

POSITION PAPER



Consultation Document

EFRAG public consultation on draft ESRS

ESBG (European Savings and Retail Banking Group)

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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

1 Question 13: to what extent do you think that the principle of relevance of sustainability information is adequately defined and prescribed? Please explain your reservations or your suggestions for improvement or any other comment you might have

1/ Not at all	
2/ To a limited extent with strong reservations	<p>We believe this requirement is in tension with economic efficiency in the sense of a cost-benefit assessment of the reporting (economic efficiency considerations). Companies must actively have the option of dispensing with the disclosure if the costs of a reporting disclosure are disproportionate.</p> <p>The principle of relevance in conjunction with double materiality must prevent too many detailed disclosures from impairing the comprehensibility, auditability and comparability of reporting (protection of report recipients from information overload). Reporting should focus on meaningful information. Otherwise, there is a risk that the sheer volume of mandatory disclosures will completely overwhelm reporting companies, while users will hardly be able to evaluate such a mass of data. The current definitions of both relevance and materiality, as well as the comprehensive group of addressees, lead to an overload of sustainability disclosure requirements. Even with the concept of rebuttable presumption, which moreover does not apply to DR according to ESRS 2, the internal effort for companies to evaluate all standards and DR is high.</p> <p>Moreover, it needs to be better defined what is meant by Impact materiality. It would be very useful with more guidance on how the methodology for conducting an impact materiality analysis should be conducted since it is an analysis that is quite new and there is no “universal” methodology for conducting an impact materiality analysis. E.g., what methodology should be used for defining the scale of the positive or negative impact? It is important that a universal standard is set.</p> <p>Further clarifications are needed on what the scope is for “actual or potential significant impacts by the undertaking on people or the environment”. If no clear definitions are given the impact analysis could become extremely broad and resources would not be used efficiently. E.g., as a bank actual or potential significant impact is very broad when considering our entire value chain.</p> <p>As per paragraph 26 of ESRS 1, sustainability information is relevant when it has substantive influence on the assessments and decisions of users of sustainability reports under a double</p>

	materiality approach. It would be good to have more information on what is meant by substantive influence.
3/ To a large extent with some reservations	
4/ Fully	
5/ No opinion	

- 2 **Question 14: to what extent do you think that the principle of faithful representation of sustainability information is adequately defined and prescribed? Please explain your reservations or your suggestions for improvement or any other comment you might have**

1/ Not at all	
2/ To a limited extent with strong reservations	
3/ To a large extent with some reservations	
4/ Fully	X
5/ No opinion	

- 3 **Question 15: to what extent do you think that the principle of comparability of sustainability information is adequately defined and prescribed? Please explain your reservations or your suggestions for improvement or any other comment you might have**

1/ Not at all	
2/ To a limited extent with strong reservations	Paragraph 33 of ESRS 1 may imply that the companies themselves must carry out some evaluation of the reports of other companies in the sector and adapt or compare themselves with them. This would be very time-consuming and hardly feasible in practice during the preparation period, let alone in the first reporting period. Such a requirement should not be provided for.
3/ To a large extent with some reservations	
4/ Fully	
5/ No opinion	

4 Question 16: to what extent do you think that the principle of verifiability of sustainability information is adequately defined and prescribed? Please explain your reservations or your suggestions for improvement or any other comment you might have

1/ Not at all	
2/ To a limited extent with strong reservations	The requirement for verifiability of data and information should not result in companies having to comply with comprehensive documentation requirements. The requirement must be limited at most to the verifiability of the information by the auditor as defined by the CSRD.
3/ To a large extent with some reservations	
4/ Fully	
5/ No opinion	

5 **Question 17: to what extent do you think that the principle of understandability of sustainability information is adequately defined and prescribed? Please explain your reservations or your suggestions for improvement or any other comment you might have**

1/ Not at all	
2/ To a limited extent with strong reservations	
3/ To a large extent with some reservations	
4/ Fully	X
5/ No opinion	

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.

6 Question 18: 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? Please explain your reservations or your suggestions for improvement or any other comment you might have

