

POSITION PAPER



Consultation Document

EFRAG public consultation on draft ESRS

ESBG (European Savings and Retail Banking Group)

Rue Marie-Thérèse, 11 - B-1000 Brussels

August 2022



3A. Adequacy of Disclosure Requirements – Cross cutting standards

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

- when sharing comments on a given Disclosure Requirement, and as much as possible, reference to the specific paragraphs being commented on should be included in the written comments,
- in the question 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.

A complete index of Disclosure Requirements and their corresponding Application Guidance can be found in Appendix I – Navigating the ESRS.



DR 2-GR 1 – General characteristics of the sustainability reporting of the undertaking

The undertaking shall give general information about (i) its sustainability report, and (ii) the structure of its sustainability statement.

The principle to be followed under this disclosure requirement is to give the necessary context of the sustainability reporting of the undertaking.

1 Question 58: Please, rate to what extent do you think DR 2-GR 1 – General characteristics of the sustainability reporting of the undertaking

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 6/ Not applicable

	1	2	3	4	5	6
A. Requires relevant information about the sustainability matter covered						
B. Requires information that is relevant for all sectors (sector-agnostic only information)						
C. Can be verified / assured						
D. Meets the other objectives of the CSRD in term of quality of Information						
E. Reaches a reasonable cost / benefit balance						
F. Is sufficiently consistent with relevant EU policies and other EU Legislation						
G. Is as aligned as possible to international sustainability standards given the CSRD requirements						
H. Represent information that must be prioritised in first year of implementation						
I. Is well suited to be transformed in a digital reporting taxonomy that will avoid creating misunderstandings or practical complexities						

For part E, please explain why costs would be unreasonable and / or what particular benefit this disclosure requirement offers

For part F, please specify what existing European sustainability reporting obligation you think the disclosure requirements misses to address adequately



For part G, 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 to



DR 2-GR 2 – Sector(s) of activity

The undertaking shall provide a description of its significant activities, headcount and revenue.

The principle to be followed under this disclosure requirement is to allow an understanding of the distribution of the undertaking's activities by reference to a common sector definition.

2 **Question 59: Please, rate to what extent do you think DR 2-GR 2 – Sector(s) of activity**

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 6/ Not applicable

	1	2	3	4	5	6
A. Requires relevant information about the sustainability matter covered				X		
B. Requires information that is relevant for all sectors (sector-agnostic only information)				X		
C. Can be verified / assured						
D. Meets the other objectives of the CSRD in term of quality of information						
E. Reaches a reasonable cost / benefit balance		X				
F. Is sufficiently consistent with relevant EU policies and other EU legislation						
G. Is as aligned as possible to international sustainability standards given the CSRD requirements						
H. Represent information that must be prioritised in first year of implementation					X	
I. Is well suited to be transformed in a digital reporting taxonomy that will avoid creating misunderstandings or practical complexities		X				

For part E, please explain why costs would be unreasonable and / or what particular benefit this disclosure requirement offers

Turnover in financial statements is presented by operating segments according to IFRS 8, not by sectors. We are not sure if reconciliation between financial and sustainability statements can be achieved.

In addition, it is worth pointing out the interconnectivity issue between financial and sustainability information included in our next comment below.



For part F, please specify what existing European sustainability reporting obligation you think the disclosure requirements misses to address adequately

For part G, 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 to

For part H, we believe that in the first reporting year, financial undertakings should only report on their own activities given their dependency on the sustainability disclosures of their non-financial counterparties.

In addition, further application guidance would be welcome on how to apply in practice connectivity between sustainability reporting and financial statements, especially on how to manage the divergent criteria between financial and sustainability information and the reconciliations required by ESRS:

- Financial information: Internal transactions with entities belonging to the same group are eliminated in the process of consolidation.
- Sustainability information: Significant internal transactions must be reported.

Given this divergence of criteria, we consider it unfeasible to make a direct reconciliation between sustainability information (that includes internal transactions) with the figures included in financial statements (that do not include internal transactions) as required by ESRS 2-GR 2 paragraph 12 (d).



DR 2-GR 3 – Key features of the value chain

The undertaking shall describe its value chain.

The principle to be followed under this disclosure requirement is to provide an understanding of the value chain in which the undertaking operates, from the initial inputs into a product or service, in the upstream supply chain, to its downstream delivery to end-users, including ultimate disposal, recycling or reuse for physical products.

3 **Question 60: Please, rate to what extent do you think DR 2-GR 3 – Key features of the value chain**

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 6/Not applicable

	1	2	3	4	5	6
A. Requires relevant information about the sustainability matter covered						
B. Requires information that is relevant for all sectors (sector-agnostic only information)						
C. Can be verified / assured						
D. Meets the other objectives of the CSRD in term of quality of Information						
E. Reaches a reasonable cost / benefit balance	X					
F. Is sufficiently consistent with relevant EU policies and other EU Legislation	X					
G. Is as aligned as possible to international sustainability standards given the CSRD requirements						
H. Represent information that must be prioritised in first year of Implementation	X					
I. Is well suited to be transformed in a digital reporting taxonomy that will avoid creating misunderstandings or practical complexities						

For part E, please explain why costs would be unreasonable and / or what particular benefit this disclosure requirement offers

In ESBG's view, obtaining information from undertakings that are not under the control of financial institutions is very difficult. It will be difficult to estimate the data if it cannot be obtained from third parties. Also, there are no indications of how to make any estimates, and they would
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have to be determined at tremendous expense. Companies should be exempted from disclosing information when available data are irrelevant or disproportionately costly to be determined.

