

EFRAG Sustainability Reporting Board Consultation Survey 1

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EFRAG Sustainability Reporting Board Consultation Survey 1A - 1C, 2

Consultation survey structure

1. Overall European Sustainability Reporting Standards (ESRS) Exposure Drafts' relevance (Survey 1)

- 1A. Architecture
- 1B. Implementation of Corporate Sustainability Reporting Directive (CSRD) principles
- 1C. Exposure Drafts' content

2. European Sustainability Reporting Standards (ESRS) implementation prioritisation / phasing-in (Survey 1)

3. Adequacy of Disclosure Requirements (Survey 2)

- 3A. Cross cutting standards
- 3B Environmental standards
- 3C Social standards
- 3D Governance standards

Respondent Profile

1. Personal details

* Organisation name

50 character(s) maximum

AUTORITE DES NORMES COMPTABLES

* First name

50 character(s) maximum

PATRICK

* Surname

50 character(s) maximum

DE CAMBOURG

* Email (this information will not be published or made public)

50 character(s) maximum

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* Country of origin

50 character(s) maximum

france

* 2. Type of respondent

- Academic / research institution
- Audit firm, assurance provider and/or accounting firm
- Business association
- Consumer organization
- ESG reporting initiative
- EU Citizen
- Financial institution (Bank)
- Financial institution (Other financial Market Participant, including pension funds and other asset managers)
- Financial institution (Insurance)
- National Standard Setter
- Non-governmental organisation
- Non-financial corporation with securities listed on EU regulated markets
- Non-financial corporation with securities listed outside EU regulated markets
- Public authority/regulator/supervisor
- Rating agency and analysts
- Trade unions or other workers representatives
- Unlisted non-financial corporations
- Other

* 3. Size

- Micro (1 to 9 employees)
- Small (10 to 49 employees)
- Medium (50 to 249 employees)
- Large (250 or more employees)
- Not relevant

*** 4. User/Preparer perspective**

- User
- Preparer
- Both
- Neither

*** 5. Subject to CSRD**

Separate non-financial corps subject to CSRD from those not subject to CSRD?

- Yes
- No

EFRAG Sustainability Reporting Board Consultation Survey 1A - 1C, 2

1A. Overall ESRS Exposure Drafts' relevance – Architecture

Cross-cutting and topical standards

To facilitate a coherent coverage of the CSRD topics and reporting areas (as per Article 19a paragraph 2 and Article 19b paragraph 2 – see Appendix II) the Exposure Drafts (“EDs”) submitted for public consultation are based upon two categories of standards:

• **Cross-cutting ESRS** which:

1. Establish the general principles to be followed when preparing sustainability reporting in line with the CSRD provisions
2. Mandate Disclosure Requirements (“DRs”) aimed at providing an understanding of (a) strategy and business model, (b) governance and organisation, and (c) materiality assessment, covering all topics.

• **Topical ESRS** which, from a sector-agnostic perspective:

1. Provide topic-specific application guidance in relation to the cross-cutting DRs on strategy and business model, governance, materiality assessment
2. Mandate DRs about the undertaking’s implementation of its sustainability-related objectives (i.e. on its policies, targets, actions and action plans, and allocation of resources)
3. Mandate performance measurement metrics.

A full list of standards and whether they are cross-cutting standards or topical standards can be found in Appendix I.

Q1: in your opinion, to what extent do the structure and articulation of cross-cutting and topical standards adequately support the coverage of CSRD topics and reporting areas?

- Not at all

- To a limited extent with strong reservations
- To a large extent with some reservations
- Fully
- No opinion

Please explain your reservations or your suggestions for improvement or any other comment you might have

ANC appreciates the effort made by EFRAG to cover the topics of the CSRD. ANC considers at this stage that the architecture of ESRS with cross-cutting and topical standards which interact and complement each other, and the future sector-specific standards in addition to the previous ones, appropriately covers sustainability topics and reporting areas required by the CSRD. It will be important to check the final text of the CSRD to ensure that the standards reflect it accurately.

However, to reduce the number of standards and to increase its readability, potential mergers of ESRS and /or Disclosure requirements within an ESRS should be possible (examples: ESRS 2-GOV and ESRS G1, DR2-GR3,4 and SBM3 in SBM1, DR GOV2 and GOV 3, DRs in ESRS S2, ESRS S3 and ESRS S4).

Alignment and interoperability with international standards and frameworks

- Article 19b paragraph 3a of the CSRD requires that “When adopting delegated acts pursuant to paragraph 1, the Commission shall take account of the work of global standard-setting initiatives for sustainability reporting, and existing standards and frameworks for natural capital accounting, responsible business conduct, corporate social responsibility, and sustainable development.”
- ESRS EDs were drafted accordingly, with the objective of fostering as much alignment as possible considering the constraints imposed by other provisions included in articles 19a and 19b as per the CSRD proposal. Details of these provisions and how they are covered by the ESRS EDs can be found in Appendix I.
- The structure and organisation of the reporting areas was one aspect of alignment to which particular attention was paid. Thus, the two categories of standards are organised to cover the reporting areas in relation to governance, strategy, assessment/management of impacts, risks and opportunities, and targets/metrics (as considered by the Task Force on Climate-Related Financial Disclosures - TCFD and source of inspiration for the IFRS Sustainability standards). A detailed mapping of the ESRS EDs disclosure requirements with TCFD recommendations and with IFRS Sustainability Exposure Drafts can be found in Appendices 5 and 6.

Q2: in your opinion, to what extent is the TCFD framework of reporting areas (governance, strategy, risk management and metrics/targets) compatible with the structure of the ESRS?

- Not at all
- To a limited extent with strong reservations
- To a large extent with some reservations
- Fully
- No opinion

Please explain your reservations or your suggestions for improvement or any other comment you might have

Acknowledging that TCFD is dealing with financial materiality only, whereas ESRS has a double materiality perspective, companies reporting under ESRS would also address TCFD requirements (however the opposite is not likely by design). The architecture of ESRS is easily reconcilable with the TCFD structure. Reservations exist relating to digital reporting of both to avoid double digital reporting, however it is a matter which can be resolved by an appropriate level of cooperation in relation to « tagging ».

Q3: in your opinion, to what extent does the approach taken to structure the reporting areas promote interoperability between the ESRS and the IFRS Sustainability Exposure Drafts?

- Not at all
- To a limited extent with strong reservations
- To a large extent with some reservations
- Fully
- No opinion

Please explain your reservations or your suggestions for improvement or any other comment you might have

ISSB structure, which relies on the TCFD pillars is easily reconcilable with ESRS proposed reporting areas.

In addition, acknowledging that the ISSB is dealing with financial materiality only, whereas ESRS have a double materiality perspective, companies reporting under ESRS also would also address the ISSB requirements (however the opposite is not likely by design). The ISSB proposal deals with a restricted scope as compared to the ESRS. Reservations exist relating to digital reporting of both to avoid double digital reporting, however it is a matter which can be resolved by an appropriate level of cooperation in relation to « tagging ».

Consideration given to EU policies and legislation

Article 19b paragraph 3 of the CSRD also requires that “When adopting delegated acts pursuant to paragraph 1, the Commission shall take account of:

1. the information that financial market participants need to comply with their disclosure obligations laid down in Regulation (EU) 2019/2088 and the delegated acts adopted pursuant to that Regulation - **Sustainable Finance Disclosure Requirements**;
2. the criteria set out in the delegated acts adopted pursuant to Regulation (EU) 2020/852 - **Taxonomy Regulation**;
3. the disclosure requirements applicable to benchmarks administrators in the benchmark statement and in the benchmark methodology and the minimum standards for the construction of EU Climate Transition Benchmarks and EU Paris-aligned Benchmarks in accordance with Commission Delegated Regulations (EU) 2020/1816*8, (EU) 2020/1817 and (EU) 2020/1818 - **Benchmark Regulation**;
4. the disclosures specified in the implementing acts adopted pursuant to Article 434a of Regulation (EU) No 575/2013; **Prudential requirements for Credit Institutions and Investment Firms**;
5. Commission Recommendation 2013/179/EU; **European Commission recommendation on the life cycle environmental performance of products and services**;
6. Directive 2003/87/EC of the European Parliament and of the Council; **GHG allowance Directive**;

7. Regulation (EC) No 1221/2009 of the European Parliament and of the Council; **EMAS regulation**.

Q4: in your opinion, have these European legislation and initiatives been considered properly?

- Not at all
- To a limited extent with strong reservations
- To a large extent with some reservations
- Fully
- No opinion

Please explain your reservations or your suggestions for improvement or any other comment you might have

ANC appreciates the effort by EFRAG to consider properly existing major EU legislation and initiatives when drafting the ESRS. The ESRS are to a very large extent consistent with the other pieces of existing EU legislation and therefore create a coherent reporting system.

However ANC suggests considering a few additional cases for. harmonisation of terms already existing in EU regulation to ensure a consistent application by undertakings. For instance, EFRAG could consider referring to the notion of “established relationships” under CSDDD (Corporate Sustainability Due Diligence Directive, under consideration at legislative level) in the definition of value chain and including the notion of “directors” under SRD 2 in the definition of “governance bodies”.

Q5: are there any other European policies and legislation you would suggest should be considered more fully?

While acknowledging the effort made by EFRAG to consider existing EU legislation when drafting the ESRS, some existing legislations could be more fully integrated. In particular:

- The Whistleblower directive (EU 2019/1937) does not seem to have been taken into account in the draft standards.
- In the draft social standards, reference to the European pillar of social rights (published in March 2021) is only mentioned as a documentation in Basis for conclusion 12 of ESRS S1.
- The two delegated acts amending the IDD and Solvency II regimes focus on the integration of ‘sustainability’ or environmental, social and governance (ESG) considerations and factors into key activities including investment advice, product oversight and governance, risk management and suitability assessment procedures have also to be taken into account (Application as of August, 2nd 2022). ANC would encourage EFRAG to further consider the Pillar 3 disclosure on ESG risks pursuant to article 434a of CRR for the elaboration of the sector-specific sustainability standards in order to avoid unnecessary duplication between the sector-specific sustainability standards and the Pillar 3 disclosures on ESG risks, and ease the implementation of the Pillar 3 disclosures of financial institutions by addressing their data needs about their investee companies and counterparts”

In addition, information related to the updating process and future alignment with new regulations (EU and others) would be appreciated, in order to indicate that additional reporting constraints would be limited.

Coverage of sustainability topics

Article 19b paragraph 2 of the CSRD proposal defines the sustainability subject matters (referred to as sustainability topics or subtopics in the ESRS) that the sustainability reporting standards shall address when defining the sustainability information required by article 19a paragraphs 1 and 2 of the CSRD.

The ESRS architecture was designed to cover all the detailed subject matters listed in article 19b paragraph 2 for environment-, social- and governance-related matters and to ensure that sustainability information is reported in a carefully articulated manner.

In terms of timing of adoption of European sustainability reporting standards, article 19b paragraph 1 of the CSRD requires the Commission to adopt:

- a first set of sustainability standards covering the information required by article 19a and at least specifying information needed by financial market participants subject to the [SFDR reporting obligations](#)
- a second set of standards covering information that is specific to the sector in which undertakings operate.

Also, article 19c of the CSRD proposal on sustainability reporting standards for SMEs requires the Commission to adopt SME-proportionate standards in a second set.

As a consequence, as per article 19b paragraph 1, are only included in this first set of ESRS Exposure Drafts:

1. the two cross-cutting standards on General principles (ESRS 1) and on General, strategy, governance and materiality assessment (ESRS 2);
2. the eleven topical (sector-agnostic) standards covering environment- (ESRS E1 to E5), social- (ESRS S1 to S4) and governance-related (ESRS G1 and G2) sustainability topics.

A detailed list of ESRS EDs can be found in Appendix I. And the detailed provisions of the CSRD and how they are covered by the ESRS EDs can be found in Appendix II.

Q6: in your opinion, to what extent does the proposed coverage of set 1 adequately address CSRD sustainability topics?

- Not at all
- To a limited extent with strong reservations
- To a large extent with some reservations
- Fully
- No opinion

Please explain your reservations or your suggestions for improvement or any other comment you might have.

ANC appreciates the work carried out by EFRAG on the Exposure Drafts to base them fully on the proposal for the CSRD framework in terms of topic coverage and reporting area coverage.

The boundaries seem not clear enough between the reporting/disclosures requirements set by the ESRS, which foster transparency, and the behaviour requirements that should not be treated by the ESRS unless it is a matter of compliance with other pieces of legislation but seem nevertheless to be covered in some instances (transparency requirement vs conduct requirement). For example, the Appendix C on due diligence under ESRS raises questions: do these elements constitute requirements to comply with, or are these elements to report on by reference to international « best practices » instruments (UN, OECD)? There is no clear demarcation here as the reporting is driven by actions, which seem themselves to be set by this Appendix of ESRS 1. ANC suggests to clarify that the intent is to implement the second option. Another example of DR further illustrates this tension: ESRS 2-GOV3 requires how governance bodies have

addressed or intend to address the information related to stakeholders. Such requirement tends to impinge on the role of governance bodies (extending it, actually) that are set by local laws or codes.

Q7: in your opinion, to what extent does the proposed coverage of set 1 (see Appendix I) adequately address SFDR reporting obligations?

- Not at all
- To a limited extent with strong reservations
- To a large extent with some reservations
- Fully
- No opinion

If you think this coverage and its implementation could be improved in any way, please specify how and to what specific SFDR indicator your comment relates

ANC appreciates the work carried out by EFRAG to take the SFDR in consideration when drafting the Exposure Drafts.

