level and discuss with them the relevant information and the means of obtaining and verifying sustainability information. The workers' representatives' opinion shall be communicated, where applicable, to the relevant administrative, management or supervisory bodies.</u></p>	<p>NEW</p> <p>This AR provided a relief for undertakings as they can leverage from the due diligence process in place in performing DMA. Part of the content derives from former AR 8. The last part of the paragraph is extract from the CSRD text.</p>
	<p><u>AR 12 for paras. 34/35 (Assessing actual and potential impacts for materiality)</u></p> <p><u>In this context, the reference to actions taken shall be understood to also include aspects of the corresponding implemented policies, as policies are implemented through actions.</u></p>	<p>NEW</p> <p>To clarify, the relevance of policies in that respect.</p>
	<p><u>AR 13 for para. 35 (Assessing actual and potential impacts for materiality)</u></p> <p><u>If potential impacts are assessed as material, disclosing significant planned remediation actions – if any – and their</u></p>	<p>NEW</p> <p>Clarification on disclosure of remediation actions.</p>

	expected effects shall be considered material information that needs to be reported in accordance with DRs on actions and [Draft] Amended ESRS 2 GDR-A.	
3.5 Financial materiality	3.3.2 Financial materiality	Comment/Rationale
ESRS Set 1 as per Delegated Act 2023	[Draft] Amended ESRS 1 <i>General requirements</i>	
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.	MOVED Moved and amended to paragraph 38
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. 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.	48. 37. 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 <u>undertaking</u> . 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 <u>its</u> sustainability statement.	UNCHANGED Added very minor editorial changes
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.	49. 38. 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 scope of financial materiality for sustainability reporting is an expansion of the scope of materiality used in the process of determining which information shall be included in the undertaking's financial statement. The financial materiality of a sustainability matter <u>topic</u> is not constrained to <u>topics</u> matters that are within the control of the undertaking but includes information on material risks and opportunities attributable to business relationships beyond the	MOVED Former paragraph 47 has been amended and part of paragraph 49 has been incorporated and amended here.

	scope of consolidation used in the preparation of financial statements.	
	<p>39. A sustainability matter is material. A topic shall be reported 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 the risks or opportunities related to a topic that have material influence, or could reasonably be expected to have a material influence, on the undertaking's its 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.</p>	<p>MOVED</p> <p>Former paragraph 49 has been split between new paragraph 39 and 40.</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:</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>50. 40. Dependencies on natural, human and social resources can be sources of financial risks or opportunities. Dependencies may trigger effects in two possible ways: Material risks and opportunities derive from the undertaking's:</p> <p><u>(a) material impacts, as identified through the impact materiality assessment;</u></p> <p><u>(b) dependencies on natural, human and social resources; and can be sources of financial risks or opportunities.</u></p> <p>Dependencies may trigger effects in two possible ways:</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</p> <p>To clarify that impacts are also a source of risks and opportunities next to dependencies, concept in EFRAG IG 1 paragraph 89. Paragraph 40 (b) incorporated from former paragraph 50.</p>
<p>(b) they may affect the undertaking's ability to rely on relationships needed in its business processes on acceptable terms.</p>	<p>(b) they may affect the undertaking's ability to rely on relationships needed in its business processes on acceptable terms.</p>	<p>MOVED</p> <p>To new paragraph 41</p>
	<p><u>(c) other factors, such as exposure to climate hazards or changes in regulation that address systemic risks.</u></p>	<p>NEW</p> <p>Concept was in EFRAG IG 1.</p>
	<p>40-41. 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</p>	<p>MOVED</p> <p>[NMIG 2. include guidance for paragraph 41]</p>

	potential impacts on those resources. <u>Dependencies may influence its ability to continue to use or obtain the resources needed in business processes, as well as the quality and pricing of those resources, and the ability to rely on relationships needed in its business processes on acceptable terms.</u>	Former paragraph 40 amended and incorporation of former paragraph 50(a) and 50(b)
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. 42. 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 [NMIG 3, AR 14, AR 15, and AR 16 include guidance for paragraph 42]
	AR 14 for para. 42 (Identification of risks and opportunities, likelihood and magnitude) In the identification of risks and opportunities, the undertaking shall consider its dependencies as sources of financial effects, either in terms of cash flows or in terms of resources not recognised in financial statements.	NEW It streamlines the content of former AR 13 and former AR 14.
	AR 15 for para. 42 (Identification of risks and opportunities, likelihood and magnitude) Once the undertaking has identified its In assessing 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 for materiality, the undertaking shall consider its contribution to financial effects in the short, medium and long term based on: (a) scenarios/forecasts that are deemed likely to materialise; and (b) potential anticipated financial effects <u>that are not (or are not yet) reflected in financial statements and that arise from material impacts, risks and opportunities and related topics.</u> This may derive from situations that do not yet lead to the recognition of assets/liabilities, or income/expenses, in financial statements, in accordance with the accounting recognition criteria. related to sustainability matters deriving either from situations with a below the “more likely than not” threshold or	MOVED Former AR 15 amended

	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 (organisational) human social and relationship capitals; and iii. possible future events that may have an influence on the evolution of such capitals.	
	AR 16 for para. 42 (Identification of risks and opportunities) <u>Internal risk management processes are a critical source of input for the materiality assessment of risks. Leveraging them contributes to the consistency of financial and sustainability reporting</u>	NEW Added to support the adoption of approaches consistent with internal risk management when addressing materiality of risks and opportunities.
3.6 Material impacts or risks arising from actions to address sustainability matters	3.4 Material impacts or risks arising from actions to address other topics sustainability matters	Comment/Rationale
ESRS Set 1 as per Delegated Act 2023	[Draft] Amended ESRS 1 General requirements	
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: (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	52- 43. 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 <u>topic</u> , might have negative material impacts or cause material risks in relation to one or more other sustainability matters <u>topics</u> . For example: (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	AMENDED [NMIG 4 includes guidance for paragraph 43] For a 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 paragraph 44. Example deleted to streamline the content.
(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.	(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:	53- 44. In such situations, the undertaking shall (Chapter 9.2 applies):	AMENDED

(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	(a) discloses the existence of under the other topic the material negative material impacts or material risks together with the actions that generate <u>cause</u> them, with a cross-reference to the topic to which the impacts or risks related <u>topic</u> ; and	Connected information has now been concentrated in chapter 9.2 based on IFRS S1 provisions in that respect.
(b) provide a description of how the material negative impacts or material risks are addressed under the topic to which they relate.	(b) provides a description of how the material negative impacts or material risks are addressed under the topic to which they relate.	UNCHANGED
	3.5 Practical considerations in determining the material impacts, risks and opportunities and their related topics to be reported	Comment/Rationale
ESRS Set 1 as per Delegated Act 2023	[Draft] Amended ESRS 1 <i>General requirements</i>	
	<p><u>45. In conducting its double materiality assessment, the undertaking is expected to:</u></p> <p><u>(a) focus the assessment of the undertaking's own operations and upstream and downstream value chains on areas where material impacts, risks and opportunities are deemed likely to arise based on the business model, the nature of the activities, business relationships, geographies or other factors; and</u></p> <p><u>(b) use reasonable and supportable evidence to estimate the levels of severity and likelihood of impacts and the likelihood and magnitude of financial effects of risks and opportunities.</u></p>	<p>These practical considerations are considered as compatible with the content of the 2023 Delegated Act, i.e. as not triggering a re-assessment of the DMA conclusions performed by those that reported under ESRS for fiscal year 2024. They are meant to support reduced efforts going forward for these preparers and the effort of first time adoption and ongoing reporting for preparers that will start their reporting in 2025 and 2026.</p> <p>NEW</p> <p>The text can be considered new as it is the results of merging of different former paragraphs (39, 51).</p>
	<p><u>46. The undertaking is not required to assess every possible impact, risk and opportunity across all areas of its operations and upstream and downstream value chains to identify the topics to be reported.</u></p>	<p>NEW</p> <p>Added for avoiding detailed information on IROs if not relevant for users and to support understanding of what is “undue cost or effort” in the context of DMA.</p>
	<p><u>47. To identify material impacts, risks and opportunities, the undertaking shall use reasonable and supportable information that is available without undue cost or effort (see Chapter 7.3). 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 is considered available to the undertaking without undue cost or effort.</u></p>	<p>NEW</p> <p>This relief (without undue cost or effort) has been introduced in the general requirement to limit the burdens for preparers and get aligned with IFRS S1.</p> <p>The second part of the sentence provides an illustration of what “undue cost or effort” means in the context of DMA and of which information is expected to be considered in the DMA.</p>

	<p><u>48. The undertaking may avoid unnecessary complexity:</u></p> <p><u>(a) by starting from the topics or sub-topics for which a conclusion on the materiality of its impacts, risks and opportunities can be derived on the basis of its business model, upstream and downstream value chain, peer analysis and the strategic and business priorities, and therefore no further investigation is necessary to include or exclude them from the sustainability statement; and</u></p> <p><u>(b) by subsequently addressing topics or sub-topics related to other impacts, risks and opportunities, noting that for those likely to be material a limited further assessment may be sufficient.</u></p>	<p>NEW</p> <p>[AR 17, AR 18 and AR 19 include guidance for paragraph 48]</p> <p>This new paragraph has the objective to ensure that the materiality assessment process is proportionate to the undertaking's circumstances and resources, also in response to the request received by EFRAG to provide further clarification and guidance for the DMA process and limit the excess of documentation effort. This provision limits the evidence that is needed to conclude on DMA and encourages a focus of the investigation only on gray areas.</p>
	<p>AR 17 for para. 48(a) (Practical considerations)</p> <p><u>The undertaking may adopt a top-down or a bottom-up approach to perform its materiality assessment.</u></p> <p><u>In the top-down approach, the undertaking starts from the topic (topic or when appropriate sub-topic in Appendix A or entity-specific topic) unless an assessment at the individual level of impacts, risks and opportunities is needed to conclude on their materiality. Once the undertaking concludes on the necessity to report on a topic, it needs to identify the related material impacts, risks and opportunities, which will be presented in accordance with [Draft] Amended ESRS 2 IRO-2.</u></p> <p><u>In the bottom-up approach, the starting point is the level of potential material impacts, risks and opportunities, which are assessed for materiality. Once identified as material, they are aggregated into topic(s) for reporting purposes, unless not appropriate.</u></p> <p><u>Adopting a top-down approach may be more pragmatic and reduce the complexity of the process and is expected to lead to the same outcome of the materiality assessment as the bottom-up approach.</u></p>	<p>NEW</p> <p>This additional application requirements (AR 17-19) aim at clarifying the areas of flexibility that exists when applying the requirements on DMA and its criteria. The top-down and bottom-up approaches are equally valid and expected to result in the same outcome. Top-down is encouraged as more pragmatic, but the undertaking has flexibility to decide which of the two to apply.</p> <p>Paragraphs AR 18 and 19 intend to address two areas of excess of documentation efforts that have been reported by preparers based on the experience of 2024 reporting.</p>
	<p>AR 18 for para. 48 (Practical considerations)</p> <p><u>Unless more investigation is necessary to be able to determine materiality of impacts, risks and opportunities, the undertaking does not need:</u></p>	