For ESG Members, it is concerning the fact that the EFRAG ESRS do not put any limits in the value chain or they even do not allow at least an opening for such limitations. This comes in contrast with the CSDDD, where some limits in the value chain are introduced,

Another issue that ESG Members have identified is that, given the lack of limits in the value chain, financial institutions will be required to include in the management report a huge amount of information. This may create problems with restrictions on personal data disclosures, especially in the case of international institutions. Also, the lack of clarity and divergence in the implementation of sustainability reporting may ultimately cause a lack of comparability between different undertakings.

In addition to this, the requirement in AG 14 to disclose information on underlying contractual terms (including relevant rights and obligations) with main groups of business relationships could be harmful for a company from a competition perspective but it may also not be allowed contractually.

How to include emissions in the matrix for associates can be also challenging.

There is also an issue with the availability of qualitative information.

Finally, some concepts used in the disclosure requirement 2-GR 3, such as upstream company, need to be further defined.

Apart from the above, it's impossible for financial undertakings to report about their value chain in the first year of reporting as they are depended on data disclosed by them at the same time period. Therefore, a phase-in period must be granted to financial undertakings to allow them to adapt their processes to collect the necessary information from their value chain. This phase-in period is needed given the fact that:

- Large undertakings currently subject to the NFRD will report its sustainability disclosures in 2025. As a consequence, the first year of application this data will not be available for other companies that this undertaking is part of their value chain;
- Large undertakings not currently subject to the NFRD will not report its sustainability disclosures until 2026.
- Listed SMEs might not fully report under new requirements until 2028.

To be consistent with the proportionality principle, other counterparties not listed above (mainly non-listed SMEs) should have more time to adapt their processes to produce sustainability information. Without these phase-in measures, financial institutions would be forced to request sustainability information from counterparties who have less capacity to do so in order to meet their reporting obligations.

For part F, please specify what existing European sustainability reporting obligation you think the disclosure requirements misses to address adequately

We consider very difficult for financial undertaking to obtain information from companies that are not under their control, i.e. value chain. The introductions for some limits in the value chain could



facilitate the implementation of this disclosure requirement. However, the EFRAG ESRS do not put any limits in the value chain and they do not even allow at least for an opening for such limitations. This comes in contrast with the CSDDD, where some limits are introduced.

For part G, 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 to

For part H, we consider impossible for financial undertakings to report about their value chain in the first year of reporting as they are depended on data disclosed by them at the same time period. Therefore, a phase-in period of 2 years must be granted to financial undertakings to allow them to adapt their processes to collect the necessary information from their value chain. This phase-in period is needed given the fact that:

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- Large undertakings currently subject to the NFRD will report its sustainability disclosures in 2025. As a consequence, the first year of application this data will not be available for other companies that this undertaking is part of their value chain;
- Large undertakings not currently subject to the NFRD will not report its sustainability disclosures until 2026.
- Listed SMEs might not fully report under new requirements until 2028.

To be consistent with the proportionality principle, other counterparties not listed above (mainly non-listed SMEs) should have more time to adapt their processes to produce sustainability information. Without these phase-in measures, financial institutions would be forced to request sustainability information from counterparties who have less capacity to do so in order to meet their reporting obligations.



DR 2-GR 4 – Key drivers of the value creation

The undertaking shall describe how it creates value.

The principle to be followed under this disclosure requirement is to provide an understanding of the key drivers of value creation the undertaking is leveraging to contribute to the overall performance of the value chain it operates in taking account of the respective interests of all stakeholders.

4 Question 61: Please, rate to what extent do you think DR 2-GR 4 – Key drivers of the value creation

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 6/ Not applicable

	1	2	3	4	5	6
A. Requires relevant information about the sustainability matter covered						
B. Requires information that is relevant for all sectors (sector-agnostic only information)						
C. Can be verified / assured						
D. Meets the other objectives of the CSRD in term of quality of information						
E. Reaches a reasonable cost / benefit balance						
F. Is sufficiently consistent with relevant EU policies and other EU legislation						
G. Is as aligned as possible to international sustainability standards given the CSRD requirements						
H. Represent information that must be prioritised in first year of implementation	X					
I. Is well suited to be transformed in a digital reporting taxonomy that will avoid creating misunderstandings or practical complexities						

For part E, please explain why costs would be unreasonable and / or what particular benefit this disclosure requirement offers

For part F, please specify what existing European sustainability reporting obligation you think the disclosure requirements misses to address adequately



For part G, 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 to



DR 2-GR 5 – Using approximations on the disclosure in relation to boundary and value chain

Following the principle on boundaries and value chain of ESRS 1 when the undertaking has used peer group information or sector data to approximate missing data due to impracticability, it shall disclose:

- (a) Its basis for preparation for the relevant disclosure and indicators, including the scope for which an approximation has been used; and
- (b) The planned actions to reduce missing data in the future.