ANC notes that all optional indicators have been integrated in ESRS in order to allow optional reporting at investors' level according to SFDR. This may result in a higher workload for the undertakings even if ANC acknowledges that the option is at the investors' hand and can be exercised only if the appropriate data exist.

Sustainability statements and the links with other parts of corporate reporting

For clarity and ease of use, standardised sustainability reporting shall be easily identifiable within the management report (MR). To that effect, ESRS 1 – General principles (paragraphs 145 to 152) prescribes how to organise the information required by ESRS. It offers three options (paragraphs 148 and 149) for undertakings to consider when preparing their sustainability reporting:

- a single separately identifiable section of the MR;
- four separately identifiable parts of the MR:
 1. General information;
 2. Environment;
 3. Social;
 4. Governance
- one separately identifiable part per ESRS in the MR.

The first option is the preferred option. When applying the other two options the entity shall report a location table to identify where disclosures are presented in the MR.

In order to foster linkage throughout the undertaking's corporate reporting, ESRS 1 also:

- prescribes that the undertaking adopts presentation practices that promote cohesiveness between its sustainability reporting and: (a) the information provided in the other parts of the management report, (b) its financial statements (FS), and (c) other sustainability-related regulated information (paragraphs 131 to 134)
- promotes the incorporation of information by reference to other parts of the corporate reporting in order to avoid redundancy (paragraphs 135 and 136)

- organises connectivity with the financial statements by prescribing how to include monetary amounts or other quantitative data points directly presented in the financial statements (paragraphs 137 to 143).

Q8: Do you agree with the proposed three options?

- Yes
- No
- No opinion

Q9: would you recommend any other option(s)?

If so, please describe the proposed alternative option(s)

ANC notes that the final text of the CSRD adopted in June by the co-legislators recognises the ED's preferred option as the only option.

By reference to the CSRD proposal, and given the propositions currently presented in the Exposure Drafts, no other option has been identified.

Incorporation by reference is an appropriate tool to foster flexibility under the option retained by the do-legislators. ANC notes however that the need to identify clearly those other parts of the management report that are incorporated by reference is key: it is paramount indeed to indicate which part of the management report is related to standardised sustainability reporting.

Q10: in your opinion, to what extent do you believe that connectivity between the sustainability reporting and other parts of the management report has been appropriately addressed?

- Not at all
- To a limited extent with strong reservations
- To a large extent with some reservations
- Fully
- No opinion

Please explain your reservations or your suggestions for improvement or any other comment you might have

ANC understands the need for sustainability reporting to be located within the management report in order to have an integrated and holistic approach to sustainability and its relationship with financial matters (as reflected in the financial statements in a detailed manner). However, this is a difficult point to assess from a theoretical view only. EFRAG should take care to avoid duplication of information requirements, in order to lighten the reporting requirements and disclosures. In ANC's view, integrated reporting is a matter of creating the right connections between well-articulated disclosures rather than a matter of mixing different categories of information. To avoid blurring the necessary levels of information ANC suggests to follow the financial reporting system whereby the financial statements give standardised detailed information and the management report focusses on more high-level indications, assessments and connections under the direct responsibility of governance. A similar approach can be retained for sustainability reporting with the sustainability statements being the counterpart of financial statements as one identified section and the « rest » of the management report being the connecting/integrating high level element as developed by the governance.

Q11: in your opinion, to what extent does the incorporation of information in the Sustainability section by reference to other parts of the management report support cohesiveness throughout corporate reporting?

- Not at all
- To a limited extent with strong reservations
- To a large extent with some reservations
- Fully
- No opinion

Please explain your reservations or your suggestions for improvement or any other comment you might have

Incorporation by reference is an appropriate tool to foster flexibility under the option retained by the do-legislators. ANC notes however that the need to identify clearly those other parts of the management report that are incorporated by reference is key: it is paramount indeed to indicate which part of the management report is related to standardised sustainability reporting.

Q12: in your opinion, to what extent do the requirements and provisions on how to include monetary amounts and other financial statement-related quantitative data into sustainability reporting support connectivity with the financial statements?

- Not at all
- To a limited extent with strong reservations
- To a large extent with some reservations
- Fully
- No opinion

Please explain your reservations or your suggestions for improvement or any other comment you might have

ANC supports in principle the provisions of ESRS 1 regarding connectivity with financial statements, requiring consistency of assumptions and financial data used in both statements together with reconciliation where needed. Similar closing and publication dates for both reportings are also providing a sound basis for proper connectivity. However, there is no clear guidance in the draft ESRS on how the reconciliation should be formalised. ANC acknowledges the general lack of academic and standard setting research on this critical point and encourages EFRAG, together with other standard setters, to dedicate efforts to further and more comprehensive analysis of the relationship and interaction between sustainability information and financial information.

In addition, a specific point of attention relates to the closing date for practical reasons (in the data collection process). ANC agrees on the objective to have an aligned date between both reportings, but recognises also that provisional flexibility should be granted to the undertakings. A level of flexibility is common practice on certain sections of financial reporting organised on the basis of a « hard close » in anticipation (October or November for a December year-end) combined with reasonable estimates for the period following the « hard close ». ANC notes that in practice there are instances where the date of collection of the sustainable data is on a rolling 12 months period which does not correspond to the reporting period of the financial statements. ANC is of the opinion that collecting real data over a same duration, even if on a different period, is more useful to the user and preparer while still allowing for comparability. Indeed, there is no concept of provisions for sustainability data which can be corrected ex-post and estimating data over a 12 months period based on 10 months data doesn't make sense for some metrics (e.g.: number of workplace accidents...). This is currently common practice for some entities subject to NFRD reporting.

Moreover, the information covered in the sustainability reporting covers a broader temporal (prospective) and organisational (value chain) scope than the financial statements, which can hinder consistency with financial statements. The additional information required to have a full alignment of statements may cause confusion and an increased reporting burden.

ANC agrees on the objective to have an aligned date for preparing and publishing both reportings, but recognises also that provisional flexibility should be granted to the undertakings in the short-term.

1B. Overall ESRS Exposure Drafts relevance – Implementation of CSRD principles

Characteristics of information quality

Article 19a paragraph 2 of the CSRD proposal states that “the sustainability reporting standards referred to in paragraph 1 shall require that the information to be reported is understandable, relevant, representative, verifiable, comparable, and is represented in a faithful manner.”

As a consequence, ESRS 1 - *General principles* defines how such qualities of information shall be met:

- Relevance is defined in paragraphs 26 to 28
- Faithful representation is defined in paragraphs 29 to 32
- Comparability is defined in paragraphs 33 and 34
- Verifiability is defined in paragraphs 35 to 37
- Understandability is defined in paragraphs 38 to 41

Q13: to what extent do you think that the principle of relevance of sustainability information is adequately defined and prescribed?

- Not at all
- To a limited extent with strong reservations
- To a large extent with some reservations
- Fully
- No opinion

Please explain your reservations or your suggestions for improvement or any other comment you might have

ANC recognises the effort made to define key principles in the ESRS. Yet, wording alignment appears necessary in the § 26 to 28 as users and stakeholders are used interchangeably. This is an important distinction when considering materiality, which would change the definition. ANC recommends to use the term “users” in these paragraphs.

Nevertheless, the overall definition of the concept of "relevance" appears understandable, particularly when it is presented as intertwined with the predictive value and confirmatory value of information. On this point, it is worth highlighting the alignment between ESRS 1 and IFRS S1.

Q14: to what extent do you think that the principle of faithful representation of sustainability information is adequately defined and prescribed?

- Not at all
- To a limited extent with strong reservations
- To a large extent with some reservations
- Fully
- No opinion

Please explain your reservations or your suggestions for improvement or any other comment you might have

Although ANC suspects that the concepts in ESRS and IFRS S are similar, definitions of all principles should be aligned between the two frameworks to ensure the alignment of these key concepts and avoid confusion for preparers and users (the same term would be used for the same concept). ANC recommends EFRAG work closely with the ISSB to bridge the gap.
At this stage, ANC considers that IFRS S definitions are less clear than ESRS ones.

Q15: to what extent do you think that the principle of comparability of sustainability information is adequately defined and prescribed?

- Not at all
- To a limited extent with strong reservations
- To a large extent with some reservations
- Fully
- No opinion

Please explain your reservations or your suggestions for improvement or any other comment you might have

Although ANC suspects that the concepts in ESRS and IFRS S are similar, definitions of all principles should be aligned between the two frameworks to ensure the alignment of these key concepts and avoid confusion for preparers and users (the same term would be used for the same concept). ANC recommends EFRAG work closely with the ISSB to bridge the gap.
At this stage, ANC considers that IFRS S definitions are less clear than ESRS ones.

Q16: to what extent do you think that the principle of verifiability of sustainability information is adequately defined and prescribed?

- Not at all
- To a limited extent with strong reservations
- To a large extent with some reservations
- Fully
- No opinion

Please explain your reservations or your suggestions for improvement or any other comment you might have

Although ANC suspects that the concepts in ESRS and IFRS S are similar, definitions of all principles should be aligned between the two frameworks to ensure the alignment of these key concepts and avoid confusion for preparers and users (the same term would be used for the same concept). ANC recommends EFRAG work closely with the ISSB to bridge the gap.
At this stage, ANC considers that IFRS S definitions are less clear than ESRS ones.

Q17: to what extent do you think that the principle of understandability of sustainability information is adequately defined and prescribed?

- Not at all
- To a limited extent with strong reservations
- To a large extent with some reservations
- Fully
- No opinion

Please explain your reservations or your suggestions for improvement or any other comment you might have

Although ANC suspects that the concepts in ESRS and IFRS S are similar, definitions of all principles should be aligned between the two frameworks to ensure the alignment of these key concepts and avoid confusion for preparers and users (the same term would be used for the same concept). ANC recommends EFRAG work closely with the ISSB to bridge the gap.
At this stage, ANC considers that IFRS S definitions are less clear than ESRS ones.

Double materiality

Double materiality is a principle that is central to the CSRD proposal and is represented accordingly in the ESRS materiality assessment approach that sustains the definition of mandatory requirements by the cross-cutting and topical standards. This is also true of the materiality assessment any undertaking is expected to perform, per ESRS 2 – *General, strategy, governance and materiality assessment*, to identify its principal sustainability risks, impacts and opportunities. This in turn, defines what sustainability information must be reported by the undertaking.

Double materiality assessment supports the determination of whether information on a sustainability matter has to be included in the undertaking’s sustainability report. ESRS 1 paragraph 46 states that “a sustainability matter meets the criteria of double materiality if it is material from an impact perspective or from a financial perspective or from both.” Further indications as to how to implement double materiality is given by ESRS 2 Disclosure Requirement 2-IRO 1, paragraph 74b(iii) and AG 68.

While recognising that both perspectives are intertwined the Exposure Drafts contain provisions about how to implement the two perspectives in their own rights.

Q18: in your opinion, to what extent does the definition of double materiality (as per ESRS 1 paragraph 46) foster the identification of sustainability information that would meet the needs of all stakeholders?

- Not at all
- To a limited extent with strong reservations
- To a large extent with some reservations
- Fully
- No opinion

Please explain your reservations or your suggestions for improvement or any other comment you might have

No reservation.

Q19: to what extent do you think that the proposed implementation of double materiality (as per ESRS 2-IRO 1, paragraph 74b(iii) and AG 61) is practically feasible?

- Not at all
- To a limited extent with strong reservations
- To a large extent with some reservations
- Fully
- No opinion

Please explain your reservations or your suggestions for improvement or any other comment you might have

ANC appreciates the inclusion of double materiality as a cornerstone of the ESRS. Indeed, both impact materiality and financial materiality need to be considered given the subject matters covered in the ESRS. Notwithstanding, double materiality is a complex concept and the related application guidance (AG 56-AG72) seem limited and not detailed enough to implement a systematic and comparable process across undertakings.

Undertakings need more guidance on how to perform the materiality assessment. Even if the ESRS constitute an implicit matrix an explicit materiality matrix could be a helpful tool and is suggested, so as to be able to structure further sustainability reporting systematically against an agreed upon and standardised reference. Such a matrix could be amended from time to time by the standard setter to reflect the evolutionary nature of sustainability impacts, risks and opportunities.

Impact materiality

- A definition of impact materiality is given by ESRS 1 paragraph 49: “a sustainability matter is material from an impact perspective if the undertaking is connected to actual or potential significant impacts on people or the environment over the short, medium or long term. This includes impacts directly caused or contributed to by the undertaking and impacts which are otherwise directly linked to the undertaking’s upstream and downstream value chain.”
- A description of how to determine impact materiality and implement impact materiality assessment can be found in ESRS 1 *paragraph 51* and is complemented by ESRS 2 *Disclosure Requirement 2-IRO 1, paragraph 74b(iii)*, AG 64 and AG 68.

Q20: in your opinion, to what extent is the definition of impact materiality (as per ESRS 1 paragraph 49) aligned with that of international standards?

- Not at all
- To a limited extent with strong reservations
- To a large extent with some reservations
- Fully
- No opinion

Please explain your reservations or your suggestions for improvement or any other comment you might have

ANC recognises the importance of including a definition of impact materiality. As presented in the ED, the definition of impact materiality is partially aligned with GRI and represents a major difference with the ISSB proposal which is limited to financial materiality and financial impact.