	<p><u>(a) to analyse every time horizon for all impacts, risks and opportunities;</u></p> <p><u>(b) (for impacts) to analyse separately each characteristic of severity (see Chapter 3.3.1).</u></p>	
	<p>AR 19 for para. 48 (Practical considerations)</p> <p><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 that the impacts, risks and opportunities related to a given topic are material or not material.</u></p>	
	3.6. Determining the information to be reported in accordance with [Draft] Amended ESRS 2 and topical standards	Comment/Rationale
ESRS Set 1 as per Delegated Act 2023	[Draft] Amended ESRS 1 General requirements	
	<p><u>49. The sustainability statement shall include general material information in accordance with [Draft] Amended ESRS 2 and, when necessary, on an entity-specific basis.</u></p>	<p>NEW</p> <p>To clarify the content of information to be reported for general disclosure, complementing the following paragraph.</p> <p>[AR 20 includes guidance for paragraph 49]</p>
	<p>50. 30. When the undertaking concludes that a sustainability matter is material as a results of its materiality assessment, on which ESRS 2 IRO 1, IRO 2 and SBM 3 set disclosure requirements, In addition, in accordance with paragraph 22, it shall include topical material information by:</p> <p><u>(a) disclose information according to the Disclosure Requirements (including Application Requirements) related to that specific sustainability matter in the corresponding topical ESRS; and</u></p> <p><u>applying the provisions in [Draft] Amended ESRS 2 GDR-P, GDR-A, GDR-M, and GDR-T when reporting on material information about policies, actions, metrics and targets;</u></p> <p><u>(b) disclosing material information in accordance with the DRs (including ARs) related to that specific topic or sub-topic in the corresponding topical ESRS; and</u></p> <p><u>(c) disclosing any additional material entity-specific disclosures (see paragraph 10 and related ARs) -when the</u></p>	<p>MOVED</p> <p>[AR 21 includes guidance for paragraph 50]</p> <p>Former paragraph 30, amended</p> <p>More emphasis in disclosing material info in (a)</p>

	material sustainability matter is not covered by an ESRS or is covered with insufficient granularity.	
	<p><u>AR 20 for para. 49 and 50 (ESRS 2 datapoints and GDR-P, GDR-A, GDR-M, GDR-T)</u></p> <p><u>The DRs in ESRS 2 (including GDR-P, GDR-A, GDR-M, GDR-T) are fundamental in nature and therefore likely to result in material information for all undertakings.</u></p>	<p>NEW</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>
	<p><u>AR 21 For para. 50 (Determining the information to be reported at sub-topic level)</u></p> <p><u>When a material impact, risk or opportunity relates to a particular sub-topic, the undertaking needs only to report the material information related to that sub-topic within the relevant topical standard.</u></p>	<p>NEW</p> <p>Clarification on the expected level of granularity in the disclosure. Several comments received from the public call and outreach activities pointed in the direction of former AR 16 table being used as a check-list to report against irrespectively of the materiality of different sub-(sub)topic within the relevant topical standard for the undertaking. This is expected to avoid excessive reporting on aspects of a topic that are not material. This is a general requirement, therefore applicable to all the topical disclosures.</p>
3.7 Level of disaggregation	3.7 Level of aggregation, disaggregation and group reporting	Comment/Rationale
ESRS Set 1 as per Delegated Act 2023	[Draft] Amended ESRS 1 <i>General requirements</i>	
<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>54. When needed for a proper understanding of its material impacts, risks and opportunities, the undertaking shall disaggregate the reported information:</p> <p><u>51. The undertaking shall aggregate or disaggregate the reported information to reflect the level at which significant variations of material impacts, risks or opportunities arise, such as by topic, sector, subsidiary, country, location, water basin, site, asset or other appropriate level of aggregation/disaggregation. In doing so, the undertaking shall consider relevant facts and circumstances in line with its materiality assessment to determine the appropriate level of aggregation.</u></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</p>	<p>As chapter 3.7 has provisions on both aggregation AND disaggregation of information, EFRAG proposes to modify the chapter title mentioning both aggregation and disaggregation.</p> <p>MOVED</p> <p>[AR 22-25, and NMIG 5 include guidance for paragraph 51]</p> <p>Simplified text based, concepts unchanged. The references to sector, location, key site, 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>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>Content of former 103 incorporated in this chapter (see AR 24 for paragraph 52) as well as certain elements from former paragraph 55.</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>
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>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>	DELETED
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>56. 52. Where data from different levels, or multiple locations within a level is aggregated, The undertaking shall ensure that this the level of aggregation and disaggregation does not obscure the specificity and context necessary to interpret the information. information that is material. The undertaking shall not be aggregated material items that differ in nature.</p>	<p>AMENDED</p> <p>[NMIG 6 include guidance for paragraph 52]</p> <p>Amendment and streamlining, stressing the principle behind it.</p>
	<p>102. 53. 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's 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 at group level.</p> <p>Criteria and thresholds for assessing an impact risk or opportunity as material shall be determined based on chapter 3 of this Standard.</p>	<p>MOVED</p> <p>Moved from former paragraph 102</p>
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.	<p>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.</p>	<p>DELETED</p> <p>Paragraph 57 entirely deleted as there will be no sector standards going forward.</p>

	<p><u>AR 22 for para. 51. (criteria for aggregation for locations)</u></p> <p><u>Information on material impacts, risks and opportunities related to specific locations may be appropriately aggregated where they share common characteristics and the activities to which they are associated with affect the same ecological area – such as water basin, region, ecosystem, or landscape. The appropriate level of aggregation or disaggregation shall not obscure systemic interactions or specific local drivers of impacts.</u></p>	<p>NEW</p> <p>Added in consideration of the deletion of the IRO 1 specifications in topical E standards, to foster the correct disaggregation of information only when needed, following this general principle.</p>
	<p><u>AR 23 for para. 52. (criteria for disaggregation)</u></p> <p><u>The undertaking shall consider disaggregating reported information by location—such as by site, water basin, or local ecosystem—when material impacts, risks, or opportunities are highly dependent on local context, in line with [Draft] Amended ESRS 1 paragraph 51.</u></p>	<p>NEW</p>
	<p><u>AR 24 for para. 52. (difference between group level and subsidiaries)</u></p> <p>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, it shall disaggregate and present information in a way that allows an adequate understanding of the impacts, risks and opportunities, as appropriate, of the subsidiary or subsidiaries concerned. <u>Conversely, if a material impact, risk or opportunity determined at group level is not relevant for all subsidiaries or activities in a group, the information can be provided at a disaggregated level reflecting only the activities for which the impact, risk or opportunity is relevant</u></p>	<p>MOVED</p> <p>Former 103 plus amended to mention reason for exclusion of subsidiaries.</p>
	<p><u>AR 25 for para. 52. (obscuring by aggregation of disaggregation)</u></p> <p><u>Information may be obscured where an inappropriate level of aggregation could be reasonably expected to influence the decision of primary users of general purpose financial statements and/or the ability of users of general purpose</u></p>	<p>NEW</p> <p>Aggregation / disaggregation and obscuring was missing as an explicit mention; see IFRS S1 paragraph B30.</p>

	sustainability statements to understand the undertaking's impacts. 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 may also be obscured as a result of material information being hidden by immaterial information.	
4. Due diligence		
ESRS Set 1 as per Delegated Act 2023	[Draft] Amended ESRS 1 General requirements	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 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.	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 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.	MOVED Moved to paragraphs 55 and 56
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 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.	59-54. Due diligence is the process by which <u>the undertakings identify, prevent, mitigate, and account for how they address the</u> remediates and brings to an end actual and potential negative impacts on the environment and people and the <u>environment and on people and connected with their</u> its 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. <u>The description of such a process is available</u> 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. <u>Due diligence is an ongoing practice that responds to and may trigger changes in the undertaking's strategy, business model, activities, business relationships, operating, sourcing and selling contexts.</u>	AMENDED Editorial changes and sequence of content changed, e.g. third sentence on ongoing practice has been relocated to the end.