5 Question 62: Please, rate to what extent do you think DR 2-GR 5 – Using approximations on the disclosure in relation to boundary and value chain

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 6/ Not applicable

	1	2	3	4	5	6
A. Requires relevant information about the sustainability matter covered				X		
B. Requires information that is relevant for all sectors (sector-agnostic only information)		X				
C. Can be verified / assured						
D. Meets the other objectives of the CSRD in term of quality of information						
E. Reaches a reasonable cost / benefit balance		X				
F. Is sufficiently consistent with relevant EU policies and other EU legislation						
G. Is as aligned as possible to international sustainability standards given the CSRD requirements						
H. Represent information that must be prioritised in first year of implementation	X					
I. Is well suited to be transformed in a digital reporting taxonomy that will avoid creating misunderstandings or practical complexities						

For part E, please explain why costs would be unreasonable and / or what particular benefit this disclosure requirement offers

Considering the extensive value chains from financed portfolios, we expect that a percentage of our clients won't be able to offer sustainability information even after making all reasonable efforts. As



a consequence, we don't consider it proportionate to ask for future planned steps to lessen the amount of missing bilateral data.

For part F, please specify what existing European sustainability reporting obligation you think the disclosure requirements misses to address adequately

For part G, 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 to



DR 2-GR 6 – Disclosing on significant estimation uncertainty

Following the principle of estimating under conditions of uncertainty in ESRS 1, the undertaking shall:

- (a) identify metrics it has disclosed that have a significant estimation uncertainty, disclose the sources and nature of the estimation uncertainties and the factors affecting the uncertainties, and
- (b) identify and disclose the sources of significant uncertainty and the factors affecting these sources of uncertainty when explanations of possible effects of a sustainability factor relate to possible future events about which there is significant outcome uncertainty.

6 Question 63: Please, rate to what extent do you think DR 2-GR 6 – Disclosing on significant estimation uncertainty

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 6/ Not applicable

	1	2	3	4	5	6
A. Requires relevant information about the sustainability matter covered						
B. Requires information that is relevant for all sectors (sector-agnostic only information)						
C. Can be verified / assured						
D. Meets the other objectives of the CSRD in term of quality of information						
E. Reaches a reasonable cost / benefit balance						
F. Is sufficiently consistent with relevant EU policies and other EU legislation						
G. Is as aligned as possible to international sustainability standards given the CSRD requirements				X		
H. Represent information that must be prioritised in first year of implementation						
I. Is well suited to be transformed in a digital reporting taxonomy that will avoid creating misunderstandings or practical complexities						

For part E, please explain why costs would be unreasonable and / or what particular benefit this disclosure requirement offers



For part F, please specify what existing European sustainability reporting obligation you think the disclosure requirements misses to address adequately

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

ESRS standards as well as IFRS standards include requirements regarding estimation uncertainties. In ESBG's view, both standards should be clearly aligned. IFRS standards will create a playing field that most undertakings will use globally, thus we need to secure as much convergence as possible with the ESRS. The interests of companies, which prepare their financial reports in accordance with national requirements, must also be considered during the international harmonisation of non-financial reporting / sustainability reporting.

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 to



DR 2-GR 7 – Changes in preparation and presentation

Following the principle on changes in preparation or presentation of ESRS 1, the undertaking shall explain changes in preparation and presentation by disclosing:

- (a) the description of the methodology used for the restatement,
- (b) the difference between the amount reported in the previous period and the revised comparative amount in case of quantitative metrics,
- (c) the reasons for the change in reporting policy, and
- (d) if it is impracticable to adjust comparative information for one or more prior periods, the undertaking shall disclose this fact and the reason why.

7 **Question 64: Please, rate to what extent do you think DR 2-GR 7 – Changes in preparation and presentation**

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 6/ Not applicable

	1	2	3	4	5	6
A. Requires relevant information about the sustainability matter covered						
B. Requires information that is relevant for all sectors (sector-agnostic only information)						
C. Can be verified / assured						
D. Meets the other objectives of the CSRD in term of quality of information						
E. Reaches a reasonable cost / benefit balance						
F. Is sufficiently consistent with relevant EU policies and other EU legislation						
G. Is as aligned as possible to international sustainability standards given the CSRD requirements				X		
H. Represent information that must be prioritised in first year of implementation						X
I. Is well suited to be transformed in a digital reporting taxonomy that will avoid creating misunderstandings or practical complexities						

For part E, please explain why costs would be unreasonable and / or what particular benefit this disclosure requirement offers



For part F, please specify what existing European sustainability reporting obligation you think the disclosure requirements misses to address adequately

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

Both standards have requirements for changes in preparing or presenting sustainability information. In ESBG's view, both standards should be clearly aligned. IFRS standards will create a playing field that most undertakings will use globally, thus we need to secure as much convergence as possible with the ESRS. The interests of companies, which prepare their financial reports in accordance with national requirements, must also be considered during the international harmonisation of non-financial reporting / sustainability reporting.

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 to



DR 2-GR 8 – Prior period errors

Following the principles on errors in ESRS 1, if applicable, the undertaking shall disclose the following for prior period errors:

- (a) the nature of prior period errors,
- (b) for each prior period disclosed, to the extent practicable, the amount of the corrections, and
- (c) if retrospective restatement is impracticable for a particular period, the circumstances that led to the impracticability and a description of how and when the error was corrected.