1/ Not at all	
2/ To a limited extent with strong reservations	<p>ESBG welcomes that ESRS apply the double materiality perspective only for a universe of closed list of topics defined by the standard-setter aimed to achieve a balance between relevance and comparability.</p> <p>However, we believe there is not enough guidance on how to apply the double-materiality principle. The Exposure Drafts and the accompanying guidance are not sufficiently clear and understandable to allow for appropriate and consistent application. The methodology on how to calculate double materiality, the distinction between qualitative or quantitative materiality, the disclosure of material issues in the management report as well as several terms used in the Exposure Drafts, such as financial materiality, impact materiality etc. and the interactions between them need to be clarified and more guidance needs to be given to specific sectors in due time. For instance the GRI standards include some helpful examples; something similar could be provided by EFRAG too. Members are concerned about the practical prioritization and selection of material issues to be disclosed. Without this guidance and given the peculiarities of the financial sector this might have unintended consequences:</p> <ul style="list-style-type: none"> -The great involvement of financial institutions in the economy as a whole and present in the vast majority of productive sectors of a country may render all information to be considered material. - Another scenario might lead to a situation in which two financial institutions with similar facts and circumstances reach different outcomes on what topics are material. <p>We also find burdensome the requirement to demonstrate that a topic is not material for the financial institution and make related statements and document on it (rebuttable presumption).</p> <p>o Paragraphs 44-45 (ESRS 1): There needs to be greater clarity with respect to the</p>

	differentiation between stakeholders. For example, clients of an undertaking can be considered both affected stakeholders and business partners, i.e. users. In this sense, the distinction between “affected stakeholders” and “users of sustainability reporting” is not clear and we do not see a value in such a distinction.
3/ To a large extent with some reservations	
4/ Fully	
5/ No opinion	

7 Question 19: 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? Please explain your reservations or your suggestions for improvement or any other comment you might have

1/ Not at all	
2/ To a limited extent with strong reservations	<p>The disclosure of the description according to ESRS 2-IRO 1, paragraph 74b(iii) and AG 61 is very extensive. The description of the processes should be limited to the absolute minimum. There is also a concern that disclosures could also make public internal and confidential information of the company.</p> <p>Moreover, the definitions connected to double materiality and the methodology for conducting a double materiality analysis need to be much clearer for sustainability reporting to be concise and efficient. For example, it needs to be clarified what is the definition of potential impact and what is the scope.</p> <p>ESBG welcomes that the ESRS apply the double materiality perspective only for a universe of closed list of topics defined by the standard-setter aimed to achieve a balance between relevance and comparability. However, since it is a quite new method there is little information on how it should be done in practice. e.g., how to set boundaries to what is a material impact, risk and opportunity. Usually, an impact also comes with a risk and/or opportunity. Some clarification needs to be given on how to separate the three concepts.</p> <p>More guidance is needed on how to define resources (as stated in paragraph 74) e.g. FTE, capital, work hours. This needs to be further clarified to ensure comparability between reports.</p> <p>A description of the methodologies adopted is needed. More guidance is needed on how to define concepts such as “severity”, “likelihood”. When it comes to different sustainability topics it can be very hard to measure likelihood, especially for social topics. Clear guidelines</p>

	<p>need to be set.</p> <p>Boundaries also need to be clear. As a bank the value chain is quite complex and the scope for sustainability topics is very broad since we finance and invest in all different types of sectors and countries. More clarifications are needed on far in the value z do we need to report.</p> <p>In the proposed Corporate Sustainability Due Diligence Directive, a limitation of the bank's value chain has been made. The same limitation is however not reflected in the ESRS, nor does the ESRS open up for limitations being done in the sector-specific ESRS.</p>
3/ To a large extent with some reservations	
4/ Fully	
5/ No opinion	

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.

8 Question 20: in your opinion, to what extent is the definition of impact materiality (as per ESRS 1 paragraph 49) aligned with that of international standards? Please explain your reservations or your suggestions for improvement or any other comment you might have

1/ Not at all	<ul style="list-style-type: none"> - In the case if the ISSB Standards we believe that there is no alignment whatsoever as impact materiality is not considered at all. - In case of GRI Standards and other where impact materiality is applicable, there are several different methodologies for conducting an impact materiality analysis. More clarifications are needed on which one should set the standard for ESRS. <p>It is also important to have clear guidelines on where to draw the line between negative impact vs. negative risk. This could easily become the case if the guidelines are not clear in this sense. This is something that many struggle with. Usually, a negative or positive impact leads to a negative or positive risk. Therefore, they are sometimes difficult to separate</p>
2/ To a limited extent with strong reservations	
3/ To a large extent with some reservations	
4/ Fully	
5/ No opinion	

9 Question 21: to what extent do you think that the determination and implementation of impact materiality (as proposed by ESRS 1 paragraph 51) is practically feasible? Please explain your reservations or your suggestions for improvement or any other comment you might have

1/ Not at all	
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2/ To a limited extent with strong reservations	More guidance with respect to the definitions is needed. E.g., what is meant by scale, scope, and irremediable character. Again, this could be easier for a producing company but more complex for a bank, as it is not feasible to assess all the impacts of the debtor that are not directly linked to the transaction that is being financed.
3/ To a large extent with some reservations	
4/ Fully	
5/ No opinion	

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.