	<p>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</p> <p><u>55. The 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></p>	<p>MOVED</p> <p>Moved from second part of former paragraph 58</p>
	<p>58-56. The outcome of the undertaking's sustainability due diligence process (referred to as 'due diligence' in the international instruments) informs the assessment of its negative material impacts.</p> <p>, risks and opportunities. 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</p>	<p>MOVED</p> <p>Moved from 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>60-57. The international instruments identify a number of steps in the due diligence process. 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 including through its business relationships in the undertaking's upstream and downstream value chain. 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 for reporting purposes (see <u>Chapter 3.4 3.3</u>). The identification of negative material impacts also supports the identification of material sustainability risks and opportunities, which are often a result of such impacts.</p>	<p>AMENDED</p> <p>[AR 26 includes guidance for paragraph 57]</p> <p>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><u>AR 26. for paragraph 57</u></p> <p><u>The due diligence steps laid out by the international instruments detailed in paragraph 57 are:</u></p>	<p>AMENDED</p> <p>Became AR 26 and not as part of main body.</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>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.</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>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/moved to ESRs 2 NMIG (NMIG 3 for paragraph 13)</p>
<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>(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</p> <p>Moved to ESRs 2 NMIG 3 (NMIG 3 for paragraph 13)</p>
<p>(c) identifying and assessing negative impacts on people and the environment . This is addressed under:</p> <ul style="list-style-type: none"> i. ESRs 2 IRO-1 (including Application Requirements related to specific sustainability matters in the relevant ESRs); and ii. ESRs 2 SBM-3; 	<p>(c) identifying and assessing negative impacts on people and the environment, . This is addressed under:</p> <ul style="list-style-type: none"> i. ESRs 2 IRO 1 (including Application Requirements related to specific sustainability matters in the relevant ESRs); and ii. ESRs 2 SBM 3; 	<p>MOVED</p> <p>Moved to ESRs 2 NMIG 3 (NMIG 3 for paragraph 13)</p>
<p>(d) taking action to address negative impacts on people and the environment . This is addressed under:</p> <ul style="list-style-type: none"> i. ESRs 2 MDR-A; and 	<p>(d) taking action to address negative impacts on people and the environment, and. This is addressed under:</p> <ul style="list-style-type: none"> i. ESRs 2 MDR-A; and 	<p>MOVED</p> <p>Moved to ESRs 2 NMIG 3 (NMIG 3 for paragraph 13)</p>

ii. Topical ESRS: reflecting the range of actions, including transition plans, through which impacts are addressed.	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.	MOVED Moved to ESRS 2 NMIG 3 (NMIG 3 for paragraph 13)
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 Set 1 as per Delegated Act 2023	[Draft] Amended ESRS 1 <i>General requirements</i>	
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. 58. The sustainability statement shall be for the same reporting undertaking as <u>for</u> the financial statements. For example, If the parent reporting undertaking is a parent company required to prepare <u>prepares</u> a consolidated financial statement, the sustainability statement will <u>shall</u> be for the <u>same consolidated</u> group. This requirement does not apply where the reporting if the undertaking is not required to draw up to prepare <u>where the reporting if the undertaking is not required to draw up to prepare</u> financial statements, or where the reporting undertaking is preparing <u>if its consolidated sustainability reporting is prepared in accordance with</u> to Article 48(i) of Directive 2013/34/EU.	AMENDED Wording changes
	<u>59. In the case of group reporting, the reporting undertaking usually considers as part of its own operations: the assets and liabilities, income and expense of the parent undertaking and its subsidiaries, located in or outside the EU, as determined in accordance with the applicable accounting requirements. Paragraphs 60 to 73 provide further provisions and exceptions for determining the reporting boundaries of own operations and upstream and downstream value chain. 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</u>	NEW [AR 27 includes guidance for paragraph 59] 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. The general requirement identifies own operations as the assets, liabilities, income and expenses of the parent and its subsidiaries

	<u>perspective, unless there are specific facts and circumstances that expose the group to material impacts, risks and opportunities arising from such subsidiary.</u>	(therefore including when applicable the share of the joint operations). The qualifier “usually” has been added in relation to the exceptions and other provisions in paragraphs 60 and 69. 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 this consultation. In fact, it would require deep consideration of possible unintended consequences, also in light of the different level of maturity in the reporting practices across different sub-sectors. In addition, the representatives of the EC indicated that this could be addressed in the context of Level 1 developments.
	AR 27 for para. 59 <u>The undertaking may include subsidiaries with different reporting periods in the consolidated report, by adopting the applicable accounting provisions providing relief in those circumstances.</u>	NEW Clarification of the treatment of subsidiaries with different reporting periods is also addressing an implementation question received in the Q&A platform.
	5.2 Inclusion of upstream and downstream value chain information	Comment/Rationale
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. 60. The reported information about the reporting undertaking provided in the sustainability statement shall be extended beyond own operations to cover to include information on the material impacts, risks and opportunities connected with the undertaking's through its direct and indirect business relationships in the upstream and/or downstream value chain ('value chain information'). This shall be done, based on reasonable and supportable information that is available without undue cost or effort, when this is necessary to allow an understanding of the undertaking's material impacts, risks and opportunities and to meet the qualitative characteristics of information (see Appendix B). 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:	AMENDED Streamlined and added reference to reasonable and supportable information available without undue cost or effort, as a general relief in accordance with IFRS requirements.
(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	MOVED See paragraph 61 below

(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.	MOVED See paragraph 61 below
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.	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.	MOVED See new paragraph 64
65. The undertaking shall include material value chain information when this is necessary to: (a) allow users of sustainability statements to understand the undertaking's material impacts, risks and opportunities; and/or	61. The undertaking shall include material <u>upstream and downstream</u> value chain information when this is necessary to: (a) allow users of sustainability statements to understand the undertaking's material impacts, risks and opportunities; and/or 63 (a) following the outcome of its due diligence process and of its materiality assessment as informed by any due diligence process in place; and	AMENDED Replaced with text from former paragraph 63 above
(b) produce a set of information that meets the qualitative characteristics of information (see Appendix B of this Standard).	(b) produce a set of information that meets the qualitative characteristics of information (see Appendix B of this Standard). 63 (b) in accordance with any specific requirements related to the <u>upstream and downstream</u> value chain in the ESRS.	AMENDED Replaced with text from former paragraph 63 above
	62. In the identification of material impacts, risks and opportunities that are connected with the undertaking through its business relationships in the upstream and downstream value chain , and when reporting on metrics that <u>comprise of upstream and downstream value chain information, the undertaking may use information collected directly from counterparties in the upstream and downstream value chain, or estimates, depending on practicability and reliability considerations related to the necessary input. When developing estimates, it may use internal and external information, such as data from indirect</u>	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 are 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

	<u>sources, sector-average data, sample analyses, market and peer groups data, other proxies or spend-based data</u>	information collected from counterparts. 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 after 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.
	<u>63. In this context, the information required by the ESRS to be obtained from undertakings in the upstream and/or downstream value chain shall not exceed the limit set by the relevant EU law and regulation. This limitation also applies to non-EU undertakings.</u>	NEW 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 referred to LSME.
	64. Paragraph 61 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 <u>impacts, risks or opportunities</u> 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 . <u>material impacts, risks or opportunities exist or are likely to exist (in line with paragraph 31).</u>	MOVED See former paragraph 64. Wording clarified on which value chain information to consider. Clarify that materiality is assessed at IRO level
	<u>65. The materiality assessment regarding upstream and downstream value chain may be conducted without direct information from counterparts, using average regional or sector data, or generally available information about the incidence of impacts, risks and opportunities in the given context. Where the materiality of specific impacts, risks or opportunities remains unclear, the undertaking may need to seek additional information from entities in its value chain.</u>	NEW To clarify flexibility that exists in performing DMA and reflecting current practice. To manage expectations on the extent of data collection that is effectively needed.
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 impact, risk or opportunity arises, the undertaking shall use its assessment of impacts, risks and opportunities following the double materiality principle (see chapter 3.3 of this Standard).	AMENDED Clarify that materiality is assessed at IRO level

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. 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.	MOVED See paragraph 69
	67. The information reported about With reference to policies, actions and targets, the undertaking's reporting shall include upstream and/or downstream value chain information only when (and to the extent that) to the extent that those policies, actions and targets address material impacts, risks and opportunities 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 by using an estimate without collecting data from the actors in its upstream and downstream value chain, especially from SMEs, <u>such as</u> for instance for example , when calculating the undertaking's its greenhouse gas ('GHG') Scope 3 emissions (<u>see</u> Chapters 7.2, 7.3 and 7.4).	AMENDED [AR 28 includes guidance for paragraph 67] Editorial
	<u>68. Business relationships include investments and shareholding positions in joint ventures or associates.</u>	NEW Clarification that business relationships include positions in investments, joint ventures and associates.
	67-69. When In some cases, associates or joint ventures <u>that are</u> accounted for under the equity method or proportionally consolidated in the financial statement are <u>also</u> part of the undertaking's <u>upstream and downstream</u> value chain <u>beyond the shareholding relationship, such as when they are also for example as suppliers or customers.</u> In these cases, the	MOVED Amended. See former paragraph 67 Proportionally consolidated joint ventures excluded as they are part of the consolidated assets, liabilities, income and expense of

	<p>undertaking shall include information related to those associates or joint ventures <u>the supply/customer relationship with them</u>, in accordance with paragraph 63 60, consistent with the approach adopted for the other <u>similar</u> business relationships in the value chain. In this <u>these</u> cases, when determining impact metrics, the data of the associate or joint venture are <u>is</u> not limited to the share of equity held, but it 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 <u>reflect the impacts that are connected with the undertaking through the business relationships and the associated related risks and opportunities</u>. This means that the undertaking considers both its relationship as investor and its supply/customer relationship in calculating the relevant metrics, while avoiding double counting.</p>	the consolidated group and therefore own operations (see new paragraph 59).
	<p>AR 28 for para. 67</p> <p>Metrics in topical ESRS do not require inclusion of upstream and downstream value chain data, with the exception of GHG emissions Scope 3. For the following items, the standardised metric in ESRS is limited to own operations, however the disclosure is able to inform about aspects of the value chain: removals of GHG ([Draft] Amended ESRS E1-9), secondary microplastic ([Draft] Amended ESRS E2-4), substances of very high concern in procured components or articles ([Draft] Amended ESRS E2-5), and waste ([Draft] Amended ESRS E5-5). When necessary, in accordance with paragraph 10 the undertaking shall on an entity-specific basis, include upstream and downstream value chain data when disclosing on metrics.</p>	<p>NEW</p> <p>Following the clarifications already provided in IG2 and help understand the effective extent of requirements to cover value chain in metrics.</p>
5.2 Estimation using sector averages and proxies		Comment/Rationale
ESRS Set 1 as per Delegated Act 2023	[Draft] Amended ESRS 1 General requirements	
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	<p>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</p>	<p>DELETED</p> <p>Contains mere descriptive text</p>