Further guidance should be elaborated for designing the border between these two types of materiality with, if possible, practical examples. An impact becomes a risk for the undertaking based on which criteria? Accordingly, ANC encourages the ISSB to work closely with EFRAG in order to strengthen alignment on the double materiality.

Q21: to what extent do you think that the determination and implementation of impact materiality (as proposed by ESRS 1 paragraph 51) is practically feasible?

- Not at all
- To a limited extent with strong reservations
- To a large extent with some reservations
- Fully
- No opinion

Please explain your reservations or your suggestions for improvement or any other comment you might have

See comments related to Q19 and Q20 as to the need for further guidance. As it stands, ANC is of the opinion that additional guidance is required on the determination and implementation of impact materiality.

Financial materiality

- A definition of financial materiality is given by ESRS 1 paragraph 53: “a matter is material from a financial perspective if it triggers or may trigger significant financial effects on the undertaking, i.e., it generates risks or opportunities that influence or are likely to influence the future cash flows and therefore the enterprise value of the undertaking in the short, medium or long term, but it is not captured or not yet fully captured by financial reporting at the reporting date.”
- A description of how to determine financial materiality and implement financial materiality assessment can be found in ESRS 1 paragraphs 54 to 56 and is complemented by ESRS 2 Disclosure Requirement 2-IRO 1, paragraph 74b(iii), AG 65 and AG 69.

Q22: in your opinion, to what extent is the definition of financial materiality (as per ESRS 1 paragraph 53) aligned with that of international standards?

- Not at all
- To a limited extent with strong reservations
- To a large extent with some reservations
- Fully
- No opinion

Please explain your reservations or your suggestions for improvement or any other comment you might have

ANC appreciates providing a definition of financial materiality, but expresses reservations on its implementation on the reason explained under Q23 while ANC fully supports the definition (deserving a rating at 4), ANC rates this question at 2 for the reason explained below.

In addition, the current definition in the ED is not expressed in the same way in ESRS and IFRS S. Alignment of this key concept between frameworks would bring greater clarity and understanding of this concept to preparers and users.

Q23: to what extent do you think that the determination and implementation of financial materiality (as proposed by ESRS 1 paragraphs 54 to 56) is practically feasible?

- Not at all
- To a limited extent with strong reservations
- To a large extent with some reservations
- Fully
- No opinion

Please explain your reservations or your suggestions for improvement or any other comment you might have

See Q22, in addition, more fundamentally, ANC believes that financial materiality, under ESRS as under IFRS S, lacks conceptual basis on the practical consequences. Therefore, ANC encourages further research and cooperation.

(Materiality) Rebuttable presumption

Central to the ESRS is the critical combination of two key elements:

- the mandatory nature of disclosure requirements prescribed by ESRS, and
- the pivotal importance of the assessment by the undertaking of its material impacts, risks and opportunities.

The combination of the two is designed to make sure that the entity will report on its material impacts, risks and opportunities, but on all of them.

The assessment of materiality applies not just to a given sustainability matter covered by a given ESRS (like ESRS E3 on biodiversity for example), but also to each one of the specific disclosure requirements included in that ESRS. However, this excludes the cross-cutting standards and related disclosure requirements, which are always material and must be reported in all cases.

When a sustainability matter is deemed material as a result of its materiality assessment, the undertaking must apply the requirements in ESRS related to these material matters (except for the few optional requirements identified as such in ESRS). Conversely, disclosure requirements in ESRS that relate to matters that are not material for the undertaking are not to be reported.

The (materiality) rebuttable presumption mechanism described in ESRS 1 paragraphs 57 to 62 aims at supporting the implementation and documentation of the materiality assessment of the undertaking at a granular level.

ESRS 1 paragraphs 58 to 62 describe how to implement the rebuttable presumption principles. In particular, “The undertaking shall therefore assess for each ESRS and, when relevant, for a group of disclosure requirements related to a specific aspect covered by an ESRS if the presumption is rebutted for:

1. all of the mandatory disclosures of an entire ESRS or
2. a group of DR related to a specific aspect covered by an ESRS,

Based on reasonable and supportable evidence, in which case it is deemed to be complied with through a statement that:

1. the ESRS or
2. the group of DR is “not material for the undertaking”.

Q24: to what extent do you think that the (materiality) rebuttable presumption and its proposed implementation will support relevant, accurate and efficient documentation of the results of the materiality assessment?

- Not at all
- To a limited extent with strong reservations
- To a large extent with some reservations
- Fully
- No opinion

Please explain your reservations or your suggestions for improvement or any other comment you might have

ANC understands the reason why the concept of rebuttable presumption has been introduced in the EDs as a means to combine a standard setting assessment of what can be material and an effective assessment of materiality performed by the undertaking. However t ANC notes that the presumption of materiality and its rebuttability are a subject of significant debate. As a matter of fact, three views are expressed:

- The first one is in favour of the presumption of materiality and the possibility of rebutting, based on justification. The main reason is that it would be a guarantee of homogeneity of materiality analysis between all companies, fostering comparability of information.
- The second one, supported by a significant number of companies representatives, considers that it is the responsibility of companies and of their governance bodies to exercise their judgment to identify what is material and to urge them to shift from “the obligation to justify” what is not material to the ISSB's notion of “responsible judgment”: that is to identify, document and disclose what is material to stakeholders. This obligation to justify seems to start from a postulate of mistrust vis-à-vis undertakings, that ignores the existence of undertakings of good will and, for all companies, the existence of powerful abseil ropes: customers, investors, auditors, regulators, NGOs, employees, corporate stakeholder committees, independent directors... It would result in a disproportionate workload for justification and redundant paperwork, disclosing the list of all the requirements that have not been considered as material. Furthermore, such system implementation could raise the risk of new types of litigation against the companies.
- The third one considers that the standard setter should perform its own materiality assessment as to whether the sub-topics and their related disclosure requirements should be presumed material for all sectors (sector agnostic) or only for some specific sectors. The possibility to rebut these sector agnostic or sector specific mandatory requirements would become marginal (with limited justification work) and subject to the scrutiny of the auditor (no escape possibility). The undertaking would still have to perform its own materiality assessment to justify rebuttable sub-topics or disclosure requirements and to add entity specific sub-topics. With respect to the mentioned risk of new types of litigations, a legal opinion could be of interest.

In fact these three views, as summarised above, seem to establish a contrasted landscape which in fact needs to be considered under the common objective which is clearly supported by all: sustainability reporting should provide decision useful information meeting the agreed upon characteristics of information quality. This over-arching objective is the key element to consider when establishing the path to be followed. From a

theoretical standpoint the outcome (in relation to the objective) should be the same irrespective of the path followed. As a consequence, ANC encourages EFRAG to pay close attention to the results of the public consultation, as well as of the user tests, which will be essential for choosing the most appropriate approach to materiality. ANC suggests to pay particular attention to certain critical aspects to fine tune the path: existence of an explicit matrix as guidance (see above), amount of explicit versus implicit justification, positive versus negative explanations in relation to compliance, translation into digital format.

Q25: what would you say are the advantages of the (materiality) rebuttable presumption and its proposed implementation?

Subject to the second view expressed above, ANC believes the concept of rebuttable presumption provides needed flexibility to the application of the standards. Its main advantage is to allow the undertakings to focus on key information and avoid unnecessary reporting; but its use should be revisited to avoid over-burdening.

Q26: what would you say are the disadvantages of the (materiality) rebuttable presumption and its proposed implementation?

Notwithstanding the answer to Q25, the rebuttable presumption may reduce the comparability of information reported by undertakings, and lead to incomplete reporting by the undertakings. Moreover, while ANC understands the proposed explicit/implicit trade-off, there is a risk of an increased reporting burden, by having to document non-material information in preparation for the verification. The lack of indicative thresholds or criteria for rebuttable presumption may create an especially heavy workload for smaller « large » preparers. This may cause an increase workload between verifier and preparer and decrease auditability with potentially strenuous debates between both parties on rebuttable decisions.

Q27: how would you suggest it can be improved?

ANC is of the opinion that the coherence of the ESRS on these topics could be improved, especially between ESRS 2 § 77c) / ESRS 1 § 57. Indeed, ESRS 2 § 77c) requires undertakings to list ESRS or group DR, to be complied with clear indications on the application of the rebuttable presumption, whereas ESRS 1 § 57 requires DRs to be rebutted on an individual basis. Consistency of the approach is required to reduce confusion and increase comparability between disclosures, and additional guidance on threshold or criteria to establish the rebuttability would help preparers with limited IROs.

Additionally, undertakings should be required to save all documentation related to the rebuttable presumption.

On another topic, the dates of the materiality assessments should be indicated in the disclosures, with indications on the related updates, in order for users to understand changes.

Reporting boundary and value chain

ESRS 1 paragraphs 63 to 65 define the reporting boundary of the undertaking and how and when it is expanded when relevant for the identification and assessment of principal impacts, risks and opportunities upstream and downstream its value chain – as the financial and/or impact materiality of a sustainability matter is not constrained to matters that are within the control of the undertaking.

Paragraphs 67 and 68 address the situation when collecting the information about the upstream and downstream value chain may be impracticable, i.e. the undertaking cannot collect the necessary

information after making every reasonable effort, and allows approximation based on the use of all reasonable and supportable information, including peer group or sector data.

Due to the dynamics and causal connections between levels within the undertaking's reporting boundary, material information is not constrained to one particular level. Paragraphs 72 to 77 prescribe how the undertaking shall consider the appropriate level of disaggregation of information to ensure it represents the undertaking's principal impacts, risks and opportunities in a relevant and faithful manner.

Q28: in your opinion, to what extent would approximation of information on the value chain that cannot (practically) be collected contribute to the reporting of understandable, relevant, verifiable, comparable, and faithfully represented sustainability information?

- Not at all
- To a limited extent with strong reservations
- To a large extent with some reservations
- Fully
- No opinion

Please explain your reservations or your suggestions for improvement or any other comment you might have

Approximation is a usual exercise in the accounting area allowing for an order of magnitude information, which leads to a faithful representation. The same applies to sustainability matters (e.g.: Scope 3 are largely based on approximation). Therefore, approximations should only be used when they provide a faithful representation of the company's situation.

The main difficulties identified pertaining to the use of approximation is on the auditability of environmental and social data. Verifiers should be in a position to assess the quality of the data, and this should be based on transparency on all assumptions and on the sensitivity of scenarii.

ANC therefore recommends that undertakings be asked to disclose the process of determining the information when using approximations and the related assumptions made.

Q29: what other alternative to approximation would you recommend in cases where collecting information is impracticable?

No other alternative has been identified to date. The key element is for the undertaking to disclose its process and be transparent enough on all assumptions made.

Q30: in your opinion, to what extent will the choice of disaggregation level by the undertaking as per ESRS 1 paragraphs 72 to 77 contribute to the reporting of understandable, relevant, verifiable, comparable and faithfully represented sustainability information?

- Not at all
- To a limited extent with strong reservations
- To a large extent with some reservations
- Fully
- No opinion

Please explain your reservations or your suggestions for improvement or any other comment you might have

While ANC acknowledges that disaggregation is limited only to instances when it is relevant, ANC also notes instances when topical standards, which prevail, require too granular information, therefore running the risk of providing too much information. This may create confusion by taking attention away from material issues and reducing the comparability of the information.

In addition, paragraph 74b is unclear on “when relevant in respect of other EU regulations”. ANC believes the wording of “EU regulation” may be restrictive and recommend using the terminology of “other regulations”. Moreover, this paragraph should be presented as examples, and not as binding requirements (use “may” rather than “shall”).

Overall, ANC would appreciate a basis for conclusion and/ or application guidance to be provided on this topic.

Time horizon

ESRS 1 paragraph 83 defines short-, medium- and long-term for reporting purposes, as

- One year for short term
- Two to five years for medium term
- More than five years for long-term.

Q31: do you think it is relevant to define short-, medium- and long-term horizon for sustainability reporting purposes?

- Yes
- No
- I do not know

Please explain why

Given the nature itself of the ESG topic, which includes many prospective elements (e.g. transition plans), the definition of a short, medium and long-term horizon is necessary to allow comparability between disclosures.

Q32: if yes, do you agree with the proposed time horizons?

- Yes
- No
- I do not know

Please explain why

While it is useful to have these different default time horizons, flexibility should be left to exceptional cases in sectors with specific timeframes (e.g. nuclear industry) or on specific topics (e.g.: climate).

Therefore, in addition to the presented time horizons, a longer term may be added given that the financial time horizon may not be entirely relevant for such topics as climate. ANC suggests “longer term” defined as being more than 10 years in the future.

Q33: if you disagree with the proposed time horizons, what other suggestion would you make? And why?

N/A

Disclosure principles for implementation of Policies, targets, action and action plans, and resources

In order to harmonise disclosures prescribed by topical standards, ESRS 1 provides disclosure principles (DP) to specify, from a generic perspective, the key aspects to disclose:

1. when the undertaking is required to describe policies, targets, actions and action plans, and resources in relation to sustainability matters and
2. when the undertaking decides to describe policies, targets, actions and action plans, and resources in relation to entity-specific sustainability matters.

DP 1-1 on policies adopted to manage material sustainability matters describes (paragraphs 96 to 98) the aspects that are to be reported for the relevant policies related to sustainability matters identified as material following the materiality assessment performed by the undertaking.

DP 1-2 on targets, progress and tracking effectiveness defines (paragraphs 99 to 102) how the undertaking is to report measurable outcome-oriented targets set to meet the objectives of policies, progress against these targets and if non-measurable outcome-oriented targets have been set, how effectiveness is monitored.