8 **Question 65: Please, rate to what extent do you think DR 2-GR 8 – Prior period errors**

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 6/ Not applicable

	1	2	3	4	5	6
A. Requires relevant information about the sustainability matter covered						
B. Requires information that is relevant for all sectors (sector-agnostic only information)						
C. Can be verified / assured						
D. Meets the other objectives of the CSRD in term of quality of information						
E. Reaches a reasonable cost / benefit balance						
F. Is sufficiently consistent with relevant EU policies and other EU legislation						
G. Is as aligned as possible to international sustainability standards given the CSRD requirements			X			
H. Represent information that must be prioritised in first year of implementation						X
I. Is well suited to be transformed in a digital reporting taxonomy that will avoid creating misunderstandings or practical complexities	X					

For part E, please explain why costs would be unreasonable and / or what particular benefit this disclosure requirement offers



For part F, please specify what existing European sustainability reporting obligation you think the disclosure requirements misses to address adequately

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

In ESBG's view, ESRS standards should be clearly aligned with IFRS standards. The latter will create a playing field that most undertakings will use globally, thus we need to secure as much convergence as possible with the ESRS. Both standards include requirements regarding errors. IFRS S1 contains examples of possible errors (§ 86) and disclosures related to material errors (§ 90). The interests of companies, which prepare their financial reports in accordance with national requirements, must also be considered during the international harmonisation of non-financial reporting / sustainability reporting.

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 to

For part I, ESRS 2 does not prescribe where the errors from previous years should be presented. Should it be included as a separate note within the sustainability reporting standards, in the section where the error took place or in both areas?



DR 2-GR 9 – On other sustainability reporting pronouncements

The undertaking shall disclose if it also reports in full or in part in accordance with generally accepted sustainability reporting pronouncements of other standard setting bodies and non-mandatory guidance including sector-specific, in addition to its report prepared according to ESRS. It shall disclose if such reporting is included in its sustainability statements.

9 Question 66: Please, rate to what extent do you think DR 2-GR 9 – On other sustainability reporting pronouncements

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 6/ Not applicable

	1	2	3	4	5	6
A. Requires relevant information about the sustainability matter covered						
B. Requires information that is relevant for all sectors (sector-agnostic only information)						
C. Can be verified / assured						
D. Meets the other objectives of the CSRD in term of quality of information						
E. Reaches a reasonable cost / benefit balance			X			
F. Is sufficiently consistent with relevant EU policies and other EU legislation						
G. Is as aligned as possible to international sustainability standards given the CSRD requirements						
H. Represent information that must be prioritised in first year of implementation						
I. Is well suited to be transformed in a digital reporting taxonomy that will avoid creating misunderstandings or practical complexities						

For part E, please explain why costs would be unreasonable and / or what particular benefit this disclosure requirement offers

In ESBG’s view, an undertaking’s reporting under ESRS should be recognised as valid by the IFRS to avoid duplication and double reporting.
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For part F, please specify what existing European sustainability reporting



obligation you think the disclosure requirements misses to address adequately

For part G, 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 to



DR 2-GR 10 – General statement of compliance

The undertaking shall provide a statement of compliance with ESRS.

The principle to be followed under this disclosure requirement is to inform the users about the compliance with ESRS requirements, following mandated disclosure requirements complemented by entity-specific disclosures.

10 Question 67: Please, rate to what extent do you think DR2-GR 10 – General statement of compliance

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 6/ Not applicable

	1	2	3	4	5	6
A. Requires relevant information about the sustainability matter covered		X				
B. Requires information that is relevant for all sectors (sector-agnostic only information)						
C. Can be verified / assured						
D. Meets the other objectives of the CSRD in term of quality of information						
E. Reaches a reasonable cost / benefit balance			X			
F. Is sufficiently consistent with relevant EU policies and other EU legislation						
G. Is as aligned as possible to international sustainability standards given the CSRD requirements			X			
H. Represent information that must be prioritised in first year of implementation						
I. Is well suited to be transformed in a digital reporting taxonomy that will avoid creating misunderstandings or practical complexities						

For part E, please explain why costs would be unreasonable and / or what particular benefit this disclosure requirement offers

Further to the requirement to disclose a general statement of compliance, we believe that an undertaking’s reporting under ESRS should be recognised as valid by the IFRS to avoid duplication and double reporting.

For part F, please specify what existing European sustainability reporting



obligation you think the disclosure requirements misses to address adequately

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

In ESBG's view, ESRS standards should be clearly aligned with IFRS standards. The latter will create a playing field that most undertakings will use globally, thus we need to secure as much convergence as possible with the ESRS. Both standards require a statement of compliance. Further to the requirement to disclose a general statement of compliance, we believe that an undertaking's reporting under ESRS should be recognised as valid by the IFRS to avoid duplication and double reporting.

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 to

We are not sure about how useful such a statement of compliance would be.



DR 2-SBM 1 – Overview of strategy and business model

The undertaking shall provide a concise description of its strategy and business model as a context for its sustainability reporting.

The principle to be followed under this disclosure requirement is to provide relevant contextual information necessary to understanding the sustainability reporting of the undertaking. It is therefore a reference point for other disclosure requirements.

11 **Question 68: Please, rate to what extent do you think DR 2-SBM 1 – Overview of strategy and business model**

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 6/ Not applicable

	1	2	3	4	5	6
A. Requires relevant information about the sustainability matter covered			X			
B. Requires information that is relevant for all sectors (sector-agnostic only information)						
C. Can be verified / assured						
D. Meets the other objectives of the CSRD in term of quality of information						
E. Reaches a reasonable cost / benefit balance			X			
F. Is sufficiently consistent with relevant EU policies and other EU legislation						
G. Is as aligned as possible to international sustainability standards given the CSRD requirements						
H. Represent information that must be prioritised in first year of implementation						
I. Is well suited to be transformed in a digital reporting taxonomy that will avoid creating misunderstandings or practical complexities						

For part E, please explain why costs would be unreasonable and / or what particular benefit this disclosure requirement offers

In ESBG's view, disclosures on an undertaking's strategy and business model may eventually overlap with other disclosure obligations already included in other documents that are sometimes published on the company website but are not usually an integral part of the management report (e.g. annual corporate governance report, remuneration report, Pillar 3 report, etc.)