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.	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.	
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 62 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 62 and 65
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.	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.	MOVED See paragraph 67
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	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	DELETED Superseded by approach explained in AR 24 and AR 25.

and section 7.2 Sources of estimation and outcome uncertainty of this Standard).	and section 7.2 Sources of estimation and outcome uncertainty of this Standard).	
	5.3 Provisions and exceptions for determining the respective reporting boundaries of own operations and value chain	Comment/Rationale
ESRS Set 1 as per Delegated Act 2023	[Draft] Amended ESRS 1 <i>General requirements</i>	
	<u>70. Impacts, risks and opportunities arising from the use of a leased asset do not depend on whether the asset is legally owned or leased. The lessee is causing and contributing to the impacts of the leased asset, therefore reports the impacts and related risks and opportunities in its own operations, during the lease period. The lessor is directly connected with the impacts of the leased asset; therefore, it reports the impacts and related risks and opportunities as part of its downstream value chain.</u>	<p>NEW</p> <p>[NMIG 7 includes guidance for paragraph 70]</p> <p>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>
	<u>71. The impacts, risks or opportunities arising from assets that are held by an undertaking's long-term employee benefit fund are connected with the undertaking through its business relationship in the up-stream value chain.</u>	<p>NEW</p> <p>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>
	5.4. Relief for acquisitions and disposals	Comment/Rationale
ESRS Set 1 as per Delegated Act 2023	[Draft] Amended ESRS 1 <i>General requirements</i>	
	<u>72. When 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. Similarly, when it loses control over a subsidiary or business in the reporting period, it may adjust the scope of the materiality</u>	<p>NEW</p> <p>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>

	assessment and the reporting boundaries from the beginning of the current reporting period.	
	<u>73. If the undertaking uses this relief for major acquisitions (disposals) and based on available information, it shall disclose significant events that affected the acquired (sold) subsidiary or business between the date of acquisition and the end of the reporting period (between the start of the reporting period and the date of disposal), when they could have an effect on the subsidiary's or business's exposure to material impacts, risks and opportunities.</u>	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 subsidiary.
6. Time Horizons		
6.1 Reporting period	6.1 Reporting period and base year	Comment/Rationale
ESRS Set 1 as per Delegated Act 2023	[Draft] Amended ESRS 1 <i>General requirements</i>	
73. The reporting period for the undertaking's sustainability statement shall be consistent with that of its financial statements.	73. 74. 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 Set 1 as per Delegated Act 2023	[Draft] Amended ESRS 1 <i>General requirements</i>	
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.	MOVED Chapter 6.2 moved IFRS has all those issues under "connected information". Therefore, content of former chapter 6.2 / paragraph 74 is

		moved to chapter 9.2 Connected information and this paragraph/chapter is deleted.
6.3 Reporting progress against base year	6.3 Reporting progress against the base year	Comment/Rationale
ESRS Set 1 as per Delegated Act 2023	[Draft] Amended ESRS 1 General requirements	
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. 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. The undertaking shall present comparative information in respect of the base year for metrics reported in the current period when reporting the developments and progress towards a target, unless the relevant Disclosure Requirement specifically defines how to report progress. The undertaking It may also include historical information about achieved milestones between the base year and the reporting period when this is relevant information.	UNCHANGED
6.4 Definition of short-, medium- and long-term for reporting purposes	6.2 Time horizon: definition of short-, medium- and long-term for reporting purposes	Comment/Rationale
ESRS Set 1 as per Delegated Act 2023	[Draft] Amended ESRS 1 General requirements	
77. When preparing its sustainability statement, the undertaking shall adopt the following time intervals as of the end of the reporting period: (a) for the short-term time horizon: the period adopted by the undertaking as the reporting period in its financial statements;	77. When preparing its sustainability statement, the undertaking shall adopt the following time intervals as of the end of the reporting period: (a) for the short-term time horizon: the <u>length of the</u> period adopted by the undertaking as the reporting period in its financial statements;	AMENDED Considering questions received on the EFRAG Q&A platform short-term definition was amended 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.

(b) for the medium-term time horizon: from the end of the short-term reporting period defined in (a) up to 5 years; and	(b) for the medium-term time horizon: from the end of the short-term reporting period defined in (a) up to 5 years; and	UNCHANGED
(c) for the long-term time horizon: more than 5 years.	(c) for the long-term time horizon: more than 5 years	UNCHANGED
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.	78. The undertaking shall use additional breakdowns for its 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, <u>and adding such breakdown provides relevant information.</u>	AMENDED Editorial
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.	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.	DELETED
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. 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 circumstances, the undertaking may adopt a different definition of medium- and/or long- term time horizons (see ESRS 2 BP-2, paragraph 9)	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. 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 circumstances, the undertaking may adopt a different definition of medium- and/or long- term time horizons (see ESRS 2 BP-2, paragraph 9) <u>79. There may be circumstances where The undertaking may adopt a different definition of medium- and/or long-term time horizons (see ESRS 2 BP-2, paragraph 9) when the use of the medium- or long-term time horizons defined in paragraph 77 results in non-relevant information. This may happen when 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. 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 their 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 BP2, paragraph 9).</u>	AMENDED Editorial
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. 80. References to 'short-term', 'medium-term', and 'long-term' in ESRS refer to the time horizon as determined by the undertaking in accordance with the provisions in paragraphs 77 to 79.	UNCHANGED

7. Preparation and presentation of sustainability information		
ESRS Set 1 as per Delegated Act 2023	[Draft] Amended ESRS 1 <i>General requirements</i>	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	7.1 Presenting comparative information	Comment/Rationale
ESRS Set 1 as per Delegated Act 2023	[Draft] Amended ESRS 1 <i>General requirements</i>	
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	83-81. The undertaking shall disclose comparative information in respect of the previous period for all quantitative metrics and monetary amounts. When relevant to an understanding of the current period's sustainability statement, it shall also disclose comparative information for narrative disclosures.	AMENDED Drafting, improve clarity
84. When the undertaking reports comparative information that differs from the information reported in the previous period it shall disclose: (a) the difference between the figure reported in the previous period and the revised comparative figure; and	85-82. When the undertaking reports comparative information that differs from the information reported in the previous period it shall disclose: (a) the difference between the figure reported in the previous period and the revised comparative figure; and When it is impracticable to adjust comparative information for one or more prior periods, the undertaking shall disclose this fact.	MOVED [NMIG 8 includes guidance for paragraph 82] Former paragraph 84 moved to paragraph 84 below. Former paragraph 85 incorporated and amended.
(b) the reasons for the revision of the figure.	(b) the reasons for the revision of the figure.	DELETED
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	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	MOVED Last sentence moved to new paragraph 82.

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.	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.	
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.	86. <u>83.</u> 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.	UNCHANGED
	<p><u>84. For metrics and monetary amounts:</u></p> <p>(a) When the undertaking reports comparative information amounts that differ significantly from the information reported in the previous period, it shall disclose provide the difference between the figure reported in the previous period and the revised comparative figure; and the reasons for the change and the difference between the amounts reported in the previous period and the revised amounts;</p> <p><u>(b) the undertaking is not required to present comparative information for new material impacts, risks and opportunities or related new reported topics for the reporting period where they are reported for the first time;</u></p> <p><u>(c) When necessary to provide an understanding of the progresses against a target, following a major acquisition or disposal, the undertaking shall adjust the base year and the comparative information provided. When the undertaking applies the relief for acquisitions (or disposals in paragraph 73, the timing of this adjustment will reflect the timing adopted for the inclusion (exclusion) of the subsidiary in the sustainability statement.</u></p>	<p>MOVED AND NEW</p> <p>From former paragraph 84 and complemented by new text to improve clarity. Clarifying that comparative information is not required for new material impacts, risks and opportunities.</p>
7.2 Sources of estimation and outcome uncertainty	7.2 Judgement, measurement and outcome uncertainty	Comment/Rationale

ESRS Set 1 as per Delegated Act 2023	[Draft] Amended ESRS 1 <i>General requirements</i>	
<p>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>	<p>87, 88. 85. 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><u>(a) the judgements it makes that have the most significant effect on the reported information;</u></p> <p><u>(b) the significant uncertainties affecting the qualitative information, quantitative information, metrics and monetary amounts presented, including whether they rely on estimates; and</u></p> <p><u>(c) significant assumptions and limitations in the estimates.</u></p> <p>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>	<p>MOVED AND NEW</p> <p>[AR 29-31 include guidance for paragraph 85]</p> <p>Former paragraph 87 and 88 merged in 85</p> <p>Incorporation of “judgement” provision in line with IFRS S1 paragraph 74</p> <p>ESRS uses “estimation and outcome uncertainties” (see chapter 7.2) and ESRS 2 BP-2.</p> <p>IFRS has judgements and “uncertainties” requiring estimates.</p> <p>To note: Judgements is mentioned in ESRS only in the QC paragraphs of ESRS 1 and in ESRS 2 BP-2 but not in the MAIN text of ESRS 1.</p> <p>To align with IFRS, paragraph 74 from IFRS S1 is added (aligned with ESRS wording conventions).</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. 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>MOVED</p> <p>Moved to ESRS 2 paragraph 5(c) as this is a Disclosures Requirement.</p>
	<p>91. 86. 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 <u>3.3.2</u> and consider:</p> <p>(a) the anticipated financial effects of the events (the possible outcome);</p> <p>(b) the severity and likelihood of the <u>potential</u> impacts on people or the environment resulting from possible future events, taking account of the factors of severity specified in paragraph 45; and</p>	<p>MOVED</p> <p>Former paragraph 91 amended</p>