DP 1-3 on actions, action plans and resources in relation to policies and targets defines (paragraphs 103 to 106) the aspects that are to be reported by the undertaking relating to actions, action plans and resources in relation to policies and targets adopted to address material impacts, risks and opportunities.

Q34: in your opinion, to what extent will DP 1-1 contribute to the reporting of understandable, relevant, verifiable, comparable and faithfully represented information on sustainability related policies?

- Not at all
- To a limited extent with strong reservations
- To a large extent with some reservations
- Fully
- No opinion

Please explain your reservations or your suggestions for improvement or any other comment you might have

While ANC fully agrees with the proposed DP 1-1, additional guidance should be provided with examples for the application of the required description of policies.

Q35: in your opinion, to what extent will DP 1-2 contribute to the reporting of understandable, relevant, verifiable, comparable, and faithfully represented information on sustainability-related targets and their monitoring?

- Not at all

- To a limited extent with strong reservations
- To a large extent with some reservations
- Fully
- No opinion

Please explain your reservations or your suggestions for improvement or any other comment you might have

N/A

Q36: in your opinion, to what extent will DP 1-3 contribute to the reporting of understandable, relevant, verifiable, comparable, and faithfully represented information on sustainability-related action plans and allocated resources?

- Not at all
- To a limited extent with strong reservations
- To a large extent with some reservations
- Fully
- No opinion

Please explain your reservations or your suggestions for improvement or any other comment you might have

ANC acknowledges the importance of including disclosures on actions, action plans and resources in relation to policies and targets. However, §105 seems to require very detailed information as the wording of this paragraph is too generic. Undertakings may have difficulties in understanding what is expected and how far the disclosure should go (definition of significant operational expenses and/or investments), especially regarding prospective information: there is a need for examples and/or more application guidance. ANC is of the opinion that additional application guidance and examples is needed to support DP 1-3.

Bases for preparation

Chapter 4 of ESRS 1 provides for principles to be applied when preparing and presenting sustainability information covering general situations and specific circumstances. Aspects covered include:

- general presentation principles (paragraphs 108 and 109);
- presenting comparative information (paragraphs 110 and 111);
- estimating under conditions of uncertainty (paragraphs 112 and 113);
- updating disclosures about events after the end of the reporting period (paragraphs 114 to 116);
- changes in preparing or presenting sustainability information (paragraphs 117 and 118);
- reporting errors in prior periods (paragraphs 119 to 124);
- adverse impacts and financial risks (paragraphs 125 and 126);
- optional disclosures (paragraph 127);
- consolidated reporting and subsidiary exemption (paragraphs 128 and 129);
- stating relationship and compatibility with other sustainability reporting frameworks (paragraph 130).

Q37: is anything important missing in the aspects covered by the bases for preparation?

- Yes
- No
- I do not know

If yes, please indicate which one(s).

Please share any comment you might have on the aspects already covered (make sure to indicate which one you are referring to)

1C. Overall ESRS Exposure Drafts relevance – Exposure Drafts content

For the purpose of the questions included in this section, respondents are encouraged to consider the following:

- when sharing comments on a given ESRS Exposure Draft, and as much as possible, reference to the specific paragraphs being commented on should be included in the written comments,
- in the questions asked, for each ESRS, about the alignment with international sustainability standards, these include but are not limited to the IFRS Sustainability Standards and the Global Reporting Initiative Standards. Other relevant international initiatives may be considered by the respondents. When commenting on this particular question, respondents are encouraged to specify which international standards are being referred to.

ESRS 1 – General Principles

This [draft] Standard prescribes the mandatory concepts and principles to apply for preparation of sustainability reporting under the Corporate Sustainability Reporting Directive (CSRD) proposal. It covers the applicable general principles:

1. when reporting under European Sustainability Reporting Standards;
2. on how to apply CSRD concepts;
3. when disclosing policies, targets, actions and action plans, and resources;
4. when preparing and presenting sustainability information;
5. on how sustainability reporting is linked to other parts of corporate reporting; and
6. specifying the structure of the sustainability statements building upon the disclosure requirements of all ESRS.

Most questions relevant for ESRS 1 are covered in the previous sections of the survey (section 1 Overall ESRS Exposure Drafts relevance – architecture and section 2 Overall ESRS Exposure Drafts relevance – implementation of CSRD principles).

Q38: in your opinion, to what extent can ESRS 1 – *General principles* foster alignment with international sustainability reporting standards (in particular IFRS Sustainability Reporting S1 Exposure draft)?

- Not at all
- To a limited extent with strong reservations
- To a large extent with some reservations
- Fully
- No opinion

Please explain your reservations or your suggestions for improvement or any other comment you might have

The ISSB structure, which relies on the TCFD pillars is easily reconcilable with the ESRS proposed reporting areas. In addition, the general principles in the ESRS cover similar topics as in IFRS S. ANC considers that all ISSB topics are included in ESRS 1 (as stated also in Appendix 5 of EFRAG consultation documents). The main difference lies in the fact the ISSB proposes a restricted scope on assessment of the materiality limited to financial impact, whereas ESRS adopts a double materiality perspective. In this context, companies reporting under ESRS would also address the ISSB requirements (however the opposite is not likely by design). ANC encourages EFRAG and the ISSB to work together on an alignment of the definition of the terms used and also on the concept of the global baseline.

ESRS 2 – General, strategy, governance and materiality assessment

This [draft] standard sets out the disclosure requirements of the undertaking’s sustainability report that are of a cross-cutting nature. Those disclosures can be grouped into those that are:

1. of a general nature;
2. on the strategy and business model of the undertaking;
3. on its governance in relation to sustainability; and
4. on its materiality assessment of sustainability impacts, risks and opportunities.

Q39: Please, rate to what extent do you think ESRS 2 – General, strategy, governance and materiality assessment

	Not at all	To a limited extent with strong reservations	To a large extent with some reservations	Fully	No opinion
A. Covers sustainability information required by articles 19a and 19b of the CSRD proposal (see Appendix II for CSRD detailed requirements)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
B. Supports the production of relevant information about the sustainability matter covered	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
C. Fosters comparability across sectors	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

D. Covers information necessary for a faithful representation from an impact perspective	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
E. Covers information necessary for a faithful representation from a financial perspective	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
F. Prescribes information that can be verified / assured	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
G. Meets the other objectives of the CSRD in term of quality of information	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
H. Reaches a reasonable cost / benefit balance	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
I. Is sufficiently consistent with relevant EU policies and other EU legislation	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
J. Is as aligned as possible to international sustainability standards given the CSRD requirements	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

For part H, please explain why costs would be unreasonable and / or what particular benefit ESRS 2 offers

For part I, please specify what European law or initiative you think is insufficiently considered

For part J, please explain how you think further alignment could be reached

Please share any comments and suggestions for improvement you might have relating to the above questions, referring explicitly to the part of the question you are providing comment

General comment:

ANC believes that this standard is difficult to understand given the many overlaps between disclosure requirements. In addition, Application Guidance seems to contain reporting obligations in addition to the ones in DRs. A simplification of the formulation and a reorganisation of the DRs would provide clarity and limit risks of interpretation for preparers. This is moreover key for smaller undertakings which are not reporting today under the NFRD.

To that end, ANC asks EFRAG to consider the merging of the requirements of G1 with the governance section of ESRS 2-GOV (for example G1-1, G1-3, G1-7) as this will enhance the ability to understand the information provided and avoid possible duplication of information. Moreover, governance practices on sustainability matters might not always be separated or distinct from general governance issues. This may be an issue.

Comments related to B:

1) Materiality assessment should explicitly refer to the "materiality matrix" as the basis for what will be considered as material and not material by the undertaking.

2) Governance: "administrative, management and supervisory bodies" should explicitly and only refer to the highest governance body such as the board of directors or the supervisory board and the committees set up within them; all other references to "senior management", "other key personnel", "leadership", "management level senior executives", "executive and operational levels" as part of the governance bodies to be described, should be suppressed. However, the undertaking might be asked to describe globally how its ESG approach (if any) is defined and deployed in an organised way, how the link is made with the

stakeholders and the operations.

3) Much information goes beyond what a company could reasonably disclose without damaging its commercial positions, in particular the following items: sales by activity AND by geography; "relative shares in revenue" (AG8); disclosure of "contractual terms" to describe business relationship; description of "potential challenges and/or competitive advantages" (in some cases). It may lead preparers to use the sensitive information exemption to too large an extent.

Comments related to H:

The possibility of using a location table referring to the required disclosures within the management report is positive. However, the cost/benefit balance will notably depend on:

the possibility for undertakings to use the option of exemption of disclosing information prejudicial to their commercial positions (or to use the "Reasons for omissions" specified in the GRI foundations), and

On the level of detail expected to describe "internal transactions" (AG5).

ESRS E1 – Climate change

The objective of this [draft] standard is to specify Disclosure Requirements which will enable users of sustainability reporting to understand:

1. how the undertaking affects climate change, in terms of positive and negative material actual or potential adverse impact;
2. its past, current, and future mitigation efforts in line with the Paris Agreement (or an updated international agreement on climate change) and limiting global warming to 1.5°C;
3. the plans and capacity of the undertaking to adapt its business model(s) and operations in line with the transition to a sustainable economy and to contribute to limiting global warming to 1.5°C;
4. any other actions taken, and the result of such actions, to prevent, mitigate or remediate actual or potential adverse impacts;
5. the nature, type and extent of the undertaking's material risks and opportunities related to the undertaking's impacts and dependencies on climate change, and how the undertaking manages them; and
6. the effects of risks and opportunities, related to the undertaking's impacts and dependencies on climate change, on the undertaking's development, performance and position over the short-, medium- and long- term and therefore on its ability to create enterprise value .

This [draft] standard derives from the [Draft] Corporate Sustainability Reporting Directive stating that the sustainability reporting standards shall specify which information to disclose about climate change mitigation and climate change adaptation.

This [draft] standard covers Disclosure Requirements related to 'Climate change mitigation', 'Climate change adaptation' and 'Energy'.

Q40: Please, rate to what extent do you think ESRS E1 – Climate change

	Not at all	To a limited extent with strong reservations	To a large extent with some reservations	Fully	No opinion

A. Covers sustainability information required by articles 19a and 19b of the CSRD proposal (see Appendix II for CSRD detailed requirements)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
B. Supports the production of relevant information about the sustainability matter covered	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
C. Fosters comparability across sectors	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
D. Covers information necessary for a faithful representation from an impact perspective	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
E. Covers information necessary for a faithful representation from a financial perspective	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
F. Prescribes information that can be verified / assured	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
G. Meets the other objectives of the CSRD in term of quality of information	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
H. Reaches a reasonable cost / benefit balance	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
I. Is sufficiently consistent with relevant EU policies and other EU legislation	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
J. Is as aligned as possible to international sustainability standards given the CSRD requirements	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>

For part H, please explain why costs would be unreasonable and / or what particular benefit ESRS E1 offers

For part I, please specify what European law or initiative you think is insufficiently considered

For part J, please explain how you think further alignment could be reached

Please share any comments and suggestions for improvement you might have relating to the above questions, referring explicitly to the part of the question you are providing comment

Refers to question C

Comparability (especially across sectors) for GHG emissions requires a higher level of methodological advice than currently provided in the ESRS, for example with regards to the choice of emission factors used in the calculations. EFRAG could also consider providing additional guidelines on the most relevant sources of emissions at sector level to improve sectoral comparability.

Refers to question E

Illustrative guidelines would facilitate the undertaking's understanding of what constitutes faithful information from a financial perspective with regards to financial effects metrics, in particular relating to the following Disclosure Requirements (E1-15 – Potential financial effects from material physical risks, E1-16 – Potential financial effects from material transition risks).

ESRS E2 – Pollution

The objective of this [draft] standard is to specify Disclosure Requirements which will enable users of the sustainability reporting to understand:

1. how the undertaking affects pollution of air (both indoor and outdoor), water (including groundwater) and soil, living organisms and food resources (referred to in this [draft] Standard as “pollution”), in terms of positive and negative material actual or potential adverse impacts;
2. any actions taken, and the result of such actions, to prevent, mitigate or remediate actual or potential adverse impacts;
3. the plans and capacity of the undertaking to adapt its strategy, business model(s) and operations in line with the transition to a sustainable economy concurring with the needs for prevention, control and elimination of pollution across air (both indoor and outdoor), water (including groundwater), soil, living organisms and food resources, thereby creating a toxic-free environment with zero pollution also in support of the EU Action Plan ‘Towards a Zero Pollution for Air, Water and Soil’;
4. the nature, type and extent of the undertaking’s material risks and opportunities related to the undertaking’s impacts and dependencies arising from pollution, as well as from the prevention, control, elimination or reduction of pollution (including from regulations) and how the undertaking manages them; and
5. the effects of risks and opportunities, related to the undertaking’s impacts and dependencies on pollution, on the undertaking’s development, performance and position over the short, medium and long term and therefore on its ability to create enterprise value.

This standard derives from the (Draft) Corporate Sustainability Reporting Directive stating that the sustainability reporting standards shall specify the information that undertakings are to disclose about environmental factors, including information about ‘pollution’.

This standard sets out Disclosure Requirements related to pollution of air (both indoor and outdoor), water (including groundwater), soil, substances of concerns, most harmful substances and enabling activities in support of prevention, control and elimination of pollution.