For part F, please specify what existing European sustainability reporting obligation you think the disclosure requirements misses to address adequately

For part G, 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 to



DR 2-SBM 2 – Views, interests and expectations of stakeholders

An undertaking shall describe how the views, interests and expectations of its stakeholders inform the undertaking’ strategy and business model.

The principle to be followed under this disclosure requirement is to provide an understanding of how stakeholders’ views, interests and expectations are considered for the undertaking’s decision and evolution of its strategy and business model.

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 6/ Not applicable

	1	2	3	4	5	6
A. Requires relevant information about the sustainability matter covered			X			
B. Requires information that is relevant for all sectors (sector-agnostic only information)						
C. Can be verified / assured						
D. Meets the other objectives of the CSRD in term of quality of information						
E. Reaches a reasonable cost / benefit balance						
F. Is sufficiently consistent with relevant EU policies and other EU legislation						
G. Is as aligned as possible to international sustainability standards given the CSRD requirements						
H. Represent information that must be prioritised in first year of implementation						
I. Is well suited to be transformed in a digital reporting taxonomy that will avoid creating misunderstandings or practical complexities						

For part E, please explain why costs would be unreasonable and / or what particular benefit this disclosure requirement offers

For part F, please specify what existing European sustainability reporting obligation you think the disclosure requirements misses to address adequately

For part G, 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 to



DR 2-SBM 3 – Interaction of impacts and the undertaking’ strategy and business model

The undertaking shall describe the interaction between its material impacts and its strategy and business model.

The principle to be followed under this disclosure requirement is to provide an understanding of material impacts on people and the environment and the adaptation of its strategy and business model to such material sustainability impacts.

12 Question 69: Please, rate to what extent do you think DR 2-SBM 3 – interaction of impacts and the undertaking’ strategy and business model

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 6/ Not applicable

	1	2	3	4	5	6
A. Requires relevant information about the sustainability matter covered		X				
B. Requires information that is relevant for all sectors (sector-agnostic only information)						
C. Can be verified / assured						
D. Meets the other objectives of the CSRD in term of quality of information						
E. Reaches a reasonable cost / benefit balance						
F. Is sufficiently consistent with relevant EU policies and other EU legislation						
G. Is as aligned as possible to international sustainability standards given the CSRD requirements		X				
H. Represent information that must be prioritised in first year of implementation						
I. Is well suited to be transformed in a digital reporting taxonomy that will avoid creating misunderstandings or practical complexities						

For part E, please explain why costs would be unreasonable and / or what particular benefit this disclosure requirement offers



For part F, please specify what existing European sustainability reporting obligation you think the disclosure requirements misses to address adequately

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

In ESBG's view, ESRS standards should be clearly aligned with IFRS standards. The latter will create a playing field that most undertakings will use globally, thus we need to secure as much convergence as possible with the ESRS. The role of impacts in IFRS S1 is limited to their potential financial effects. As required by the CSRD, impacts are in ESRS 1 a specific dimension of the materiality (impact materiality, one of the two components of double materiality).

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 to

We notice a potential redundancy with DR 2-IRO 2 – Outcome of the undertaking's assessment of material sustainability impacts risks and opportunities as identified by reference to and in compliance with sector-agnostic and sector-specific level ESRS and DR 2-IRO 3 – Outcome of the undertaking's assessment of material sustainability impacts risks and opportunities that are not covered by and ESRS (entity-specific level).



DR 2-SBM 4 – Interaction of risks and opportunities and the undertaking’ strategy and business model

The undertaking shall describe the interaction between its material risks and opportunities and its strategy and business model.

The principle to be followed under this disclosure requirement is to provide an understanding of material risks and opportunities related to sustainability matters that originate from or are connected to the undertaking’ strategy and business model and the adaptation of its strategy and business model to such material risks and opportunities.

13 Question 70: Please, rate to what extent do you think DR 2-SBM 4 – interaction of risks and opportunities and the undertaking’ strategy and business model

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 6/ Not applicable

	1	2	3	4	5	6
A. Requires relevant information about the sustainability matter covered				X		
B. Requires information that is relevant for all sectors (sector-agnostic only information)						
C. Can be verified / assured						
D. Meets the other objectives of the CSRD in term of quality of information						
E. Reaches a reasonable cost / benefit balance						
F. Is sufficiently consistent with relevant EU policies and other EU legislation						
G. Is as aligned as possible to international sustainability standards given the CSRD requirements		X				
H. Represent information that must be prioritised in first year of implementation						
I. Is well suited to be transformed in a digital reporting taxonomy that will avoid creating misunderstandings or practical complexities						

For part E, please explain why costs would be unreasonable and / or what particular benefit this disclosure requirement offers



For part F, please specify what existing European sustainability reporting obligation you think the disclosure requirements misses to address adequately

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

In ESBG's view, ESRS standards should be clearly aligned with IFRS standards. The latter will create a playing field that most undertakings will use globally, thus we need to secure as much convergence as possible with the ESRS. IFRS S1 require a company to disclose material information about all significant sustainability-related risks and opportunities to which it is exposed that enables investors to assess the effect of significant sustainability-related risks and opportunities on its enterprise value. On the other hand, ESRS doesn't require a company specifically to disclose sustainability related risks and opportunities for which there is a significant risk that there will be a material adjustment to the carrying amounts of assets and liabilities reported in the financial statements within the next financial year.