	(c) the full range of possible outcomes and the likelihood of the possible outcomes within that range.	
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).	89. The use of reasonable and supportable assumptions and estimates, including when in developing scenario or sensitivity analysis, is an essential part of preparing the undertaking's sustainability related statements information and. It 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).	MOVED To AR 30
	<p>AR 29 for para. 85</p> <p><u>(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><u>(a) identifying material impacts, risks and opportunities, associating them to the relevant topic(s), and assessing whether an update of the materiality assessment is necessary (see paragraph 29);</u></p> <p><u>(b) identifying material information to include in the sustainability statement.</u></p>	NEW To align with IFRS S1 paragraph 75.
	<p>AR 30 for para. 85</p> <p>(Use of reasonable and supportable assumptions and estimates)</p> <p>The use of reasonable and supportable assumptions and estimates, including when in developing scenario or sensitivity analysis, is an essential part of preparing the undertaking's sustainability related statements information and. It does not undermine the usefulness of that information, provided that the significant assumptions and estimates are accurately described and explained. Even a high level of measurement uncertainty would not necessarily prevent such an assumption or estimate</p>	MOVED Amended From former paragraph 89

	from providing useful information or meeting the qualitative characteristics of information (see Appendix B).	
	AR 31 for para. 85 (Use of reasonable and supportable assumptions and estimates) <u>The requirement in paragraph 85(b) for the undertaking to disclose information about the uncertainties affecting the reported amounts relates to the estimates that require the most difficult, subjective or complex judgements.</u>	NEW From IFRS S1 paragraph80
	AR 32 for para. 86 (Future events that have uncertain outcomes) When assessing the possible outcomes, <u>considerations for the undertaking shall consider all include the relevant facts and circumstances, including information about low-probability and high-impact outcomes, which, when aggregated could become material. For example</u> The undertaking might be exposed to several impacts or risks, each of which could cause the same type of disruption such as disruptions to <u>its upstream the undertaking's value</u> (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).	MOVED Former paragraph 92 amended AR contain related guidance for paragraph 86
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.	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.	MOVED This is now in section 9.2 (direct/indirect connectivity with financial statements and consistency of assumptions as it related to connectivity with financial statements which is covered in this section 9.2.
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	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 anticipated financial effects of the events (the possible outcome);	MOVED to paragraph 86

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.	(b) the severity and likelihood of the potential impacts on people or the environment resulting from the future 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.	
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).	92. When assessing the possible outcomes, considerations for the undertaking shall consider all include the 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 its upstream the undertaking's value (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).	MOVED to AR 32
	7.3 Use of reasonable and supportable information that is available without undue cost or effort	Comment/Rationale
ESRS Set 1 as per Delegated Act 2023	[Draft] Amended ESRS 1 <i>General requirements</i>	
	<p><u>87. The undertaking shall use reasonable and supportable information available at the reporting date without undue cost or effort (see paragraph 90):</u></p> <p><u>(a) to identify material impacts, risks and opportunities;</u></p> <p><u>(b) to determine the scope of its upstream and downstream value chain, including its breadth and composition, in relation to material impacts, risks and opportunities;</u></p> <p><u>(c) when extending the information to include upstream or downstream value chain information, as required by paragraph 61 and;</u></p>	<p>NEW</p> <p>To align to IFRS S1 reliefs. The scope of the relief is broader than IFRS as it includes also all metrics, to provide for additional burden reduction. IFRS S1 B6</p>

	<u>(d) to prepare information on metrics.</u>	
	<u>88. Reasonable and supportable information shall cover 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>	NEW To align to IFRS S1 reliefs IFRS S1 B8
	<u>89. The assessment of what constitutes undue cost or effort depends on the undertaking's specific circumstances and requires a balanced consideration of the costs and efforts for the undertaking and the benefits of the resulting information for users. That assessment can change over time as circumstances change.</u>	NEW To align to IFRS S1 reliefs IFRS S1 B10
	7.4 Reliefs for metrics	Comment/Rationale
ESRS Set 1 as per Delegated Act 2023	[Draft] Amended ESRS 1 <i>General requirements</i>	
	<u>90. Activities within the undertaking or group may be excluded from metric calculations if, due to their nature, they are not expected to be a significant driver of the impacts, risks and opportunities the metric purports to represent, and their exclusion from the calculation is not expected to impair the relevance or faithful representation of the reported information.</u>	NEW [NMIG 9 -11 include guidance for paragraph 90] 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.
	<u>91. Except for E1-6 GHG Emissions, when without undue cost and effort the undertaking is able to use reliable direct or estimated data only for part of the scope of the relevant reporting boundary (or part of the value chain), the undertaking shall specify, when relevant, that it has identified material impacts, risks and opportunities in its own operations or value</u>	NEW Relief This relief extends to both own operations and value chain and has no time limits. It responds to the concern that companies

	<p>chain, but the corresponding metric can currently only be <u>partially estimated</u>. In this circumstance, the undertaking shall <u>disclose the actions it has taken to increase the coverage and quality in future reporting periods, and the progress compared to the previous reporting period</u>. The undertaking shall also <u>assess at the subsequent reporting dates whether reliable data or input to be used in the estimate has become available, and if this is the case, adjust the estimates and the disclosure accordingly</u>.</p>	<p>are forced to estimate and publish results that are not reliable due to lack of the necessary quality of the data. 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 in particular 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. There were intense discussions about this point and a specific question is being asked in the consultation.</p>
	<p>92. The undertaking may exclude joint operations over which it does not have operational control from the calculation scope of environmental metrics reported in accordance with ESRS E2 <i>Pollution</i>, ESRS E3 <i>Water</i>, ESRS E4 <i>Biodiversity and ecosystems</i> and ESRS E5 <i>Resource use and circular economy</i>.</p>	<p>NEW</p> <p>This relief respond to concerns about data availability. For ESRS E1 this is not applicable as this would introduce a difference with IFRS S2.</p>
7.3 Updating disclosures about events after the end of the reporting period	7.5 Updating disclosures about events after the end of the reporting period	Comment/Rationale
ESRS Set 1 as per Delegated Act 2023	[Draft] Amended ESRS 1 <i>General requirements</i>	
<p>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.</p>	<p>93-93. In some cases, When the undertaking may receives information after the reporting period but before the management report is approved for issuance. If such information provides <u>providing</u> evidence or insight about:</p> <p>(a) conditions existing at <u>end of the reporting period end</u>, the undertaking shall, where appropriate, update estimates and sustainability disclosures in the light of the new information;</p> <p>(b) 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</p>	<p>AMENDED</p> <p>With incorporation of letter (b) moved from former paragraph 94</p>

	indicating the existence, nature and potential consequences of these post year-end events.	
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. 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.	MOVED To paragraph 93b
7.4 Changes in preparation or presentation of sustainability information	7.6 Changes in preparation or presentation of sustainability information	Comment/Rationale
ESRS Set 1 as per Delegated Act 2023	[Draft] Amended ESRS 1 General requirements	
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. <u>94.</u> 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;	UNCHANGED
(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 (<u>change in estimate</u>).	AMENDED Editorial
7.5 Reporting errors in prior periods	7.7 Reporting errors in prior periods	Comment/Rationale
ESRS Set 1 as per Delegated Act 2023	[Draft] Amended ESRS 1 General requirements	
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	96. <u>95.</u> The undertaking shall correct material prior period errors by restating the comparative amounts for the prior period(s)	UNCHANGED [AR 33 and AR 34 include guidance for paragraph 95]

does not extend to reporting periods before the first year of application of ESRS by the undertaking.	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.	
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: (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: (a) was available when the management report that includes the sustainability statement for those periods was authorised for issuance; and	MOVED to AR 33 (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 to AR 33 (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, mistakes in applying the definitions for metrics or targets, oversights or misinterpretations of facts, and fraud.	MOVED to AR 34 (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	99-96. Potential errors in the current period discovered in that period are corrected before the management report is authorised for issue. However, in case of material errors only discovered in a subsequent period, 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.	AMENDED Former paragraph 99 and 100, merged and redrafted
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	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	MOVED Merged and redrafted with paragraph 96

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.	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.	
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)	101.97. Corrections of errors are distinguished from changes in estimates. Estimates may need to be revised as additional information becomes known.	UNCHANGED
	<p><u>AR 33 for para. 95 (Prior Period Errors)</u></p> <p>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:</p> <p>(a) was available when the management report that includes the sustainability statement for those periods was authorised for issuance; and</p> <p>(b) could reasonably be expected to have been obtained and considered in the preparation of sustainability disclosures included in these reports.</p>	<p>MOVED</p> <p>from former paragraph97 (unchanged)</p>
	<p><u>AR 34 for paragraph 95 (Prior Period Errors)</u></p> <p>Such errors include: the effects of mathematical mistakes, mistakes in applying the definitions for metrics or targets, oversights or misinterpretations of facts, and fraud.</p>	<p>MOVED</p> <p>from former paragraph98 (unchanged)</p>
7.6 Consolidated reporting and subsidiary exemption		Comment/Rationale
ESRS Set 1 as per Delegated Act 2023	[Draft] Amended ESRS 1 <i>General requirements</i>	
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	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	MOVED

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.	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.	Entire paragraph moved: This regards Materiality and belongs to it: it is better placed as part of the materiality assessment in ESRS 1 chapter 3.6 Level of aggregation / disaggregation
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.	MOVED Entire paragraph moved to chapter 3.7 in new AR 24.
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.	MOVED Content amended, streamlined and moved to 3.7 in new AR 23.
7.7 Classified and sensitive information, and information on intellectual property, know-how or results of innovation	7.8 Classified and sensitive information, and information on intellectual property, know-how or results of innovation	Comment/Rationale
ESRS Set 1 as per Delegated Act 2023	[Draft] Amended ESRS 1 <i>General requirements</i>	
105. The undertaking is not required to disclose classified information or sensitive information, even if such information is considered material.	105-98. The undertaking is not required to disclose classified information or sensitive information, even if such information is considered material.	UNCHANGED [AR 35 includes guidance for paragraph 98]

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: (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;	106-99. When disclosing information about its strategy and action plans , 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 DR, the undertaking may omit that specific piece of information if it: (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;	UNCHANGED
(b) has commercial value because it is secret; and	(b) has commercial value because it is secret; and	UNCHANGED
(c) has been subject to reasonable steps by the undertaking to keep it secret.	(c) has been subject to reasonable steps by the undertaking to keep it secret.	UNCHANGED
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.	107- <u>100.</u> 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 DR in question by disclosing all other required information.	UNCHANGED
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.	108. <u>101.</u> 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.	UNCHANGED
	<u>AR 35 for para. 98 (Member state option on impending developments and other)</u> <u>The CSRD leaves to the Member States ('MS') an option to provide the following relief, which is therefore available to undertakings in MS that have exercised this option. The undertaking may limit information relating to impending</u>	NEW Clarification of reliefs available when Member States have implemented this provisions in the CSRD.