10 Question 22: in your opinion, to what extent is the definition of financial materiality (as per ESRS 1 paragraph 53) aligned with that of international standards? Please explain your reservations or your suggestions for improvement or any other comment you might have

1/ Not at all	
2/ To a limited extent with strong reservations	
3/ To a large extent with some reservations	
4/ Fully	
5/ No opinion	

11 Question 23: 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? Please explain your reservations or your suggestions for improvement or any other comment you might have

1/ Not at all	
2/ To a limited extent with strong reservations	There are a limited number of good methods for evaluating financial materiality when it comes to sustainability matters today. It is unclear which method should be used and how to integrate future cash flows and enterprise value to coming climate or human rights risks. It is especially difficult to evaluate how social risks connect to enterprise value. This needs to further be developed in ESRS. If there is no specific method preferred, this should also be clearly communicated since many methods are developed at the moment

	and it is highly encouraged that clear methods are developed to incorporate sustainability and financial risks.
3/ To a large extent with some reservations	
4/ Fully	
5/ No opinion	

(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 only 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 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:

- (a) all of the mandatory disclosures of an entire ESRS or
- (b) 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:

- (a) the ESRS or
- (b) the group of DR is “not material for the undertaking”.

12 Question 24: 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? Please explain your reservations or your suggestions for improvement or any other comment you might have

1/ Not at all	
2/ To a limited extent with strong reservations	
3/ To a large extent with some reservations	Further guidance is needed on the extent of the reasonable and supportable evidence. Rebuttable presumption can be understood in a double way: <ul style="list-style-type: none">- Not material for the sector;

	<p>- Not material for the undertaking.</p> <p>The first case is a clear sign that some disclosure requirements are not sector-agnostic. Therefore, these disclosure requirements should be moved to sectorial standards.</p> <p>Another suggestion for improvement would be to publish a matrix of disclosure requirements that the standard-setter deems not relevant for the different sectors. This guidance will contribute to provide more clarity and comparability of sustainability information between different undertakings from the same sector.</p>
4/ Fully	
5/ No opinion	

13 Question 25: what would you say are the advantages of the (materiality) rebuttable presumption and its proposed implementation?

The rebuttable presumption might allow to achieve an adequate balance between relevance and comparability.

14 Question 26: what would you say are the disadvantages of the (materiality) rebuttable presumption and its proposed implementation?

It will be burdensome to document and to explain the rationale why disclosure requirements are not material. The documentation requirements for the company should be as low as possible to rebut the presumption of general reporting requirements. Reporting requirements could also be rebutted in general for certain sectors, this should already be considered in the ESRS to ease the burden on companies. For example, for service companies and credit institutions, certain requirements on marine resources or biodiversity will not be relevant. This is a clear sign that not all disclosure requirements included in Set 1 standards are sector-agnostic. Therefore, we encourage EFRAG to carry out a thorough assessment whether all disclosure requirements are applicable to all sectors.

15 Question 27: how would you suggest it can be improved?

Provide additional guidance on how to apply the rebuttable presumption in practice.



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.

16 Question 28: 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? Please explain your reservations or your suggestions for improvement or any other comment you might have

1/ Not at all	
2/ To a limited extent with strong reservations	<p>Value Chain: It is difficult to obtain information from companies that are not under the control of the institution.</p> <ul style="list-style-type: none"> – ESG Members are also concerned that the EFRAG standards do not put any limits in the value chain or do not allow at least an opening for such limitations (in contrast with the CSDD, that some limits are introduced) – Another issue that Members have identified is that give the lack of limits in the value chain, they will be required to include in the management report a huge amount of information. – Regarding international institutions, problems with restrictions on personal data disclosures might arise. – Specific considerations were raised on how to include emissions in the matrix for associates (e.g. based on voting rights etc). – There is also an issue with the availability of qualitative information. – Some concepts (e.g. upstream company) also need to be further defined. <p>If the data cannot be collected from third parties, it will hardly be possible to estimate them. There are no indications or they would have to be determined at great expense in order to make any estimates at all. In that case, estimates are of no use to any report addressee. Companies must have a low-threshold option to dispense with information if it is irrelevant or uneconomical to determine.</p> <p>Moreover, the information should be auditable. How shall statutory auditors check estimated information, what evidence documentation should be provided? Estimated</p>



	information will not increase the quality of the non-financial report.
3/ To a large extent with some reservations	
4/ Fully	
5/ No opinion	

- 17 **Question 29: what other alternative to approximation would you recommend in cases where collecting information is impracticable?**

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- 18 **Question 30: 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? Please explain your reservations or your suggestions for improvement or any other comment you might have**

1/ Not at all	
2/ To a limited extent with strong reservations	
3/ To a large extent with some reservations	



4/ Fully	
5/ No opinion	

***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

19 Question 31: do you think it is relevant to define short-, medium- and long-term horizon for sustainability reporting purposes? Please explain why

1/ Yes	
2/ No	- Time horizons (ESRS1 2.4). We believe that sector-agnostic ESRS should not prescribe specific time horizons, as the consideration of short, medium and long term is highly dependent on the nature of activity of the undertaking. In addition, certain ESG topics have longer terms than others e.g. climate topics.
3/ I do not know	

20 Question 32: if yes, do you agree with the proposed time horizons? Please explain why

1/ Yes	
2/ No	
3/ I do not know	

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

The long-term reporting horizon is too far into the future. With the introduction of ESRS, a shorter future-oriented period should be chosen.