Q41: Please, rate to what extent do you think ESRS E2 - Pollution

	Not at all	To a limited extent with strong reservations	To a large extent with some reservations	Fully	No opinion
A. Covers sustainability information required by articles 19a and 19b of the CSRD proposal (see Appendix II for CSRD detailed requirements)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
B. Supports the production of relevant information about the sustainability matter covered	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
C. Fosters comparability across sectors	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

D. Covers information necessary for a faithful representation from an impact perspective	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
E. Covers information necessary for a faithful representation from a financial perspective	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
F. Prescribes information that can be verified / assured	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
G. Meets the other objectives of the CSRD in term of quality of information	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
H. Reaches a reasonable cost / benefit balance	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
I. Is sufficiently consistent with relevant EU policies and other EU legislation	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
J. Is as aligned as possible to international sustainability standards given the CSRD requirements	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

For part H, please explain why costs would be unreasonable and / or what particular benefit ESRS E2 offers

For part I, please specify what European law or initiative you think is insufficiently considered

For part J, please explain how you think further alignment could be reached

Please share any comments and suggestions for improvement you might have relating to the above questions, referring explicitly to the part of the question you are providing comment

Refers to question B

Some of the Disclosure Requirements on pollution are mainly relevant for specific sectors and should not be presumed material for all sectors even if some can be rebutted. 11 sectors (2 entertainment, 1 health care, 2 hospitality, 3 services, 2 technology and retail) out of 40 are not directly concerned by the full pollution standard.

In particular, the business model's resilience Disclosure Requirement (AG1 to 4) should be included in sector specific standards. Our understanding is that these AG will not be eligible for the rebuttable presumption as they are located in ESRS 2 with related AG in ESRS E2. For some sectors like Chemicals, Oil & Gas, etc., resilience to pollution may be considered as strategic and elevated to Board level, but for not the others.

For most of the sectors, a disclosure requirement on pollution prevention policy (E2-1) (which might be rebutted) would be sufficient. No need for a systematic resilience assessment.

ESRS E2 should probably focus on the undertaking's facilities instead of its products and supply chain. For instance, E2-4 Par 36b (specific loads of emissions put in relation to production outputs (e.g. activity level, production volumes)) is typically a sector specific requirement based on production (intensity ratio based on sectorial denominator).

Refers to question C

Targets for ESRS E2 should be set through a sectorial approach. Indeed, few undertakings will have to set targets on pollution, thus heavily limiting comparability. Having targets from a sectorial perspective helps achieve the desired comparability. Existing sector regulations such as IED, BREF, BAT and E-PRTR support

the sectorial approach ANC recommends for some of ESRS E2 Disclosure Requirements.

Refers to question E

Regarding financial perspectives, E2-6 (pollution incidents) and E2-7 (potential financial effects) cover similar financial aspects and ANC recommends that EFRAG considers the opportunity of merging them. ANC wonders if E2-7 should be presumed material for all sectors. Pollution remediation experience including cost evaluation is specific to some industrial sectors.

For E2-7, application guidelines would help undertakings present faithful information from a financial perspective. Providing guidance and explanations indicating what shall be disclosed would help undertakings in that respect.

ESRS E3 – Water and marine resources

The objective of this [draft] standard is to specify disclosure requirements which will enable users of the sustainability reporting to understand:

1. how the undertaking affects water and marine resources, in terms of positive and negative material actual or potential adverse impacts;
2. any actions taken, and the result of such actions, to protect water and marine resources, also with reference to reduction of water withdrawals, water consumption, water use, water discharges in water bodies and in the oceans, habitat degradation and the intensity of pressure on marine resources;
3. to what extent the undertaking is contributing to the European Green Deal's ambitions for fresh air, clean water, a healthy soil and biodiversity as well as to ensuring the sustainability of the blue economy and fisheries sectors, to the EU water framework directive, to the EU marine strategy framework, to the EU maritime spatial planning directive, the SDGs 6 Clean water and sanitation and 14 Life below water, and respect of global environmental limits (e.g. the biosphere integrity, ocean acidification, freshwater use, and biogeochemical flows planetary boundaries) in line with the vision for 2050 of 'living well within the ecological limits of our planet' set out in the 7th Environmental Action Programme, and in the proposal for a decision of the European Parliament and the Council on the 8th Environmental Action Programme;
4. the plans and capacity of the undertaking to adapt its business model and operations in line with the transition to a sustainable economy as well as with the preservation and restoration of water and marine resources globally;
5. the nature, type and extent of the undertaking's material risks and opportunities related to the undertaking's impacts and dependencies on water and marine resources, and how the undertaking manages them; and
6. the effects of risks and opportunities, related to the undertaking's impacts and dependencies on water and marine resources, on the undertaking's development, performance and position over the short, medium and long term and therefore on its ability to create enterprise value.

This standard derives from the [Draft Corporate Sustainability Reporting Directive] stating that the sustainability reporting standards shall specify information to disclose about two sub-subtopics: 'water' and 'marine resources'.

Q42: Please, rate to what extent do you think ESRS E3 – Water and marine resources

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	Not at all	To a limited extent with strong reservations	To a large extent with some reservations	Fully	No opinion
A. Covers sustainability information required by articles 19a and 19b of the CSRD proposal (see Appendix II for CSRD detailed requirements)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
B. Supports the production of relevant information about the sustainability matter covered	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
C. Fosters comparability across sectors	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
D. Covers information necessary for a faithful representation from an impact perspective	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
E. Covers information necessary for a faithful representation from a financial perspective	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
F. Prescribes information that can be verified / assured	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
G. Meets the other objectives of the CSRD in term of quality of information	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
H. Reaches a reasonable cost / benefit balance	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
I. Is sufficiently consistent with relevant EU policies and other EU legislation	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
J. Is as aligned as possible to international sustainability standards given the CSRD requirements	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>

For part H, please explain why costs would be unreasonable and / or what particular benefit ESRS E3 offers

For part I, please specify what European law or initiative you think is insufficiently considered

For part J, please explain how you think further alignment could be reached

Please share any comments and suggestions for improvement you might have relating to the above questions, referring explicitly to the part of the question you are providing comment

Refers to question B – relevance of information

- Some potential redundancies between ESRS have been identified. For instance, E3-4 par. 28 on water discharges seems to be already covered in ESRS E2-4 par. 36a (total water pollutants). The ESRS would benefit from determining the line between Pollution of water and Water discharges. It may well be that water discharges may as well be all disclosed in Pollution.

- Some of E3 disclosure requirements should be considered as sector-specific. For instance, E3-6 on

commodities of marine origin (such as gravels, deep-sea minerals, seafood, etc.) should probably be considered as sector-specific as all activities are by definition, not based on such commodities.

- ANC wonders if ESRS E including E3 should not focus on the undertaking's facilities instead of its products and supply chain in the first years of application and if the performance of the undertakings in terms of products and supply chain, should not be developed in a specific standard on responsible products and supply chain.

- Application Guidance on PTAPR could probably be simplified. In its current form, AG21 seems too detailed and could be deleted.

Refers to question C – assurance

- The lack of methodological clarity of detail on water management performance and on marine resources-related performance, may make it difficult to compare data from one preparer to another, as these performance indicators lack specificity and are too generic to enable comparability between entities. This is particularly the case for DR E3-4 (AG 24-29) and DR E3-6 (AG 34-36).

- More precise calculation rules should be provided to cover the main methodological aspects that can have a significant impact on the data reported (see details in survey 3B).

Refers to question E – faithful information

- Guidelines (examples, methodologies) will be needed to help undertakings present faithful information from a financial perspective (with regard to potential financial effect metrics).

ESRS E4 – Biodiversity and ecosystems

The objective of this [draft] standard is to specify Disclosure Requirements which will enable users of sustainability reporting to understand:

1. how the undertaking affects biodiversity and ecosystems, in terms of positive and negative material actual or potential adverse impacts;
2. any actions taken, and the result of such actions, to prevent, mitigate or remediate, actual or potential adverse impacts and to protect and restore biodiversity and ecosystems;
3. to what extent the undertaking contributes to (i) the European Green Deal's ambitions for protecting the biodiversity and ecosystems, the EU Biodiversity Strategy for 2030, the SDGs 2 Zero Hunger, 6 Clean water and sanitation, 12 Responsible consumption, 14 Life below water and 15 Life on land, the Post-2020 Global Biodiversity Framework and (ii) the respect of global environmental limits (e.g. the biosphere integrity and land-system change planetary boundaries);
4. and the plans and capacity of the undertaking to adapt its business model and operations in line with the transition to a sustainable economy and with the preservation and restoration of biodiversity and ecosystems globally in general; and in particular in line with the objective of (i) ensuring that by 2050 all of the world's ecosystems and their services are restored to a good ecological condition, resilient, and adequately protected and (ii) contributing to achieving the objectives of the EU Biodiversity Strategy at latest by 2030;
5. the nature, type and extent of the undertaking's material risks and opportunities related to the undertaking's impacts and dependencies on biodiversity and ecosystems, and how the undertaking manages them;
6. the effects of risks and opportunities, related to the undertaking's impacts and dependencies on biodiversity and ecosystems, on the undertaking's development, performance and position over the short, medium and long term and therefore on its ability to create enterprise value.

This standard derives from the [Draft Corporate Sustainability Reporting Directive] stating that the sustainability reporting standards shall specify information to disclose about ‘biodiversity and ecosystems’. This standard sets out Disclosure Requirements related to the undertaking’s relationship to terrestrial, freshwater and marine habitats, ecosystems and populations of related fauna and flora species, including diversity within species, between species and of ecosystems and their interrelation with many indigenous and local communities.

Q43: Please, rate to what extent do you think ESRS E4 – Biodiversity and ecosystems

	Not at all	To a limited extent with strong reservations	To a large extent with some reservations	Fully	No opinion
A. Covers sustainability information required by articles 19a and 19b of the CSRD proposal (see Appendix II for CSRD detailed requirements)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
B. Supports the production of relevant information about the sustainability matter covered	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
C. Fosters comparability across sectors	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
D. Covers information necessary for a faithful representation from an impact perspective	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
E. Covers information necessary for a faithful representation from a financial perspective	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
F. Prescribes information that can be verified / assured	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
G. Meets the other objectives of the CSRD in term of quality of information	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
H. Reaches a reasonable cost / benefit balance	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
I. Is sufficiently consistent with relevant EU policies and other EU legislation	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
J. Is as aligned as possible to international sustainability standards given the CSRD requirements	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>

For part H, please explain why costs would be unreasonable and / or what particular benefit ESRS E4 offers

For part I, please specify what European law or initiative you think is insufficiently considered

For part J, please explain how you think further alignment could be reached

Please share any comments and suggestions for improvement you might have relating to the above questions, referring explicitly to the part of the question you are providing comment

Refers to question A:

The reference to the concept of a transition plan in line with the targets of no net loss by 2030, net gain from 2030 and full recovery by 2050 as well as to resilience seems not to be supported by the CSRD requirements. ANC believes that due to the lack of reporting experience on such concepts, a progressive approach based on application provisions would be more relevant.

ANC also wonders if these requirements should apply to all sectors, the resilience of the strategy and business model being part of ESRS2 SBM4 which ANC understands would not be rebuttable.

Disclosing the existence of a biodiversity policy would already be a good starting point for all undertakings and a biodiversity transition plan should probably be required only for specific sectors, like Agriculture and Forestry for instance.

Refers to question B:

ANC understands that E4 is to a significant extent a commendable pioneering standard-setting attempt which is carefully followed by other initiatives. In such a context it is important for EFRAG to adopt an evolutive and progressive implementation approach while recognising the priority and political emphasis put on biodiversity as a key sustainability matter.

The Standard applies an approach by scope on Biodiversity, inspired by the Climate Scope 1, 2 and 3. Given the emergence of biodiversity as a topic, ANC understands that ESRS E4 is less elaborated and mature which explains why the standard covers comprehensive (mostly principles-based) requirements, while the guidance on how and what to exactly measure are not fully detailed.

The application guidance refers to numerous frameworks, databases, methodologies and tools that are currently under development or not currently fit for use (see AG 46). Several initiatives (TNFD, IPBES, CDSB, GRI 304 (under revision) and ISO TS 331) are currently working on the development of biodiversity disclosure requirements, but commonly agreed methodologies do not exist. At this stage, there is no internationally approved method or tool for biodiversity KPIs (the work is still in progress within the framework of the ISO TC 331 standard). Therefore, a progressive implementation of KPIs appears to be a necessity. Due to the absence of a common understanding of biodiversity reporting and the lack of reporting experience, the application of the standard potentially leading to unreliable and therefore irrelevant information is a matter of concern.

With regard to the Application Guidance, ANC wishes to share more specific comments in relation to AG10 to AG 30 on "IRO 1 and IRO 2 on materiality assessment", as it could be shortened in order to have a clearer vision of the task to be developed. For instance, AG19 could refer directly to the Task-force on Nature-related Financial Disclosures rather than duplicating some definitions or the definitions could be located in Appendix A.

The following elements would benefit from additional clarity:

- Impacts: raw material depletion and sensitive locations identification of impact drivers (with particular focus on "land & sea use change" and "invasive alien species" that are not covered by any other ESRS; for the 3 others, it may just refer to the ESRS E1, 2, 3 and 5 performance measurement).
- Risks & Operations: analysis of dependencies on ecosystems services in the entity's own operations and value chain (full stop as the risks are the direct result of the undertaking's dependencies).

Refers to question E:

Guidelines would be needed to help an undertaking present a faithful information from a financial perspective (with regard to financial effect metrics).