	<p><u>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 it elects to use this exemption, the undertaking shall consider disclosing for each item of information omitted the fact that it has used the exemption.</u></p>	
7.8 Reporting on opportunities	7.9 Reporting on opportunities	Comment/Rationale
ESRS Set 1 as per Delegated Act 2023	[Draft] Amended ESRS 1 <i>General requirements</i>	
<p>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:</p> <p>(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>	<p>109- 102. When reporting on opportunities, the disclosure shall consist of descriptive information allowing the reader to understand the opportunity. <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.</u> The provisions on financial effects in [Draft] Amended ESRS 2 apply when reporting on material opportunities. For the undertaking 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:</p> <p>(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>	<p>AMENDED</p> <p>Streamlined</p>

(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.	(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.	DELETED Deleted specific relief for quantitative financial effects as we already have one.
8. Structure of the sustainability statement	8. Presentation requirements and structure of the sustainability statement	Comment/Rationale
ESRS Set 1 as per Delegated Act 2023	[Draft] Amended ESRS 1 <i>General requirements</i>	
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.	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.	DELETED Not needed.
8.1 General presentation requirement	8.1 General presentation requirement, <u>structure and content of the sustainability statement</u>	Comment/Rationale
ESRS Set 1 as per Delegated Act 2023	[Draft] Amended ESRS 1 <i>General requirements</i>	
	112-103. Except for the possibility to incorporate information by reference in accordance with section 9.1 Incorporation by reference of this Standard, The undertaking shall <u>present</u> report all the applicable disclosures required by the ESRS in accordance with chapter 1 of this Standard, within a dedicated section of the management report identified as the undertaking's sustainability statement except for those incorporated by reference in accordance with Chapter 9.3.	AMENDED Editorial Moved here from former paragraph 112

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	111. <u>104.</u> Sustainability information shall be presented: (a) in a way that allows a distinction for clear identification of between information required by disclosures in the ESRS and other information included in the management report; and	AMENDED Editorial
(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.	(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.	UNCHANGED
	115. <u>105.</u> 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. <u>It may use appendices or separate sub-parts in accordance with paragraphs 107-110</u> <u>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.</u>	AMENDED Removal as cross referencing is covered in section 9 so removing duplication. Moved here from former paragraph 115
	113. <u>106.</u> If the undertaking shall include in its sustainability statement the prepares disclosures pursuant to Article 8 of Regulation (EU) 2020/852 of the European Parliament and the Council and to the Commission Delegated Regulations, it shall include them in its sustainability statement, and it may include them in a separate appendix. 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	AMENDED Moved from former paragraph 113 Considering the feedback received on relevance and length of these EUTR 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). This option allows undertakings to locate such disclosures in a separate appendix not to break the logic flow of the ESRS sustainability statement.

8.2 Content and structure of the sustainability statement	8.2 Presentation of additional information included in the sustainability statement	Comment/Rationale
ESRS Set 1 as per Delegated Act 2023	[Draft] Amended ESRS 1 <i>General requirements</i>	
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.	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 present report all the applicable disclosures required by ESRS in accordance with chapter 1 of this Standard, within a dedicated section of the management report	MOVED To paragraph 103 above
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	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	MOVED To paragraph 106 above
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:	114. 107. When The undertaking <u>may include</u> in its sustainability statement additional disclosures stemming from (i) other legislation which requiring the undertaking to disclose <u>disclosure of</u> 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:	AMENDED Editorial

(a) be clearly identified with an appropriate reference to the related legislation, standard or framework (see ESRS 2 BP-2, paragraph 15);	(a) be clearly identified with an appropriate reference to the related legislation, standard or framework; and	AMENDED Removed Cross Reference
(b) meet the requirements for qualitative characteristics of information specified in chapter 2 and Appendix B of this standard.	(b) meet the requirements for qualitative characteristics of information specified in Chapter 2 and Appendix B of this Standard.	UNCHANGED
	<p><u>108. The undertaking may include in its sustainability statement additional disclosures that do not relate to a topic to be reported following the materiality assessment, such as when information is needed by a specific user. In these circumstances the additional disclosures shall:</u></p> <p><u>(a) be clearly identified and presented in a way that they do not obscure material information.</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.</p>
	<p><u>(b) provide a faithful representation of the relevant item of information.</u></p>	<p>NEW</p> <p>To clarify qualitative characteristics to be met under this circumstance, specifically faithful representation</p>
	8.3 Options in presenting information across parts of the sustainability statements	Comment/Rationale
ESRS Set 1 as per Delegated Act 2023	[Draft] Amended ESRS 1 General requirements	
	<p><u>109. 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. It may also incorporate information by reference to an executive summary placed outside its sustainability statement, such as in another section of</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. The introduction of an “Executive Summary” would allow to provide key messages compatible with the investor communications. The more detailed content would stay in the</p>

	the management report, provided that it meets the conditions <u>for incorporation by reference.</u>	rest 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 ones in the detailed parts.
	<p><u>110. The undertaking may use appendices or separate sub-parts in its sustainability statement:</u></p> <p><u>(a) to present more detailed information related to any of the four parts;</u></p> <p><u>(b) to facilitate readability with content indices, tables mapping different disclosures, or cross-reference tables;</u></p> <p><u>(c) to present the additional information prepared in accordance with Chapter 8.2 above.</u></p>	<p>NEW</p> <p>Clarify existing flexibility in using appendices.</p>
	<p>AR 36 for para. 109 (Presentation of more detailed information)</p> <p><u>The undertaking may present more detailed information about the calculation of its reported GHG emissions in a dedicated appendix or section of its sustainability statement, with an internal cross-reference to the environmental disclosures.</u></p>	<p>NEW</p> <p>Clarify how to present information and cross-references.</p>
	<p>AR 37 for para. 109 (Presentation of more detailed information)</p> <p><u>Similarly, the undertaking may use internal references across different parts or sub-parts (including appendices in the sustainability statement) to facilitate the understanding of linkages that exist between the respective contents. These internal references are not incorporation by reference; see Chapter 9.</u></p>	<p>NEW</p> <p>Clarify how to present information and cross-references.</p>
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	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	<p>MOVED</p> <p>To paragraph 105 above</p>

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.	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.	
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 Not needed.
9. Linkages with other parts of corporate reporting and connected information	9. Connected information and linkages with other parts of corporate reporting	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 Set 1 as per Delegated Act 2023	[Draft] Amended ESRS 1 General requirements	
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. 111. 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. <u>(a) within the sustainability statement; and</u>	AMENDED [AR 38 includes guidance for paragraph 111] Editorial – for simplified reading Connected information has been moved before incorporation by reference (ordering change) for ease of reading / flow.

	<u>(b) between the sustainability statement and other corporate reporting documents published by the undertaking, including its related financial statements.</u>	
	<u>112. Repeating the same content in two or more parts (including appendices) of the sustainability statement may obscure material information and impair the provision of concise and understandable information. When the same information is relevant to more than one DR in the ESRS, the undertaking may present the information where it considers it to be more appropriate and refer to that location in the other part.</u>	NEW Included to clarify re duplication of disclosures/information across sections and flexibility for undertaking to include where most relevant. To support more concise and relevant reporting.
	<u>113. If the description of the material impacts, risks and opportunities prepared in accordance with ESRS 2 IRO-2 is not presented alongside the respective policies, actions and targets, the undertaking shall make explicit which policies, actions and targets relate to which material impacts, risks, or opportunities, in accordance with paragraph 22.</u>	NEW [AR 39 includes guidance for paragraph 113] To support more relevant and transparent reporting allowing an understanding of which PAT relate to which IROs.
	<u>AR 38 for paragraph 111 (a).</u> <u>(Connections within the sustainability statement)</u> <u>Connections within the sustainability statement include those between the general disclosures on governance and strategy and the disclosures about a specific topic, as well as those between material impacts, risks and opportunities management and the respective policies, actions, targets and metrics.</u>	NEW
	<u>AR 39 for paragraph 113.</u> <u>(Presenting connected information about policies, actions and targets)</u> <u>The undertaking that covers environmental and social topics in the same policy may report on the policy in its environmental disclosures and cross-refer to it from the relevant social disclosures, or vice versa.</u>	MOVED From former AR18 amended
	<u>9.2 Direct/indirect connectivity with financial statements and consistency of assumptions</u>	Comment/Rationale

ESRS Set 1 as per Delegated Act 2023	[Draft] Amended ESRS 1 <i>General requirements</i>	
	<p><u>114. The undertaking may cross-refer to its financial statements when reporting on monetary amounts or other quantitative information presented in the financial statements ('direct connectivity').</u></p>	<p>New section / section header to clarify types of connectivity and assumptions</p> <p>NEW</p> <p>[NMIG 12 includes guidance for paragraph 114]</p> <p>Direct and indirect connectivity were previously included in paragraph 125. Paragraph 114 gives a relief changing a 'shall' requirement into a 'may'.</p>
	<p>125-115. If the sustainability statement may includes 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 may 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.</p>	<p>MOVED</p> <p>Comes from former paragraph 125 and amended.</p> <p>This was previously included with direct connectivity (116 above) in paragraph 125. They have been separated into (new) section 9.2 to clarify direct vs indirect (refer to markup against paragraph 125 below).</p> <p>Simplifications: Explanations of how the amounts relate to the financial statements are now voluntary and not required. Reference to reconciliation deleted.</p>
	<p><u>116. Data and assumptions used in preparing the sustainability statements shall be consistent to the extent possible 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 the level of consistency.</u></p>	<p>MOVED</p> <p>Former paragraph 90. Added clarification for undertaking to explain level of consistency in assumptions made.</p>
9.1 Incorporation by reference	9.3 Incorporation by reference	Comment/Rationale