(ESRS 1 paragraph 80) The past-oriented information to be compared with the base year should be limited to the minimum.



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:

- (i) when the undertaking is required to describe policies, targets, actions and action plans, and resources in relation to sustainability matters and
- (ii) 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.

22 Question 34: 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? Please explain your reservations or your suggestions for improvement or any other comment you might have

1/ Not at all	
2/ To a limited extent with strong reservations	
3/ To a large extent with some reservations	<p>It would be good to define how “key actions” are defined. It should be clearly defined what is meant by “key policies”. Finally, vague statements should be avoided like e.g., “may indicate”.</p> <p><i>The non-financial report of an undertaking addresses a broader stakeholder groups not only investors. The text of the report must remain readable and relevant for all of them. We are concerned that the description of policies for each sustainability matter (given the high number of policies, guidelines.. of undertakings) will go beyond the scope of the report (which must fit into the Management Report) and will make it unreadable for the average reader.</i></p> <p><i>Resulting out of Regulation 2019/2088 on sustainability-related disclosures e.g.</i></p>



	<i>in the financial services sector, certain documents/policies must be made available on the website. That's why we think it is not meaningful to include all the policies in the non-financial report. Maybe a reference to the website should be sufficient. Guidance how to do it would be helpful.</i>
4/ Fully	
5/ No opinion	

23 Question 35: 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? Please explain your reservations or your suggestions for improvement or any other comment you might have

1/ Not at all	
2/ To a limited extent with strong reservations	
3/ To a large extent with some reservations	
4/ Fully	X
5/ No opinion	

24 Question 36: 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? Please explain your reservations or your suggestions for improvement or any other comment you might have

1/ Not at all	
2/ To a limited extent with strong reservations	
3/ To a large extent with some reservations	<p><i>The information that is required is very confidential (strategy plans, resources) and would give a competitive advantage to competitors.</i></p> <p>According to the CSRD recital 29a (page 21 of the text after Trilogues) “<i>It is not the objective of this Directive to require undertakings to disclose intellectual capital, intellectual property, know-how or the results of innovation that would qualify as trade secrets as defined in the Trade Secrets Directive. Reporting requirements defined by this Directive are therefore without prejudice to Directive (EU) 2016/943 of the European Parliament and of the Council of 8 June 2016 on the protection of undisclosed know-how and business information.</i>”</p>
4/ Fully	
5/ No opinion	



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).

25 Question 37: is anything important missing in the aspects covered by the bases for preparation? 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

1/ Yes	<p>Estimating under conditions of uncertainty (paragraphs 112 and 113): The disclosure of the description of significant estimation uncertainty should be limited to the most essential. A further explanation is then no longer required.</p> <p>Paragraph 113 must be further evaluated. Future events that have sustainability impacts is very broad. Further clarity needs to be achieved on how to define the “full range of possible outcomes” and on what the scope of this is. A list of possible outcomes for all future events that have sustainability impacts could be extremely extensive. It would also be useful to have the methods for how to analyse future sustainability impacts and their probability. A lot of estimates with no underlining scientific methods would need to be used to comply with the paragraph.</p> <p>Paragraph 115 is hard to apply in practice. The first month of the year working with the report is very hectic and it would be hard to include further sustainability data received after year end.</p> <p>In addition, it should be clarified is meant by machine-readable formats when it comes to reading sustainability information E.g., a lot of sustainability information is of qualitative nature and could therefore be harder to tag.</p> <p>It would be useful to further define what is meant by “a clear distinction between information resulting from the implementation and ESRS and other information in the management report“ e.g., a lot of sustainability information is becoming more integrated with the rest of the financial report. There needs to be a clear distinction of where the line between the two needs to be.</p>
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	Unclear wording needs to be better defined. E.g. what is meant by “impracticable”, “practicable” and “appropriate manner”. This is subjective.
2/ No	
3/ I do not know	



Additional information

Should you wish to provide additional information (e.g. a position paper, report) or raise specific points not covered by the questionnaire, you can upload your additional document(s) below. **Please make sure you do not include any personal data in the file you upload if you want to remain anonymous.**

The maximum file size is 1 MB.

You can upload several files.

Only files of the type pdf,txt,doc,docx,odt,rtf are allowed



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