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 to

We notice a potential redundancy with DR 2-IRO 2 – Outcome of the undertaking's assessment of material sustainability impacts risks and opportunities as identified by reference to and in compliance with sector-agnostic and sector-specific level ESRS and DR 2-IRO 3 – Outcome of the undertaking's assessment of material sustainability impacts risks and opportunities that are not covered by and ESRS (entity-specific level).



DR 2-GOV 1 – Roles and responsibilities of the administrative, management and supervisory bodies

The undertaking shall provide a description of the roles and responsibilities of its governance bodies and management levels with regard to sustainability matters.

The principle to be followed under this disclosure requirement is to provide an understanding of the distribution of sustainability-related roles and responsibilities throughout the undertaking’s organisation, from its administrative, management and supervisory bodies to its executive and operational levels, the expertise of its governance bodies and management levels on sustainability matters, and the sustainability-related criteria applied for nominating and selecting their members.

14 Question 71: Please, rate to what extent do you think DR 2-GOV 1 – Roles and responsibilities of the administrative, management and supervisory bodies

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 6/ Not applicable

	1	2	3	4	5	6
A. Requires relevant information about the sustainability matter covered				X		
B. Requires information that is relevant for all sectors (sector-agnostic only information)				X		
C. Can be verified / assured						
D. Meets the other objectives of the CSRD in term of quality of Information				X		
E. Reaches a reasonable cost / benefit balance			X			
F. Is sufficiently consistent with relevant EU policies and other EU Legislation						
G. Is as aligned as possible to international sustainability standards given the CSRD requirements				X		
H. Represent information that must be prioritised in first year of Implementation		X				
I. Is well suited to be transformed in a digital reporting taxonomy that will avoid creating misunderstandings or practical complexities						

For part E, please explain why costs would be unreasonable and / or what particular benefit this disclosure requirement offers



Overall, there is a lack of proportionality with respect to the disclosure requirements. We consider that some disclosure requirements are disproportionate for companies that are unlisted. We believe that disclosure requirements should be optional for non-listed companies.

Disseminating governance issues influencing sustainability along with the more comprehensive issues covered by governance ESRS can be challenging in practice.

For part F, please specify what existing European sustainability reporting obligation you think the disclosure requirements misses to address adequately

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

In ESBG's view, ESRS standards should be clearly aligned with IFRS standards. The latter will create a playing field that most undertakings will use globally, thus we need to secure as much convergence as possible with the ESRS. Both standards provide disclosure requirements to cover the governance of sustainability matters in general terms, i.e., applicable to all the sustainability matters.

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 to



DR 2-GOV 2 – Information of administrative, management and supervisory bodies about sustainability matters

The undertaking shall describe how its governance bodies are informed about sustainability matters.

The principle to be followed under this disclosure requirement is to provide an understanding of how governance bodies and management level senior executives are informed about sustainability-related facts, decisions and/or concerns that are within their responsibility so that they can effectively perform their duties in that respect.

15 Question 72: Please, rate to what extent do you think DR 2- GOV 2 – Information of administrative, management and supervisory bodies about sustainability matters

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 6/ Not applicable

	1	2	3	4	5	6
A. Requires relevant information about the sustainability matter covered				X		
B. Requires information that is relevant for all sectors (sector-agnostic only information)				X		
C. Can be verified / assured						
D. Meets the other objectives of the CSRD in term of quality of Information				X		
E. Reaches a reasonable cost / benefit balance		X				
F. Is sufficiently consistent with relevant EU policies and other EU Legislation						
G. Is as aligned as possible to international sustainability standards given the CSRD requirements						
H. Represent information that must be prioritised in first year of implementation	X					
I. Is well suited to be transformed in a digital reporting taxonomy that will avoid creating misunderstandings or practical complexities						

For part E, please explain why costs would be unreasonable and / or what particular benefit this disclosure requirement offers



Overall, there is a lack of proportionality with respect to the disclosure requirements. We consider that some disclosure requirements are disproportionate for companies that are unlisted. We believe that disclosure requirements should be optional for non-listed companies.

Disseminating governance issues influencing sustainability along with the more comprehensive issues covered by governance ESRS can be challenging in practice.

For part F, please specify what existing European sustainability reporting obligation you think the disclosure requirements misses to address adequately

For part G, 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 to



DR 2-GOV 3 – Sustainability matters addressed by the undertaking’s administrative, management and supervisory bodies

The undertaking shall provide a description of the sustainability matters that were addressed by its administrative, management and supervisory bodies during the reporting period.

The principle to be followed under this disclosure requirement is to provide information on whether the administrative, management and supervisory bodies were adequately informed of the material sustainability-related impacts, risks and opportunities arising or developing during the reporting period. Equally what information and matters it actually spent time addressing, and whether it was able to fulfil its roles and responsibilities, as defined in its mandate and described under DR 2-GOV 1.