ESRS Set 1 as per Delegated Act 2023	[Draft] Amended ESRS 1 <i>General requirements</i>	
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- 117. Provided that the conditions in paragraph 120 118 are met, information prescribed by a Disclosure Requirement of an ESRS including or a specific datapoint prescribed by a Disclosure Requirement-DR 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: (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;	120- 118. The undertaking may incorporate information by reference to the documents, or part of the documents, listed in paragraph 118 117, provided that the disclosures <u>information disclosures</u> incorporated by reference: (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</u> Disclosure Requirement , or	AMENDED Editorial – language / clarification only

	the relevant specific datapoint prescribed by a Disclosure Requirement;	
(b) are published before or at the same time as the management report;	(b) is are published before or at the same time as the management report;	UNCHANGED
(c) are in the same language as the sustainability statement;	(c) is are in the same language as the sustainability statement;	UNCHANGED
(d) are subject to at least the same level of assurance as the sustainability statement; and	(d) is are subject to at least the same level of assurance as the sustainability statement (<u>i.e. the information incorporated by reference is considered as part of the ESRS sustainability statement subject to assurance, not to the entire document referred to</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.
(e) meet the same technical digitalisation requirements as the sustainability statement.	(e) meets the same technical digitalisation requirements as the sustainability statement.	UNCHANGED
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.	121- 119. Provided that the conditions established in paragraph 120 118 are met, information prescribed by a Disclosure Requirement of an ESRS DR including a specific or datapoint prescribed by a Disclosure Requirement may be incorporated in the sustainability statement by reference to the undertaking's report prepared in accordance with 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 <u>upstream and downstream</u> value chain information.	AMENDED Editorial – language simplification only
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	122- 120. In 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	AMENDED [Editorial – language simplification only]

incorporation by reference of this Standard is an illustrative example of incorporation by reference (See ESRS 2 BP-2).	of incorporation by reference of this Standard is an illustrative example of incorporation by reference (See ESRS 2 BP-2).	
9.2 Connected information and connectivity with financial statements	9.2 Connected information and connectivity with financial statements	Comment/Rationale
ESRS Set 1 as per Delegated Act 2023	[Draft] Amended ESRS 1 <i>General requirements</i>	
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 statements. Information that describes connections shall be clear and concise.	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 statements. Information that describes connections shall be clear and concise.	DELETED All content relating to connected information is now in new chapter 9.1 <i>Connected information</i> above.
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.	DELETED 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	125. The sustainability statement may include monetary amounts or other quantitative datapoints that exceed a	MOVED

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.	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.	To new paragraph 114-115 and amended (refer also above to 115 & 116)
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	DELETED Paragraph 117 (90 amended) includes consistency of data and assumptions to financial statements, so this has been removed.
(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 statements. When significant data, assumptions and qualitative information are not consistent, the undertaking shall state that fact and explain the reason.	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 statements. When significant data, assumptions and qualitative information are not consistent, the undertaking shall state that fact and explain the reason.	DELETED Paragraph 127 is on consistency; this requirement is already in paragraph 90 of ESRS 1 ("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") 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:	128. Examples of items for which the explanation in paragraph 126 is required, are:	Deleted Removed from main text as guidance/examples

(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	(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	
(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. Transitional provisions		
10.1 Transitional provision related to entity-specific disclosures		Comment/Rationale
ESRS Set 1 as per Delegated Act 2023	[Draft] Amended ESRS 1 <i>General requirements</i>	
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 10.1 Chapter deleted
	<u>121. The transitional provisions in this chapter apply only 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.</u>	NEW This clarification is proposed to address the concern that it may not be clear that the first application of the ESRS is intended to depend on the timely transposition of the Directive into national law; this issue also triggered questions on the EFRAG Q&A platform.
131. When defining its entity-specific disclosures, the undertaking may adopt transitional measures for their	131. When defining its entity-specific disclosures, the undertaking may adopt transitional measures for their	DELETED

<p>preparation in the first three annual sustainability statements under which it may as a priority:</p> <p>(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>	<p>preparation in the first three annual sustainability statements under which it may as a priority:</p> <p>(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>	<p>Transitional provision is deleted entirely as agnostic standards are not expected to be complemented by sector specific.</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>(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</p> <p>Content of former paragraph 131 (b) is moved to paragraph 11 on entity specific disclosures as there will be no sector ESRS.</p>
10.2 Transitional provision related to chapter 5 Value chain	10.21 Transitional provision related to chapter 5 Value chain	Comment/Rationale
ESRS Set 1 as per Delegated Act 2023	[Draft] Amended ESRS 1 General requirements	
<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. 122. For the first 3 <u>three</u> years of <u>preparation of the undertaking's sustainability reporting statement</u> 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>AMENDED</p> <p>Editorial</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</p>	<p>133. 123. For the first 3 <u>three</u> years of <u>preparation of the undertaking's sustainability reporting statement</u> under the ESRS, in order to take account of the difficulties that undertakings may encounter in gathering information from actors throughout their <u>its upstream and downstream</u> value chain and in order to limit the burden for SMEs in the value chain:</p>	<p>AMENDED</p> <p>Editorial</p>

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	(a) when disclosing information on policies, actions and targets in accordance with <u>[Draft] Amended</u> 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	
(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.	(b) when disclosing metrics, the undertaking it is not required to include upstream and downstream value chain information, except for datapoints derived from other EU legislation, as listed in <u>[Draft] Amended</u> ESRS 2 Appendix B <u>A</u> .	UNCHANGED
134. Paragraphs 132 and 133 apply irrespective of whether or not the relevant actor in the value chain is an SME.	134. 124. Paragraphs <u>123 and 124</u> 132 and 133 apply irrespective of whether or not the relevant actor in the <u>upstream and/or downstream</u> value chain is an SME.	AMENDED Clearer drafting
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.	135. 125. Starting from the fourth year of its reporting under the ESRS, the undertaking shall include upstream and/or downstream value chain information <u>according in accordance</u> with paragraph 60. 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.	AMENDED Deletion is replaced by the statement on “value chain cap” see comment above.
10.3 Transitional provision related to section 7.1 Presenting comparative information	10.32 Transitional provision related to section 7.1 Presenting comparative information	Comment/Rationale
ESRS Set 1 as per Delegated Act 2023	<u>[Draft] Amended ESRS 1 General requirements</u>	
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.	136. 126. To ease the first-time application of this Standard, the undertaking is not required to disclose the comparative information required by section Chapter <u>7.1. Presenting comparative information</u> in the first year of preparation of the sustainability statement under the ESRS. For disclosure requirements listed in <u>Appendix C D, List of phased-in Disclosure Requirements</u> , this transitional provision applies with reference to the first year of mandatory application of the phased-in <u>disclosure requirement DR</u> .	AMENDED Editorial

10.4 Transitional provision: List of Disclosure Requirements that are phased-in	10.43 Transitional provision: List of Disclosure Requirements that are phased-in <i>[CHANGES AND CONSIDERATION DUE TO DELEGATED "QUICK FIX" NOT REFLECTED HERE]</i>	Comment/Rationale
ESRS Set 1 as per Delegated Act 2023	[Draft] Amended ESRS 1 <i>General requirements</i>	
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. <u>127.</u> Appendix C <u>D</u> List phased-in Disclosure Requirements in sets phase-in provisions for the Disclosure Requirements <u>DRs</u> or datapoints of Disclosure Requirements in the ESRS that may be omitted or that are not applicable in the first year(s) of mandatory application of the ESRS in the preparation of the sustainability statement under the ESRS.	AMENDED This clarification is proposed to address the concern that it may not be clear that the first application of the ESRS is intended to depend on the timely transposition of the Directive into national law.
Appendix A Application Requirements	Appendix A: Application Requirements <u>List of topics</u>	Comment/Rationale
ESRS Set 1 as per Delegated Act 2023	[Draft] Amended ESRS 1 <i>General requirements</i>	
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.	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.	MOVED Amended and moved to AR 1 (editorial) repetition – entity specific – fair presentation This requirement already is in ESRS 1 paragraph 11 and also comes with the "fair presentation" requirement
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 1 (editorial)

(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 1 (editorial)
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 2
(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 2
(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 2
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 Amended and moved to Paragraph 11 References to sector-specific standards The changes reflect the fact that there will be no sector standards in the future and as such the temporary regime (shall consider other framework) will be permanent.
(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 11

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.	MOVED Amended and moved to NMIG 1 of ESRS 1
Double materiality Stakeholders and their relevance to the materiality assessment process <p>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.</p>	Double materiality Stakeholders and their relevance to the materiality assessment process <p>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.</p>	MOVED Amended and moved to AR 10
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	MOVED Amended and moved to AR 10
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.	MOVED Amended and moved to AR 11
Assessment of impact materiality <p>AR 9. In assessing impact materiality and determining the material matters to be reported, the undertaking shall consider the following three steps:</p> <p>(a) understanding of the context in relation to its impacts including its activities, business relationships, and stakeholders;</p>	Assessment of impact materiality <p>AR 9. In assessing impact materiality and determining the material matters to be reported, the undertaking shall consider the following three steps:</p> <p>(a) understanding of the context in relation to its impacts including its activities, business relationships, and stakeholders;</p>	MOVED Moved to AR 5
(b) identification of actual and potential impacts (both negative and positive), including through engaging with stakeholders and experts. In this step, the undertaking may	(b) identification of actual and potential impacts (both negative and positive), including through engaging with stakeholders and experts. In this step, the undertaking may	MOVED Moved to AR 5

rely on scientific and analytical research on impacts on sustainability matters;	rely on scientific and analytical research on impacts on sustainability matters;	
(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.	MOVED Moved to AR 5
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;	MOVED Moved to AR 7
(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	MOVED Moved to AR 7
(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.	MOVED Moved to AR 7
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.	MOVED Moved to AR 8
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	MOVED Amended and moved to AR 6 of ESRS 1

(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.	MOVED Amended and moved to AR 6 of ESRS 1
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;	MOVED Amended and moved to NMIG 2 of ESRS 1
(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	MOVED Amended and moved to NMIG 2 of ESRS 1
(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.	MOVED Amended and moved to NMIG 2 of ESRS 1
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 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: (a) the existence of dependencies on natural and social resources as sources of financial effects (see paragraph 50);	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 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: (a) the existence of dependencies on natural and social resources as sources of financial effects (see paragraph 50);	MOVED Simplified and moved to paragraph AR 14.
(b) their classification as sources of:	(b) their classification as sources of:	MOVED Simplified and moved to paragraph AR 14.