ESRS E5 – Resource use and circular economy

The objective of this [draft] standard is to specify Disclosure Requirements which will enable users of the sustainability reporting to understand:

1. the impact of the undertaking on resource use considering the depletion of non-renewable resources and the regeneration of renewable resources and its past, current and future measures to decouple its growth from extraction of natural resources;
2. the nature, type and extent of risks and opportunities arising from the resource use and the transition to a circular economy including potential negative externalities;
3. the effects of circular economy-related risks and opportunities on the undertaking's development, performance and position over the short-, medium- and long-term and therefore on its ability to create enterprise value in;
4. the plans and capacity of the undertaking to adapt its business model and operations in line with circular economy principles including the elimination of waste, the circulation of products and materials at their highest value, and the nature's regeneration.

This [draft] standard derives from the [Draft] Corporate Sustainability Reporting Directive stating that the sustainability reporting standards shall specify information to disclose about 'resource use and circular economy'.

Q44: Please, rate to what extent do you think ESRS E5 – Resource use and circular economy

	Not at all	To a limited extent with strong reservations	To a large extent with some reservations	Fully	No opinion
A. Covers sustainability information required by articles 19a and 19b of the CSRD proposal (see Appendix II for CSRD detailed requirements)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
B. Supports the production of relevant information about the sustainability matter covered	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
C. Fosters comparability across sectors	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
D. Covers information necessary for a faithful representation from an impact perspective	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
E. Covers information necessary for a faithful representation from a financial perspective	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
F. Prescribes information that can be verified / assured	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
G. Meets the other objectives of the CSRD in term of quality of information	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

H. Reaches a reasonable cost / benefit balance	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
I. Is sufficiently consistent with relevant EU policies and other EU legislation	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
J. Is as aligned as possible to international sustainability standards given the CSRD requirements	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>

For part H, please explain why costs would be unreasonable and / or what particular benefit ESRS E5 offers

For part I, please specify what European law or initiative you think is insufficiently considered

For part J, please explain how you think further alignment could be reached

Please share any comments and suggestions for improvement you might have relating to the above questions, referring explicitly to the part of the question you are providing comment

Refers to question C – comparability across sectors

- Application guidance (Appendix B) on sections AG1 to AG4 should probably be shifted to sector-specific standards as it is only applicable to sectors with physical flows (input/output) in their operations and /or to sectors with value creation based on the use of key environmental resources.
- Some key technical aspects would benefit from being better defined and framed in order to improve the comparability and homogeneity of the data disclosed by undertakings, in particular virgin and non-virgin material inflows [DR E5-4], sustainable opposed to regenerative sources [DR E5-4], depletion of stock of renewable resources [AG 4.c)], intensity of materials and products use [DR E5-7] and decouple (Objective 1 b).
- The definition of regeneration of renewable resources and ecosystems technically could be clarified [DR E5-1]. The indicator of Circular material use rate would benefit from an improved definition. If a rate is expected as a target, it should be made clear how this indicator is defined and can be calculated in the performance measurement section [DR E5-2 25b)].

Refers to question G – quality of information

- Some redundancies have been identified. Avoiding these redundancies would improve clarity of the standards and avoid repetition. In particular:
 - AG2 could be deleted as it is already covered by several DR (ESRS E5-2 and E5-3, SMB 3 and 4, AG1b(ii)).
 - ESRS E5-8 on circularity support (creating partnerships to accelerate the transition from linear to circular economy) could also be merged with ESRS E5-1, 2 and 3 as it contains requirements on actions, targets and policies and some elements are already covered by those disclosure requirements.
- References to other parts of the ESRS could improve the Standards: In AG1, there could be a reference added to Paragraph 16 of ESRS 2 (“(b) a description of the key resources the undertaking leverages in relation to the activities it carries out”). Same for ESRS E5-4 on resource inflows, it should be linked to ESRS 2 / DR2 GR3 on key features of the value chain (key resources).
- Structure issue: AG3 and 4 are covering different concepts (resources, actions plan, resilience, performance, risks...) and are quite extensive. They could be restructured, and some could be deleted when covered by other ESRS. For example, AG4a is already covered by ESRS 2 GR3 on key features of the value chain and covers the same concept as AG4c; a merger of disclosures could facilitate understanding of these requirements.
- AG on IRO (impact, risks, and opportunities): AG 5 to 8 could be simplified and streamlined to disclose

the most relevant aspects, for example AG5a (iv), as it is the same as AG6a on optimisation of resources. About AG 9, examples of major risks related to circular economy could be included: resources dependencies (supply), resources price volatility, resource efficiency (costs) and reputation/brand image (waste management).

ESRS S1 – Own workforce

The objective of this [draft] standard is to specify Disclosure Requirements which will enable users of the sustainability reporting to understand:

1. how they affect the undertaking affects own workforce, in terms of positive and negative material impacts;
2. any actions taken, and the result of such actions, to prevent, mitigate or remediate actual or potential adverse impacts;
3. the nature, type and extent of the undertaking’s material risks and opportunities related to its impacts and dependencies on own workforce, and how the undertaking manages them and,
4. the effects of risks and opportunities, related to the undertaking’s impacts and dependencies on own workforce, on the undertaking’s development, performance and position over the short, medium and long term and therefore on its ability to create enterprise value.

In order to meet the objective, this [draft] Standard also requires an explanation of the general approach the undertaking takes to identify and manage any material actual and potential impacts on its own workforce in relation to:

1. working conditions (impacts related to e.g. living wage, health and safety, social security, working hours, water and sanitation);
2. access to equal opportunities (impacts related to e.g. discrimination, including on the rights of workers with disabilities or on women workers, as well as impacts related to issues of equality in pay and work-life balance, precarious work);
3. other work-related rights, (impacts related to e.g. trade union rights, freedom of association and collective bargaining, child labour, forced labour, privacy, adequate housing).

This draft standard derives from the [Draft] Corporate Sustainability Reporting Directive stating that the sustainability reporting standards shall specify the information that undertakings are to disclose regarding social factors.

This [draft] Standard covers an undertaking’s “own workforce”, which is understood to include both workers who are in an employment relationship with the undertaking (“employees”) and non-employee workers who are either individuals with contracts with the undertaking to supply labour (‘self-employed workers’) or workers provided by undertakings primarily engaged in ‘employment activities’ (NACE Code N78). This [draft] Standard does not cover (i) workers in the upstream or downstream undertaking’s value chain for whom neither work nor workplace are controlled by the undertaking; or (ii) workers whose work and/or workplace is controlled by the undertaking but are neither employees, nor individual contractors (“self-employed workers”), nor workers provided by undertakings primarily ,engaged in “employment activities” (NACE Code N78); these categories of workers are covered in ESRS S2 Workers in the Value Chain.

Q45: Please, rate to what extent do you think ESRS S1 – *Own workforce*

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	Not at all	To a limited extent with strong reservations	To a large extent with some reservations	Fully	No opinion
A. Covers sustainability information required by articles 19a and 19b of the CSRD proposal (see Appendix II for CSRD detailed requirements)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
B. Supports the production of relevant information about the sustainability matter covered	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
C. Fosters comparability across sectors	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
D. Covers information necessary for a faithful representation from an impact perspective	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
E. Covers information necessary for a faithful representation from a financial perspective	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
F. Prescribes information that can be verified / assured	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
G. Meets the other objectives of the CSRD in term of quality of information	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
H. Reaches a reasonable cost / benefit balance	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
I. Is sufficiently consistent with relevant EU policies and other EU legislation	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
J. Is as aligned as possible to international sustainability standards given the CSRD requirements	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>

For part H, please explain why costs would be unreasonable and / or what particular benefit ESRS S1 offers

For part I, please specify what European law or initiative you think is insufficiently considered

For part J, please explain how you think further alignment could be reached

Please share any comments and suggestions for improvement you might have relating to the above questions, referring explicitly to the part of the question you are providing comment

ANC believes that the proposed ESRS S1 is relevant in providing useful information to readers and to a great extent is in line with CSRD and would share the following comments:
The perspective of the ESRS S1 to S4 should be drafted to require undertakings also to disclose information about opportunities (the current draft social DRs are more risk-oriented than opportunities-oriented)
ANC holds the view that, in this area, the distinction between material risks and non-material risks is very difficult to assess as these risks are considered from a moral point of view. Therefore, clarification is required

on how the materiality of a "positive" or "negative" impact should be assessed in social areas.

- Scope and nature : Some stakeholders, such as trade union representatives or investors, are very interested in having all the information required in ESRS S1. However, certain preparers point out the difficulty of collecting all the information required and the possible related legal sensitivity. Overall, the information required by these 26 DRs is considered as too detailed, too granular and to some extent repetitive. Hence the amount of descriptive information could lead to a certain bureaucratisation of social reporting.

In addition, ANC highlights the fact that most of the social concepts are defined at national level such as social security, occupational health and safety. Hence, the information provided by the undertaking through these DRs may not be comparable. Even if the comparison of social information is currently done by Eurostat, Eurofound and OECD, readers of the information provided by undertakings through these DRs should be aware that it is based on concepts that are defined differently from a regulatory perspective. As a consequence, consolidation of information based on different social concepts may undermine its relevance for readers.

Non-employee workers are not legally employed by the undertakings (which have commercial contracts with independent workers) and therefore undertakings may not be able to provide the information required on these workers at a global level. Moreover, the required information by these DRs may be sensitive from a legal perspective with a risk of potential reclassification as an employment contract.

Need for clarification: need for defining more precisely the notion of "own workforce" with specific examples as the distinction between "employees in the own workforce", and "non-employees in the own workforce" appears to be unclear. It also raises the doubt on the legality of merging "employees" and "non-employees" under "own workforce" and applying reporting rules to both of them. Alignment with GRI definitions would be welcome.

Moreover, reference is regularly made to the measurement of "outcomes", without specifying how they are to be measured (e.g. S1-2: "outcomes and agreements from engagements are monitored").

Harmonisation of vocabulary will avoid ambiguity between DRs and implementation requirements on each social topic. As currently drafted, the wording of certain DR or AG are sometimes rather prescriptive (S1-5; 1-6; 1-11; 1-18; 1-22; 1-24; 1-26).

Key KPIs used currently by users are not required in the ESRS such as turnover and absenteeism rates.

To ensure the auditability, it will be necessary to clarify if the auditor should assess the compliance of a policy with respect to all the points listed in the DR and to make clear how materiality should be assessed (professional judgment, etc.). Moreover, the level of granularity of the information required will make the process of auditability long and complex.

Digital reporting taxonomy: the questions related to digital taxonomy are very sensitive for undertakings and users. Moreover, much social information required will not be easy to collect and consolidate.

On the basis of this comments, ANC recommends:

- S1-1, S1-2, S1-4, S1-5 and S1-6 could be merged in two DRs. The first one about Policies and Processes and the second one about Targets, Action plans and Approaches
- S1-3, S2-3, S3-3 and S4-3 could be merged in one single DR with regard to the channels for raising concerns for employees, non-employees, workers in the value chain, consumers and end-users. This DR is in line with international regulations ((EU) 2019/1937 for undertakings in Europe and the UN Guiding Principles outside Europe). ANC also suggests that this new resulting DR on which channels to raise concerns in, should be moved and integrated in ESRS 2-G2-2 . S1-20 Differences in the provision of benefits to employees with different employment contract types could be merged in S1-1 .
- S1-21 Grievances and complaints related to other work-related rights could be integrated in ESRS G2-2, or within the above proposed new consolidated DR on channels for raising concerns.
- S1-25 Identified cases of severe human rights issues and incidents could be merged in DR 2-IRO 2

The objective of this [draft] standard is to specify Disclosure Requirements which will enable users of the sustainability reporting to understand:

1. how the undertaking affects workers in its value chain through its own operations and its upstream and downstream value chain (including its products and services, its business relationships and its supply chain), in terms of material positive and negative actual or potential adverse impacts;
2. any actions taken, and the result of such actions, to prevent, mitigate or remediate actual or potential adverse impacts;
3. the nature, type and extent of the undertaking’s material risks and opportunities related to its impacts and dependencies on workers in the value chain, and how the undertaking manages them; and
4. the effects of risks and opportunities, related to the undertaking’s impacts and dependencies on workers in the value chain, on the undertaking’s development, performance and position over the short-, medium- and long-term and therefore on its ability to create enterprise value.

In order to meet the objective, the [draft] standard requires an explanation of the general approach the undertaking takes to identify and manage any material actual and potential impacts on value chain workers in relation to impacts on those workers’:

1. working conditions (impacts related to e.g. living wage, health and safety, social security, working hours, water and sanitation);
2. access to equal opportunities (impacts related to e.g. discrimination, including on the rights of workers with disabilities or on women workers, as well as impacts related to issues of equality in pay and work-life balance, precarious work);
3. other work-related rights, (impacts related to e.g. trade union rights, freedom of association and collective bargaining, child labour, forced labour, privacy, adequate housing).

This draft standard derives from the [Draft] Corporate Sustainability Reporting Directive stating that the sustainability reporting standards shall specify the information that undertakings are to disclose regarding social factors.

This [draft] standard covers all workers in the undertaking’s upstream and downstream value chain who are or can be materially impacted. This also includes all non-employee workers whose work and/or workplace is controlled by the undertaking but are not included in the scope of “own workforce” (“own workforce” includes: employees, individual contractors, i.e., self-employed workers, and workers provided by third party undertakings primarily engaged in ‘employment activities’). Own workforce is covered in ESRS S1 Own workforce.