16 Question 73: Please, rate to what extent do you think DR 2- GOV 3 – Sustainability matters addressed by the undertaking’s administrative, management and supervisory bodies

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 6/ Not applicable

	1	2	3	4	5	6
A. Requires relevant information about the sustainability matter covered				X		
B. Requires information that is relevant for all sectors (sector-agnostic only information)				X		
C. Can be verified / assured						
D. Meets the other objectives of the CSRD in term of quality of information				X		
E. Reaches a reasonable cost / benefit balance		X				
F. Is sufficiently consistent with relevant EU policies and other EU legislation						
G. Is as aligned as possible to international sustainability standards given the CSRD requirements						
H. Represent information that must be prioritised in first year of implementation	X					
I. Is well suited to be transformed in a digital reporting taxonomy that will avoid creating misunderstandings or practical complexities						



For part E, please explain why costs would be unreasonable and / or what particular benefit this disclosure requirement offers

Overall, there is a lack of proportionality with respect to the disclosure requirements. We consider that some disclosure requirements are disproportionate for companies that are unlisted. We believe that disclosure requirements should be optional for non-listed companies.

Disseminating governance issues influencing sustainability along with the more comprehensive issues covered by governance ESRS can be challenging in practice.

Finally, information discussed by management and supervisory bodies are deemed confidential and should not be disclosed.

For part F, please specify what existing European sustainability reporting obligation you think the disclosure requirements misses to address adequately

For part G, 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 to



DR 2-GOV 4 – Integration of sustainability strategies and performance in incentive schemes

The undertaking shall provide a description of the integration of sustainability strategies and performance in incentive schemes.

The principle to be followed under this disclosure requirement is to provide an understanding of how members of the administrative, management and supervisory bodies are incentivised to properly manage the undertaking’s sustainability impacts, risks and opportunities and, along with other employees, to take steps towards implementing the sustainability strategy of the undertaking.

17 Question 74: Please, rate to what extent do you think DR 2- GOV 4 – Integration of sustainability strategies and performance in incentive schemes

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 6/ Not applicable

	1	2	3	4	5	6
A. Requires relevant information about the sustainability matter covered				X		
B. Requires information that is relevant for all sectors (sector-agnostic only information)				X		
C. Can be verified / assured						
D. Meets the other objectives of the CSRD in term of quality of Information				X		
E. Reaches a reasonable cost / benefit balance		X				
F. Is sufficiently consistent with relevant EU policies and other EU Legislation						
G. Is as aligned as possible to international sustainability standards given the CSRD requirements						
H. Represent information that must be prioritised in first year of implementation	X					
I. Is well suited to be transformed in a digital reporting taxonomy that will avoid creating misunderstandings or practical complexities						

For part E, please explain why costs would be unreasonable and / or what particular benefit this disclosure requirement offers



Overall, there is a lack of proportionality with respect to the disclosure requirements. We consider that some disclosure requirements are disproportionate for companies that are unlisted. We believe that disclosure requirements should be optional for non-listed companies.

Disseminating governance issues influencing sustainability along with the more comprehensive issues covered by governance ESRS can be challenging in practice.

For part F, please specify what existing European sustainability reporting obligation you think the disclosure requirements misses to address adequately

For part G, 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 to



DR 2-GOV 5 – Statement on due diligence

The undertaking shall disclose its general assessment regarding how it embeds the core elements of due diligence.

18 Question 75: Please, rate to what extent do you think DR 2- GOV 4 – Integration of sustainability strategies and performance in incentive schemes

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 6/ Not applicable

	1	2	3	4	5	6
A. Requires relevant information about the sustainability matter covered				X		
B. Requires information that is relevant for all sectors (sector-agnostic only information)				X		
C. Can be verified / assured						
D. Meets the other objectives of the CSRD in term of quality of Information				X		
E. Reaches a reasonable cost / benefit balance		X				
F. Is sufficiently consistent with relevant EU policies and other EU Legislation						
G. Is as aligned as possible to international sustainability standards given the CSRD requirements						
H. Represent information that must be prioritised in first year of implementation	X					
I. Is well suited to be transformed in a digital reporting taxonomy that will avoid creating misunderstandings or practical complexities						

For part E, please explain why costs would be unreasonable and / or what particular benefit this disclosure requirement offers

Overall, there is a lack of proportionality with respect to the disclosure requirements. We consider that some disclosure requirements are disproportionate for companies that are unlisted. We believe that disclosure requirements should be optional for non-listed companies.

Disseminating governance issues influencing sustainability along with the more comprehensive issues covered by governance ESRS can be challenging in practice.



For part F, please specify what existing European sustainability reporting obligation you think the disclosure requirements misses to address adequately

For part G, 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 to



DR 2-IRO 1 – Description of the processes to identify material sustainability impacts, risks and opportunities

The undertaking shall provide a description of its processes to identify its sustainability impacts, risks and opportunities and assess which ones are material.

The principle to be followed under this disclosure requirement is to provide information on (i) how the undertaking is organising its identification and assessment and (ii) what is in the scope of its identification and assessment of sustainability matters.

19 Question 76: Please, rate to what extent do you think DR 2-IRO 1 – Description of the processes to identify material sustainability impacts, risks and opportunities

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 6/ Not applicable

	1	2	3	4	5	6
A. Requires relevant information about the sustainability matter covered				X		
B. Requires information that is relevant for all sectors (sector-agnostic only information)				X		
C. Can be verified / assured						
D. Meets the other objectives of the CSRD in term of quality of information						
E. Reaches a reasonable cost / benefit balance	X					
F. Is sufficiently consistent with relevant EU policies and other EU legislation						
G. Is as aligned as possible to international sustainability standards given the CSRD requirements				X		
H. Represent information that must be prioritised in first year of implementation						
I. Is well suited to be transformed in a digital reporting taxonomy that will avoid creating misunderstandings or practical complexities						

For part E, please explain why costs would be unreasonable and / or what particular benefit this disclosure requirement offers

For part F, please specify what existing European sustainability reporting



obligation you think the disclosure requirements misses to address adequately

For part G, 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 to

For part E, in our view, the disclosures required under ESRS 2-IRO 1, paragraph 74b(iii) and AG 61, i.e. a description of its processes to identify its sustainability impacts, risks and opportunities and assess which ones are material, are very extensive. We believe that the description of the processes should be limited to the absolute minimum. Such disclosures bear also the risk of public internal and confidential information of the company public.