<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>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</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>MOVED</p> <p>Moved to new AR 15 and amended</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>iii. possible future events that may have an influence on the evolution of such capitals.</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>iii. possible future events that may have an influence on the evolution of such capitals.</p>	<p>MOVED</p> <p>Simplified and moved to AR 15</p>

<p>Sustainability matters to be included in the materiality assessment</p> <p>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.</p>	<p>Appendix A: List of topics</p> <p>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.</p> <p><u>This Appendix is an integral part of ESRS 1 and provides non-binding guidance to support the application of provisions in this Standard.</u></p> <p>This list is a tool to support the undertaking's materiality assessment.</p> <p><u>The following table provides the list of topics covered by topical ESRS as one of the inputs to the double materiality assessment.</u></p> <p>The undertaking needs to consider its own specific circumstances when determining its material matters <u>the topics or sub-topics to be reported</u>. Where necessary, it shall consider topics or sub-topics not covered by the ESRS to <u>The undertaking, where necessary, also shall</u> develop entity-specific disclosures on material impacts, risks and opportunities not covered by ESRS as described in paragraph 11 of this Standard, <u>such as where its business model and strategy are associated with material impacts, risks and opportunities that do not correspond to the ESRS topics. Section 3.5 of this Standard provides practical considerations to support the materiality assessment process.</u></p>	<p>MOVED</p> <p>To Appendix A with an amended text.</p> <p>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.</p> <p>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 revised 2025].</p>
<p>Estimation using sector averages and proxies</p> <p>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</p>	<p>Estimation using sector averages and proxies</p> <p>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</p>	<p>MOVED</p> <p>Content of AR 17 has been moved to new chapter 7.3 to have all undue cost or effort provisions in one chapter in the main body and to align with IFRS S1 B6 et seq. as much as possible.</p>

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.	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.	
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.	MOVED Moved to new AR 39.

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					UNCHANGED	
	Topic	Sub-topic	Sub-sub-topics	Topics	Sub-topics		
ESRS E1	Climate change	Climate change mitigation		Climate change (ESRS E1)	Climate Change Mitigation	UNCHANGED	
		Climate change adaptation			Climate Change Adaptation		
		Energy			Energy		
ESRS E2	Pollution	Pollution of air		Pollution (ESRS E2)	Pollution of air	UNCHANGED	
		Pollution of water			Pollution of water		
		Pollution of soil			Pollution of soil		
		Pollution of living organisms and food resources				REMOVED	
		Substances of concern			Substances of concern, including substances of very high concern		UNCHANGED (merged)
		Substances of very high concern					

		Microplastics			Microplastics	UNCHANGED
ESRS E3	Water and marine resources	Water	Water consumption	Water (ESRS E3)	Water consumption	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		Water withdrawal	
			Water discharges		Water discharges	
			Water discharges in the oceans		Water storage	
		Marine Resources	Extraction and use of marine resources			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
ESRS E4	Biodiversity and Ecosystems	Direct impact drivers of biodiversity loss	Climate Change	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.
			Land-use change, fresh water-use change and sea-use change			
			Direct exploitation			
			Invasive alien species			
			Pollution			
			Others			
		Impacts on the state of species	Examples: Species population size Species global extinction risk		State of species	AMENDED The examples have been removed
		Impacts on the extent and condition of ecosystems	Examples: Land degradation Desertification Soil sealing		The extent and condition of terrestrial and marine ecosystems	AMENDED The examples have been removed.

		Impacts and dependencies on ecosystem services			Ecosystem services	UNCHANGED (with editorial edits)
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
		Waste			Resource outflows (waste)	UNCHANGED (with editorial edits)
ESRS S1	Own Workforce	Working conditions	Secure employment	Own workforce and workers in the value chain (ESRS S1/S2)	Working conditions (adequate wages, work-life balance, working time, secure employment, social protection)	AMENDED
			Working time			
			Work-life balance			
			Adequate wages			
			Social dialogue			
			Freedom of association, the existence of works councils and the information, consultation and participation rights of workers		Social dialogue, freedom of association, works councils, participation rights of workers, and collective bargaining	
			Collective bargaining, including rate of workers covered by collective agreements			
			Health and Safety		Health and Safety	
		Equal treatment and opportunities for all	Training and skills development		Training and skills development	
			Gender equality and equal pay for work of equal value			
			Employment and inclusion of persons with disabilities			
			Measures against violence and harassment in the workplace		Diversity and equal treatment (gender equality, equal pay for equal work, employment and inclusion of people with disabilities,	

			Diversity		non-discrimination, anti-harassment)	
		Other work-related rights	Child labour		Other labour-related human rights (child labour, forced labour, privacy and adequate housing)	
			Forced labour			
			Adequate housing			
			Privacy			
ESRS S2	Workers in the value chain	Working conditions	Secure employment	<div></div>		<div>MOVED</div> <div>Merged in new topic “Own workforces and workers in the value chain”</div>
			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			
		Other work-related rights	Child labour			
			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)	UNCHANGED All the sub-sub-topics are now merged in the sub-topics
			Adequate food			
			Water and sanitation			
			Land-related impacts			
			Security-related impacts			
		Communities' civil and political rights	Freedom of expression		Communities' civil and political rights (freedom of expression, freedom of assembly, impacts on human rights defenders)	UNCHANGED All the sub-sub-topics are now merged in the sub-topic
			Freedom of assembly			
			Impacts on human rights defenders			
		Rights of indigenous peoples	Free, prior and informed consent		Rights of indigenous peoples (free, prior and informed consent ('FPIC'), self-determination, cultural rights)	UNCHANGED All the sub-sub-topics are now merged in the sub-topic
			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 (privacy, access to information, freedom of expression)	UNCHANGED All the sub-sub-topics are now merged in the sub-topic with a minor editorial change
			Freedom of expression			
			Access to (quality) information			
		Personal safety of consumers and/or end-users	Health and safety		Personal safety of consumers and/or end users (health and safety, protection of children, security of a person)	UNCHANGED All the sub-sub-topics are now merged in the sub-topic with minor editorial changes
			Security of a person			
			Protection of children			
		Social inclusion of consumers and/or end-users	Non-discrimination		Social inclusion of consumers and/or end users (access to products)	UNCHANGED All the sub-sub-topics are now merged
			Access to products and services			

			Responsible marketing practices		and services, responsible marketing practices, non-discrimination)	in the sub-topic with minor editorial changes
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 All the sub-topics were merged and the sub-sub-topics deleted.
		Corruption and bribery	Incidents			
		Protection of whistle-blowers				
		Animal Welfare			Political influence and lobbying activities	UNCHANGED Amended with minor edits
		Political engagement and lobbying activities				
		Management of relationships with suppliers including payment practices			Management of relationships with suppliers including (unfair) payment practices	UNCHANGED Amended with minor edits

Appendix B – Qualitative Characteristics of information

Appendix B Qualitative characteristics of information	Appendix B Qualitative characteristics of information	Comment/Rationale
ESRS Set 1 as per Delegated Act 2023	[Draft] Amended ESRS 1 General requirements	
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 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.	Amended Editorial
Relevance	Relevance	Comment/Rationale
ESRS Set 1 as per Delegated Act 2023	[Draft] Amended ESRS 1 General requirements	
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 to be a prediction or forecast to have predictive value but rather has predictive value if employed by users in making their own predictions.	UNCHANGED
QC3. Information has confirmatory value if it provides feedback about (confirms or changes) previous evaluations.	QC3. Information has confirmatory value if it provides feedback about (confirms or changes) previous evaluations.	UNCHANGED
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 Set 1 as per Delegated Act 2023	[Draft] Amended ESRS 1 General requirements	

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 requires information to be (i) complete, (ii) neutral and (iii) accurate.	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 requires information to be (i) complete, (ii) neutral and (iii) accurate.	UNCHANGED
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 the metrics identified to set targets and measure performance.	UNCHANGED
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 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 , <u>i.e.</u> 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 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:	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 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 <u>topics</u> it addresses. For example, accuracy requires that:	AMENDED editorial: “in this standard” removed. + “matters” replaced with “topics”
(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.	(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.	UNCHANGED
Comparability	Comparability	Comment/Rationale
ESRS Set 1 as per Delegated Act 2023	[Draft] Amended ESRS 1 General requirements	
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.	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.	UNCHANGED

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	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 <u>topic</u> , from period to period by the undertaking and other undertakings. Consistency helps to achieve the goal of comparability.	AMENDED “matters” replaced with “topics”
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.	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.	UNCHANGED
Verifiability	Verifiability	Comment/Rationale
ESRS Set 1 as per Delegated Act 2023	[Draft] Amended ESRS 1 General requirements	
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
(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;	(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;	UNCHANGED
(b) providing information about inputs and methods of calculation used to produce estimates or approximations; and	(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.	(c) providing information reviewed and agreed by the administrative, management and supervisory bodies or their committees.	
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	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	UNCHANGED

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.	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.	
Understandability	Understandability	Comment/Rationale
ESRS Set 1 as per Delegated Act 2023	[Draft] Amended ESRS 1 General requirements	
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 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	QC17. For sustainability disclosures to be concise, they need to (a) avoid generic ‘boilerplate’ information, which is not specific to 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 114 106 shall be provided in a way that avoids obscuring material information	UNCHANGED Editorial - Paragraph reference adjusted.
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.	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.	UNCHANGED
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	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	UNCHANGED

sustainability-related impacts, risks and opportunities to information in the undertaking's financial statements	sustainability-related impacts, risks and opportunities to information in the undertaking's financial statements.	
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.	QC.20. 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.	UNCHANGED – editorial: “in this standard” removed.