Q46: Please, rate to what extent do you think ESRS S2 – Workers in the value chain

	Not at all	To a limited extent with strong reservations	To a large extent with some reservations	Fully	No opinion
A. Covers sustainability information required by articles 19a and 19b of the CSRD proposal (see Appendix II for CSRD detailed requirements)	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
B. Supports the production of relevant information about the sustainability matter covered	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

C. Fosters comparability across sectors	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
D. Covers information necessary for a faithful representation from an impact perspective	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
E. Covers information necessary for a faithful representation from a financial perspective	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
F. Prescribes information that can be verified / assured	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
G. Meets the other objectives of the CSRD in term of quality of information	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
H. Reaches a reasonable cost / benefit balance	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I. Is sufficiently consistent with relevant EU policies and other EU legislation	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
J. Is as aligned as possible to international sustainability standards given the CSRD requirements	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

For part H, please explain why costs would be unreasonable and / or what particular benefit ESRS S2 offers

For part I, please specify what European law or initiative you think is insufficiently considered

For part J, please explain how you think further alignment could be reached

Please share any comments and suggestions for improvement you might have relating to the above questions, referring explicitly to the part of the question you are providing comment

ANC acknowledges the relevance of information for users and welcomes the initiative of EFRAG to require undertakings to provide information about workers in the value chain.

Main comments:

- Scope of the information required and the extent of value chain considered

The scope of the information required is broad. Collecting the information required, even if just descriptive, may remain an issue for undertakings that are not in a position to collect it yet.

In addition, the extent of the value chain that an undertaking must consider is broad and the information is difficult to collect: for upstream, many undertakings are not in a position to collect information on tier 4 or 5 subcontractors; for downstream, information collection is in general difficult.

- ESRS S2 and CSDDD

Information required in this ESRS S2 will have to be coherent with that required in the CSDDD when adopted. At this stage, ANC suggests that in terms of transparency the assessment of the impacts on workers in the value chain be performed by reference to the OECD guidelines in which the impacts are prioritised regarding their risk (most likely and most important) and the analysis of the strategy, the means and the results.

- Double reporting

ANC recommends that the information required in these DRs be homogenised with the information required in ESRS 2 DR 2 GOV 5 "Statement on due diligence" and in ESRS 2 DR IRO 1 "Description of the process

to identify material sustainability impacts, risks and opportunities” (§74, b i)). Indeed, some piece of information required in ESRS S2 is overlapping with information required in ESRS 2 in which the undertaking describes its materiality assessment in a due diligence perspective.

- Audit/verification/assurance

The DRs as currently drafted may result in important disclosure divergences in terms of form, type, content, structure. This divergence may accordingly require different assurance procedures. For undertakings with global supply chains verification of processes and procedures will be rather complex and will involve significant audit work.

- Opportunities

The reporting is risk oriented and it could be interesting that undertakings should disclose information about opportunities that may be of importance for readers.

- Digital reporting taxonomy (For all the 6 DR of ESRS S2)

All the questions related to digital taxonomy are very sensitive for the undertakings and the users. Moreover, much required social information will not be easy to collect and consolidate. At this stage, the draft standard proposes no practical indication on how the taxonomy will be implemented and as a consequence, ANC is not in a position to comment on it.

- Wording

In ESRS S2, the word “impact” is sometimes qualified by “material”, “high”, “specific”, “adverse”. This leads to a misunderstanding about the scope of the information required.

Suggestions:

- It should be made clearer that the required information is that related to the value chain previously defined by the undertaking in its due diligence assessment in ESRS 2 (DR 2 – IRO 1). The current wording of the AGs suggests that required information covers the entire value chain of the undertaking.
- ESRS S2-1, S2-2, should be merged into one single DR that covers information on Policies and Processes about the workers in the value chain.
- ESRS S2-4, S2-5 and S2-6 should be merged into one single DR that covers information on Targets, Action Plans and Approaches about workers in the value chain.
- ESRS S1-3, S2-3, S3-3 and S4-3 should be merged in one single DR regarding the channels for raising concerns for employees, non-employees, workers in the value chain, consumers and end-users. This DR could be in line with the international regulations, which is the European Directive (EU) 2019/1937 for undertakings in Europe and the UN Guiding Principles outside Europe.
- The CSRD allows for a differed application for three year if the undertaking is not yet in a position to disclose the required information about its value chain. Hence, ANC suggests that undertakings could disclose the information on an optional basis and should be required to disclose information about the timeframe and the plans it has put in place to collect that information.
- Globally, this standard should be better articulated with standards on responsible procurement that should be developed and it should be limited to the existence of human rights policy covering the value chain, and to the description of actions implemented or planned.

ESRS S3 – Affected communities

The objective of this [draft] standard is to specify Disclosure Requirements which will enable users of the sustainability reporting to understand:

1. how the undertaking affects its local communities through its own operations and its upstream and downstream value chain (including its products and services, its business relationships and its supply chain), in terms of material positive and negative actual or potential adverse impacts;

2. any actions taken, and the result of such actions, to prevent, mitigate or remediate actual or potential adverse impacts;
3. the nature, type and extent of the undertaking's material risks and opportunities related to the undertaking's impacts and dependencies on affected communities, and how the undertaking manages them; and
4. the effects of risks and opportunities, related to their impacts and dependencies on local communities, on the undertaking's development, performance and position over the short-, medium- and long-term and therefore on its ability to create enterprise value.

In order to meet the objective, the [Draft] standard requires an explanation of the general approach the undertaking takes to identify and manage any material actual and potential impacts on affected communities in relation to:

1. impacts on communities' economic, social and cultural rights (e.g. adequate housing, adequate food, water and sanitation, land-related and security-related impacts);
2. impacts on communities' civil and political rights (e.g. freedom of expression, freedom of assembly, impacts on human rights defenders); and
3. impacts on particular rights of Indigenous communities (e.g. free, prior and informed consent, self-determination, cultural rights).

This draft standard derives from the [Draft] Corporate Sustainability Reporting Directive stating that the sustainability reporting standards shall specify the information that undertakings are to disclose regarding social factors.

Q47: Please, rate to what extent do you think ESRS S3 – Affected communities

	Not at all	To a limited extent with strong reservations	To a large extent with some reservations	Fully	No opinion
A. Covers sustainability information required by articles 19a and 19b of the CSRD proposal (see Appendix II for CSRD detailed requirements)	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
B. Supports the production of relevant information about the sustainability matter covered	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
C. Fosters comparability across sectors	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
D. Covers information necessary for a faithful representation from an impact perspective	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
E. Covers information necessary for a faithful representation from a financial perspective	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
F. Prescribes information that can be verified / assured	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

G. Meets the other objectives of the CSRD in term of quality of information	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
H. Reaches a reasonable cost / benefit balance	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I. Is sufficiently consistent with relevant EU policies and other EU legislation	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
J. Is as aligned as possible to international sustainability standards given the CSRD requirements	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

For part H, please explain why costs would be unreasonable and / or what particular benefit ESRS S3 offers

For part I, please specify what European law or initiative you think is insufficiently considered

For part J, please explain how you think further alignment could be reached

Please share any comments and suggestions for improvement you might have relating to the above questions, referring explicitly to the part of the question you are providing comment

ANC acknowledges the relevance of this information for users and welcomes the initiative of EFRAG, in line with the provisions of the CSRD to require undertakings to provide information about affected communities.

Main comments:

- The scope of the information required in ESRS S3 is broad and it may be difficult for undertakings to collect this information even if it is only a descriptive one.
- The definition of “affected communities” is unclear and should be more precise. In Appendix A, the definition of “affected communities” mentions communities that can live near the organisation’s operations and also those living at a distance. Hence, it may be difficult for undertakings to figure out who are the affected communities.
- Regarding the structure of the standard, ANC recommends that:
 - o ESRS S3-1, S3-2, should be merged into one single DR that covers information on Policies and Processes about the workers in the value chain.
 - o ESRS S3-4, S3-5 and S3-6 should be merged into one single DR that covers information on Targets, Action Plans and Approaches about workers in the value chain.
 - o ESRS S1-3, S2-3, S3-3 and S4-3 should be merged in one single DR regarding the channels for raising concerns for employees, non-employees, workers in the value chain, consumers and end-users. This DR could be in line with the international regulations, which is the European Directive (EU) 2019/1937 for undertakings in Europe and the UN Guiding Principles outside Europe.
- Opportunities: the focus of ESRS S3 is on presenting risks, to some extent ignoring opportunities. From a social perspective, it would have been possible to ask the company for information on its impact on local economic activity, for example in the area of employment. Relations with the undertaking's stakeholders such as international NGOs and academics could also be taken into account in this reporting.
- Audit/verification/assurance:
 - o The DRs as currently drafted may result in important disclosure divergences in terms of form, type, content, structure. This divergence may accordingly require different assurance procedures.
 - o For undertakings with global supply chains verification of processes and procedures will be rather complex and will involve significant audit work.
- Digital reporting taxonomy: For all the 6 DR of ESRS S3: All the questions related to digital taxonomy are very sensitive for the undertakings and the users. Moreover, much information required won't be easy to

collect and consolidate. At this stage, the draft standard propose no practical indication on how the taxonomy will be implemented and as a consequence, ANC is not in a position to comment on it.

ESRS S4 – Consumers and end-users

The objective of this [draft] standard is to specify Disclosure Requirements which will enable users of the sustainability reporting to understand:

1. how the undertaking affects the consumers and end-users of its products and/or services (referred to in this [draft] Standard as “consumers and end-users”), in terms of material positive and negative actual or potential adverse impacts connected with the undertaking’s own operations and upstream and downstream value chain, including its business relationships and its supply chain;
2. any actions taken, and the result of such actions, to prevent, mitigate or remediate actual or potential adverse impacts;
3. the nature, type and extent of the undertaking’s material risks and opportunities related to its impacts and dependencies on consumers and end-users, and how the undertaking manages them; and
4. the effects of risks and opportunities, related to their impacts and dependencies on consumers and end-users, on the undertaking’s development, performance and position over the short-, medium- and long-term and therefore on its ability to create enterprise value.

In order to meet the objective, the [draft] standard requires an explanation of the general approach the undertaking takes to identify and manage any material actual and potential impacts on the consumers and /or end-users related to their products and/or services in relation to:

1. information-related impacts for consumers/end-users, in particular privacy, freedom of expression and access to information; .
2. personal safety of consumers/end-users, in particular health & safety, security of a person and protection of children; and
3. social inclusion of consumers/end-users, in particular non-discrimination and access to products and services.

This draft standard derives from the [Draft] Corporate Sustainability Reporting Directive stating that the sustainability reporting standards shall specify the information that undertakings are to disclose regarding social factors.

Q48: Please, rate to what extent do you think ESRS S4 – Consumers and end-users

	Not at all	To a limited extent with strong reservations	To a large extent with some reservations	Fully	No opinion
A. Covers sustainability information required by articles 19a and 19b of the CSRD proposal (see Appendix II for CSRD detailed requirements)	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
B. Supports the production of relevant information about the sustainability matter covered	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

C. Fosters comparability across sectors	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
D. Covers information necessary for a faithful representation from an impact perspective	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
E. Covers information necessary for a faithful representation from a financial perspective	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
F. Prescribes information that can be verified / assured	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
G. Meets the other objectives of the CSRD in term of quality of information	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
H. Reaches a reasonable cost / benefit balance	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
I. Is sufficiently consistent with relevant EU policies and other EU legislation	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
J. Is as aligned as possible to international sustainability standards given the CSRD requirements	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

For part H, please explain why costs would be unreasonable and / or what particular benefit ESRS S4 offers

For part I, please specify what European law or initiative you think is insufficiently considered

For part J, please explain how you think further alignment could be reached

Please share any comments and suggestions for improvement you might have relating to the above questions, referring explicitly to the part of the question you are providing comment

General comments:

The required information in this standard seems to be sector-specific since (1) the regulations protecting the customers are different from one sector to another, and (2) the relevant information about the impact of the products and goods is different from one sector to another. Hence, ANC suggests that this standard should be included in the sector-specific standards.

In addition this standard may be complex to implement since the definitions of end-users and consumers are unclear. Moreover, the CSRD does not ask for information about end-users or consumers, hence undertakings may have difficulties to complete the information required.

The focus of ESRS S4 relates more to risks and to some extent ignores opportunities. From the perspective of opportunity, it would have been possible to ask undertakings to disclose information about its customer satisfaction using some KPIs such as customer satisfaction rate or customer retention rates for example. Moreover, the link with the Sustainable Development Goals (SDGs) could be highlighted.

Suggestions:

The ESRS S4-1, S4-2, S4-4, S4-5 and S4-6 should be merged in the ESRS2 - DR2 - IRO 1 the process to identify material sustainability impacts, risks and opportunities" (§74, b) i)) and translated into sub-topics: (1) Policies and Processes and (2) Targets, Actions and Approaches.

a. These DR deal with issues about the impact of the products or services on end-users or consumers. In ANC's opinion, these issues are not directly related to social issues. The various regulations protecting

consumers are not part of labour law and therefore defer in many respects. The consumer/end-user social dimension should be dealt with under a specific approach. In addition, ANC suggests highlighting the link with the several European and international regulations in this field. In addition, the impact on health and safety of the products or services of the undertaking should be systematically required.

b. The description of the impacts of products or services on end-users or consumers is part of the materiality assessment made by the undertakings about the impact of its activities on its stakeholders. As already mentioned, ANC suggests that ESRS S1-3, S2-3, S3-3 and S4-3 should be merged in one single DR regarding the channels for raising concerns for employees, non-employees, workers in the value chain, consumers and end-users. This DR could be in line with the international regulations, which is the European Directive (EU) 2019/1937 for undertakings in Europe and the UN Guiding Principles outside Europe. Digital reporting taxonomy: For all the 6 DR of ESRS S4: All the questions related to digital taxonomy are very sensitive for the undertakings and the users. Moreover, much information required won't be easy to collect and to consolidate. At this stage, the draft standard proposes no practical indication on how the taxonomy will be implemented and as a consequence, ANC is not in a position to comment on it.

