

Template for comments on draft ESRS Delegated Act

The draft delegated on European Sustainability Reporting Standards (ESRS) comprises: the main text of the legal act; twelve draft standards (annex I); and a glossary of abbreviations and defined terms (annex II).

The twelve draft standards in Annex I are:

Group	Number	Subject
Cross-cutting	ESRS1	General Requirements
Cross-cutting	ESRS2	General Disclosures
Environment	ESRS E1	Climate
Environment	ESRS E2	Pollution
Environment	ESRS E3	Water and marine resources
Environment	ESRS E4	Biodiversity and ecosystems
Environment	ESRS E5	Resource use and circular economy
Social	ESRS S1	Own workforce
Social	ESRS S2	Workers in the value chain
Social	ESRS S3	Affected communities
Social	ESRS S4	Consumers and end users
Governance	ESRS G1	Business conduct

Each standard is divided into numbered paragraphs. Each standard also has an appendix A containing “application requirements” which are numbered as AR 1, AR 2 etc. Some standards also contain additional appendices.

To facilitate analysis of comments, respondents are kindly requested to use the simple template below when sending their comments.

Name of respondent/responding organisation:

ecoDa, The European Confederation of Directors' Associations_____

1. General comments

1. ecoDa welcomes the opportunity to comment on the Draft Delegated Act on the first set of ESRS. ecoDa would like to thank EFRAG for its efforts in reducing the volume of information in a structured and thoughtful way. ecoDa approves the phase-in approach that will enable companies not previously concerned by sustainability reporting to take the time to get ready.
2. The formulation of standards allows companies to go beyond the minimum required.
3. ecoDa recommends that EFRAG quickly issue guidance and implementation schemes as well as feedback illustrating best practices, both from a qualitative standpoint (description) but also quantitative (presentation of tables), at the EU (preferably) and national levels. Tentative disclosure models (templates) could also be provided as illustrative examples when not already provided in the standards. Also, as companies or audit firms might interpret certain requirements differently, further guidance is also required for auditors to reach conclusions in case of inaccurate information which could reinforce the principle of materiality. If we want this information to be useful, the practice must focus on the important issues, so as to give board members tools to help the strategic and operational decision and prevent this reporting exercise from turning into a pure compliance exercise. For this purpose, the guidance must be clear for the companies, their advisers, and the auditors.
3. ecoDa commends the reaffirmation of the need to stick to the principle of double materiality, which is the only way to identify the impacts, risks, and opportunities and to inform the decisions of companies and councils for a real consideration of the sustainability issues
4. ecoDa would recommend issuing the non-financial reporting assurance guidance as quickly as possible.
5. ecoDa highlights the necessity to get effective and efficient internal control and risk management systems in place. To achieve the objectives, the use of a strong governance model such as the 3 Lines Model have to be considered.
6. EFRAG integrated the G dimension as part of the cross-cutting standards to align with the modifications made to CSRD but with a larger view of what G means, not purely corporate G (as in G1) but also as part of each of the topical ESRS. Even if the final outcome is currently reduced from the initial

ambition, ecoDa is confident that the consistent relevance of the Governance issues in CSRD, could bring EFRAG to consider governance topics more broadly.

6. ecoDa thanks EFRAG for the opportunity to comment the Set 1 of ESRS. As the scope of the directive will extend to medium-sized companies for which the provision of the required information will demand a significant effort, things will need all the more to be put in motion without delay.