DR 2-IRO 2 – Outcome of the undertaking’s assessment of material sustainability impacts risks and opportunities as identified by reference to and in compliance with sector-agnostic and sector-specific level ESRS

The undertaking shall provide a description of the outcome of its assessment processes by reference to mandatory disclosures under ESRS.

The principle to be followed under this disclosure requirement is to give a clear statement of sustainability matters, as addressed by all ESRS, that are material for the undertaking, and to give relevant explanations on (i) how the undertaking related to the material impacts, risks and opportunities identified by its assessment, (ii) when the undertaking has or will put in place initiative to modify its strategy and business model, in order to reduce or eliminate the risk or to benefit from the opportunity and/or in order to prevent and mitigate negative material impacts and enhance positive material impacts (see DR 2-SBM3 and 4), why this was the case and (iii) if and why certain mandatory disclosures are not material under the undertaking’s specific facts and circumstances and therefore disclosed as such.

20 Question 77: Please, rate to what extent do you think DR 2-IRO 2 – Outcome of the undertaking’s assessment of material sustainability impacts risks and opportunities as identified by reference to and in compliance with sector-agnostic and sector-specific level ESRS

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 6/ Not applicable

	1	2	3	4	5	6
A. Requires relevant information about the sustainability matter covered				X		
B. Requires information that is relevant for all sectors (sector-agnostic only information)				X		
C. Can be verified / assured						
D. Meets the other objectives of the CSRD in term of quality of information						
E. Reaches a reasonable cost / benefit balance		X				
F. Is sufficiently consistent with relevant EU policies and other EU legislation						
G. Is as aligned as possible to international sustainability standards given the CSRD requirements						
H. Represent information that must be prioritised in first year of implementation						



I. Is well suited to be transformed in a digital reporting taxonomy that will avoid creating misunderstandings or practical complexities

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For part E, please explain why costs would be unreasonable and / or what particular benefit this disclosure requirement offers

Value chain is included in ESRS in a too broad and wide way. Financial institutions play a significant role in the economy as a whole and are found in almost all of a country's producing sectors. As a result, it can be very difficult to detect significant sustainability impacts, risks, and opportunities. This issue is particularly urgent for financial institutions because of the nature of our business, where the indirect effects of our value chain are more significant than the direct effects of our activities.

For part F, please specify what existing European sustainability reporting obligation you think the disclosure requirements misses to address adequately

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

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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 to

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DR 2-IRO 3 – Outcome of the undertaking’s assessment of material sustainability impacts risks and opportunities that are not covered by and ESRS (entity-specific level)

The undertaking shall provide a description of the outcome of its assessment process in relation to material impacts, risks and opportunities that are not addressed under mandatory disclosure and require entity-specific disclosure.

The principle to be followed under this disclosure requirement is to provide information (i) about all material impacts, risks and opportunities of the undertaking resulting from the undertaking’s specific facts and circumstances for which relevant disclosure requirements do not exist, and (ii) when the undertaking has or will put in place initiatives to modify its strategy and business model, in order to reduce or eliminate the risk or to benefit from the opportunity and/or in order to prevent and mitigate negative material impacts and enhance positive material impacts (see DR 2-SBM 3 and 4), about such impacts, risks and opportunities. For each sustainability matter in the scope of sustainability reporting, the undertaking shall assess which material impacts, risks and opportunities are not covered by ESRS and shall give rise to entity-specific disclosure.

21 Question 78: Please, rate to what extent do you think DR 2-IRO 2 – Outcome of the undertaking’s assessment of material sustainability impacts risks and opportunities as identified by reference to and in compliance with sector-agnostic and sector-specific level ESRS

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 6/ Not applicable

	1	2	3	4	5	6
A. Requires relevant information about the sustainability matter covered				X		
B. Requires information that is relevant for all sectors (sector-agnostic only information)				X		
C. Can be verified / assured						
D. Meets the other objectives of the CSRD in term of quality of information						
E. Reaches a reasonable cost / benefit balance		X				
F. Is sufficiently consistent with relevant EU policies and other EU legislation						
G. Is as aligned as possible to international sustainability standards given the CSRD requirements						
H. Represent information that must be prioritised in first year of						



implementation						
I. Is well suited to be transformed in a digital reporting taxonomy that will avoid creating misunderstandings or practical complexities						

For part E, please explain why costs would be unreasonable and / or what particular benefit this disclosure requirement offers

Value chain is included in ESRS in a too broad and wide way. Financial institutions play a significant role in the economy as a whole and are found in almost all of a country's producing sectors. As a result, it can be very difficult to detect significant sustainability impacts, risks, and opportunities. This issue is particularly urgent for financial institutions because of the nature of our business, where the indirect effects of our value chain are more significant than the direct effects of our activities.

For part F, please specify what existing European sustainability reporting obligation you think the disclosure requirements misses to address adequately

For part G, 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 to



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.

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