ESRS G1 – Governance, risk management and internal control

The objective of this [draft] standard is to specify disclosure requirements which will enable users of the undertaking's sustainability report to understand the governance structure of the undertaking, and its internal control and risk management systems.

This [draft] standard derives from the [Draft Corporate Sustainability Reporting Directive] stating that the sustainability reporting standards shall specify information to disclose information about governance factors, including:

1. the role of the undertaking's administrative, management and supervisory bodies, including with regard to sustainability matters, and their composition, as well as a description of the diversity policy applied and its implementation;
2. the undertaking's internal control and risk management systems, including in relation to the undertaking's reporting process.

Q49: Please, rate to what extent do you think ESRS G1 – Governance, risk management and internal control

	Not at all	To a limited extent with strong reservations	To a large extent with some reservations	Fully	No opinion
A. Covers sustainability information required by articles 19a and 19b of the CSRD proposal (see Appendix II for CSRD detailed requirements)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
B. Supports the production of relevant information about the sustainability matter covered	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
C. Fosters comparability across sectors	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>

D. Covers information necessary for a faithful representation from an impact perspective	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
E. Covers information necessary for a faithful representation from a financial perspective	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
F. Prescribes information that can be verified / assured	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
G. Meets the other objectives of the CSRD in term of quality of information	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
H. Reaches a reasonable cost / benefit balance	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
I. Is sufficiently consistent with relevant EU policies and other EU legislation	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
J. Is as aligned as possible to international sustainability standards given the CSRD requirements	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>

For part H, please explain why costs would be unreasonable and / or what particular benefit ESRS G1 offers

For part I, please specify what European law or initiative you think is insufficiently considered

For part J, please explain how you think further alignment could be reached

Please share any comments and suggestions for improvement you might have relating to the above questions, referring explicitly to the part of the question you are providing comment

General comments:

ANC believes the proposed standard (G1) on governance is relevant and to a great extent in line with the CSRD requirements. However, ANC has some reservations about the standard's usability and prescriptiveness and recommends EFRAG merges ESRS 2 and ESRS G1 (see Q38).

ANC highlights the following reservations:

Standards lack proportionality/scalability

The disclosure requirements (DRs) are overly prescriptive and lack the necessary scalability for all undertakings included in the scope. In taking into account the DRs of other standards, this may lead to less focused and relevant reporting.

In many instances, ANC is concerned that this will result in boilerplate reporting and generic descriptions of governance.

EFRAG could consider: i) the possibility of introducing a transition period for companies such as mid-size PIEs (currently not covered by the requirement to produce a corporate governance statement in line with Article 20 of the Accounting Directive) ii) and non-PIEs scalable standards for different types of companies within the CSRD scope e.g. in accordance with their legal form, activity, size, risk profile.

Overlap with existing national requirements

ANC notes that EFRAG does not provide any clarifications on how the DRs will interact with existing national laws and governance soft laws.

This may create redundancies and confusion for report preparers and its users. EFRAG should clarify whether these DRs are expected to exist on a stand-alone basis, complement or supersede the existing obligations. As a consequence, ANC recommends clarifying as a general principle under ESRS 1 that the

disclosure requirements are without prejudice to the application of local laws.

Alignment with international sustainability standards

In order to rate alignment with international standards (for all ratings across G1 and G2), ANC considered the IFRS Sustainability Standards and the Global Reporting Initiative (GRI) standards.

The key difference of misalignment lies within the structure. The ESRS are generally more rule-based, detailed and prescriptive, which establishes a sound basis for comparability and auditability. On the contrary, the IFRS S standards are principle based, focus on more targeted information and leave ample room for preparers to decide how to comply with the DRs. The GRI standards are also less detailed and precise.

Verification / assurance

It is crucial to ensure that the information disclosed is reliable, relevant and responds to the users' needs. For this reason, ANC stands behind the importance of providing verification and assurance. In specific cases, ANC expressed concerns regarding the following:

The DRs as currently drafted may still result in important disclosure divergences in terms of form, type, content, structure (e.g. tables with factual information e.g. on emissions, description of governance procedures). This divergence may accordingly require different assurance procedures.

In some cases, it is unclear what are the suitable criteria for assurance procedures to be applied. For example, under the DR1-2, it is not clear whether verification of governance related information means a factual check that this information was disclosed or whether the governance policies are followed properly. Further general guidance will be needed.

Specific comments:

Point B: 1) Governance: "administrative, management and supervisory bodies" should explicitly and only refer to the highest governance body such as the board of directors or the supervisory board and the committees set up within them; all other references to "senior management", "other key personnel", "leadership", "management level senior executives", "executive and operational levels" as part of the governance bodies to be described should be suppressed.

In order to better capture all the situations, ANC suggest to include the notion of "director" defined under SRD2 (Directive 2007/36/EC amended by Directive EU 2017/828) to the definition of "governance bodies". SRD2 defines "director" as follows:

"(i) any member of the administrative, management or supervisory bodies of a company;
(ii) where they are not members of the administrative, management or supervisory bodies of a company, the chief executive officer and, if such function exists in a company, the deputy chief executive officer;
(iii) where so determined by a Member State, other persons who perform functions similar to those performed under point (i) or (ii);"

In addition, some diversity criteria may not be available/legal in some countries -> G1-4-24 and AG6 : add "where applicable"

Lastly, regarding point J : need to check with directive Long-term shareholder engagement (2017/828) and the notion of « directors » in order to align the wording

ESRS G2 – Business conduct

The objective of this [draft] standard is to specify disclosure requirements for the undertaking to provide information about its strategy and approach, processes and procedures as well as its performance in respect of business conduct.

This [draft] standard derives from the [Draft Corporate Sustainability Reporting Directive] stating that the sustainability reporting standards shall specify information to disclose about business ethics and corporate culture, including anti-corruption and anti-bribery.

In general, business conduct covers a wide range of behaviours that support transparent and sustainable business practices to the benefit of all stakeholders. This [draft] standard focusses on a limited number of practices as follows:

1. business conduct culture;
2. avoiding corruption, bribery and other behaviours that often have been criminalised as they benefit some in positions of power with a detrimental impact on society; and
3. transparency about anti-competitive behaviour and political engagement or lobbying.

This [draft] standard is addressing business conduct as a key element of the undertaking’s contribution to sustainable development. This [draft] standard requires the undertaking to report information about its overall policies and practices for business conduct, rather than information for specific material sustainability topics.

Q50: Please, rate to what extent do you think ESRS G2 – Business conduct

	Not at all	To a limited extent with strong reservations	To a large extent with some reservations	Fully	No opinion
A. Covers sustainability information required by articles 19a and 19b of the CSRD proposal (see Appendix II for CSRD detailed requirements)	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
B. Supports the production of relevant information about the sustainability matter covered	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
C. Fosters comparability across sectors	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
D. Covers information necessary for a faithful representation from an impact perspective	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
E. Covers information necessary for a faithful representation from a financial perspective	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
F. Prescribes information that can be verified / assured	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
G. Meets the other objectives of the CSRD in term of quality of information	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
H. Reaches a reasonable cost / benefit balance	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I. Is sufficiently consistent with relevant EU policies and other EU legislation	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
J. Is as aligned as possible to international sustainability standards given the CSRD requirements	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

For part H, please explain why costs would be unreasonable and / or what particular benefit ESRS G2 offers

For part I, please specify what European law or initiative you think is insufficiently considered

For part J, please explain how you think further alignment could be reached

Please share any comments and suggestions for improvement you might have relating to the above questions, referring explicitly to the part of the question you are providing comment

General comment

ANC is of the opinion that the proposed draft standard on business conduct is relevant and in line with the CSRD requirements to a large extent.

However, ANC raises the following comments:

- Lack of clarity and definitions

For example, concepts such as 'business conduct', 'business conduct culture', at-risk employees, are not clearly defined in G2 and are used in different ways. Therefore, it is recommended to include clear definitions of the key terms used in Appendix A.

- Alignment with national legislation

There is a great disparity in national anti-corruption legislative frameworks across the EU. EFRAG needs to add a general paragraph specifying how these DRs interact with national laws.

- Level of detail and granularity

The information requested in the DRs is too detailed and prescriptive (cf G2-10).

Therefore, standards need to be proportionate and scalable. Materiality alone may not resolve the issue of proportionality.

As for G1, EFRAG should consider: i) the possibility of introducing a transition period for companies such as mid-size PIEs (currently not covered by the requirement to produce a corporate governance statement in line with Article 20 of the Accounting Directive) and non-PIE ii) scalable standards for different types of companies within the CSRD scope e.g. in accordance with their activity, size, risk profile.

2. ESRS implementation prioritisation / phasing-in

Application provisions

In order to facilitate the first-time application of set 1, ESRS 1 includes two provisions:

- Application Provision AP1 which exempts undertaking to reports comparatives for the first reporting period, and
- Application Provision AP2 which proposes transitional measures for entity-specific disclosures which consists in allowing the undertaking to continue to use, for 2 years, disclosures it has consistently used in the past, providing certain conditions are met, as described in paragraph 154.

Q51: to what extent do you support the implementation of Application Provision AP1?

- Not at all
- To a limited extent with strong reservations
- To a large extent with some reservations
- Fully
- No opinion

Q52: to what extent do you support the implementation of Application Provision AP2?

- Not at all

- To a limited extent with strong reservations
- To a large extent with some reservations
- Fully
- No opinion

Q53: what other application provision facilitating first-time application would you suggest being considered?

N/A

Please explain why

ESRS implementation prioritisation / phasing-in options

Set 1 proposes a comprehensive set of standards aimed at achieving the objectives of the CSRD proposal, with the exception of the standards to be included in Set 2.

Acknowledging the fact that the proposed vision of a comprehensive sustainability reporting might be challenging to implement in year one for the new preparers and potentially to some of the large preparers as well, EFRAG will consider using some prioritisation / phasing-in levers to smoothen out the implementation of the first set of standards.

The following questions aim at informing EFRAG's and ultimately the European Commission's decision as to what disclosure requirements should be considered for phasing-in, based on implementation feasibility / challenges and potentially other criteria, and over what period of time their implementation should be phased-in.

Q54: for which one of the current ESRS disclosure requirements (see Appendix I) do you think implementation feasibility will prove challenging? and why?

While climate is at a higher level of general acceptance, ANC believes that the following DRs related to other Environment topics which require quantitative indicators would be challenging to implement:

- E2-2, E2-6, E-7
- E3-2, E3-4, E3-5, E3-6
- E4-3, E4-5, E4-6, E4-10
- E5-2

This maturity issue on other Environment disclosure requirements has to be understood in the context of a sector agnostic application. On top of this maturity issue, ANC believes that many of other Environment disclosure requirements could be considered as sector specific.

Regarding DRs related to Social, ANC is of the opinion that the priority should be given to information related to own-workforce. Information related to participants in the value chain (ESRS S2, S3 and S4) could be

subject to art 19a(3) three years application provisions (“in the event that not all the necessary information regarding the value chain is available”) depending on the disclosure requirements.

Given the critical importance of implementation prioritisation / phasing-in, please justify and illustrate your response

see above

Q55: over what period of time would you think the implementation of such “challenging” disclosure requirements should be phased-in? and why?

ANC is of the opinion that introducing greater progressivity/optionality in the implementation of the elements highlighted in question 54 would ensure that additional guidance can be developed at industry/sector level but also would ensure undertakings have enough time to prepare, collect and evaluate the necessary data and gradually become acquainted with the relevant subject and the adequate level of information to address it. ANC is of the view that a transitional approach should be preferred with implementation that can be envisaged progressively. A temporary period of e.g. 3 years could be retained (corresponding to periodic review clause), following which optional disclosures would become mandatory. Beyond relevance and faithful representation which are the cornerstones of quality reporting, ANC therefore suggests to allow more time by identifying those relevant DRs which could be optional for an agreed upon initial period (with a possible early application at the hand of the undertaking). Such a mechanism would not impair relevance and faithful representation medium term but would facilitate short term the implementation of the expected significant change in reporting practices. It would also foster a market driven « virtuous circle »

Given the critical importance of implementation prioritisation / phasing-in, please justify and illustrate your response

see above

Q56: beyond feasibility of implementation, what other criteria for implementation prioritisation / phasing-in would recommend being considered? And why?

ANC considers that the prioritisation should take place on the following basis:

- 1) Information required under SFDR must be present in the standards,
- 2) General consensus of the topics and already existing guidance since undertakings can be reasonably expected to report on the agreed topics with existing reporting practices,
- 3) Access to the information: information related to own operations should be prioritised, information related to value chain participants should be postponed in a second stage.

Given the critical importance of implementation prioritisation / phasing-in, please justify and illustrate your response

see above

Q57: please share any other comments you might have regarding ESRS implementation prioritisation / phasing-in

A different closing date for sustainability topics based on unavailability of the data could be accepted in a first period (3 years). See answer to Q12

If you have other comments in the form of a document please upload it here

[a2713bda-241b-405e-b8f6-bb6422528471/ANC_cover_letter_EFRAG_08082022.pdf](#)

Contact

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