



ICGN

International Corporate Governance Network
Inspiring good governance & stewardship

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European Financial Reporting Advisory Group

Consultation on Draft European Reporting Standards

Comment letter submitted via the consultation's online survey

Draft European Sustainability Reporting Standards

The International Corporate Governance Network (ICGN) welcomes the European Financial Reporting Advisory Group (EFRAG) public consultation on Draft European Sustainability Reporting Standards (ESRS).

Led by investors responsible for assets under management of around \$70 trillion, ICGN is a leading authority on global standards of corporate governance and investor stewardship to support the preservation and enhancement of long-term corporate value, ultimately contributing to sustainable economies, societies, and the environment. Headquartered in London, our membership is based in more than 40 countries and includes companies, advisors, and other stakeholders. ICGN offers an important international investor perspective on corporate governance and investor stewardship to help inform public policy development and the encouragement of good practices by capital market participants. For more information on the ICGN, please visit www.icgn.org.

We note that in the recently proposed European Union (EU) Corporate Sustainability Reporting Directive (CSRD) cited ICGN's Global Governance Principles¹ as an authoritative global framework of corporate governance information of most relevance to users². This is an important development given that many ICGN Members use the ICGN Global Governance Principles in their voting policies and company engagements. Many governments also use the ICGN Principles in the evolution of national codes.

We congratulate EFRAG on the extensive amount of work in putting together this comprehensive and wide-ranging consultation document on the ESRS. This is an important time in the development of sustainability reporting standards, both in Europe and globally. At the same time, you are aware that in addition to the EU, regulators and standard setters in major markets are also working towards establishing climate-related and general sustainability disclosure requirements. This presents a unique and historic opportunity for coordination to establish a truly global set of requirements that can meet the needs of both local and international markets, as well as non-financial stakeholders. We urge EFRAG, in its advisory role to the EU, to continue to observe these developments and work with regulators and standards-setters in key jurisdictions to add greater ambition and interconnectivity to this vision of a 'global baseline.'³

We would also like to recognise more broadly the EU's global leadership in promoting sustainable finance, including a series of legislative initiatives that provide a strong

¹ [Data Consilium, Page 44](#)

² [Data Consilium, Page 44](#)

³ See the [statement issued by the World Business Council for Sustainable Development, the International Federation of Accountants and the Principles for Responsible Investment](#).

foundation for the development of sustainability reporting standards. ICGN has constructively engaged with the EU on many of these key initiatives, including the Non-Financial Reporting Directive,⁴ the Sustainable Corporate Governance initiative⁵ and the Sustainable Corporate Governance Due Diligence consultation.⁶ ICGN has broadly supported these EU initiatives, though we have expressed concerns in the past about elements of these initiatives that we found to be overly prescriptive and complex.

Today's letter contains a similar message of support — and caution. The ESRS have been carefully thought-through, which is reflected in their detail. Our caution relates to the overall complexity and granularity of the ESRS itself and the challenges it will bring for companies to comply with these requirements. Taken in aggregate and given the underlying detail of the ESRS we have concerns from a cost/benefit perspective and in terms of such a broad range of disclosure requirements dulling the focus on the most critical sustainability issues for companies. We agree with the suggestion of the Global Reporting Initiative to review these disclosure requirements with a view towards expressing some of the more detailed points as guidance or recommendations.

ICGN has responded to similar climate and sustainability reporting consultations by the International Sustainability Standards Board (ISSB),⁷ the US Securities and Exchange Commission (SEC)⁸ and the Canadian Securities Administrators.⁹ Five key themes govern our overall approach to these consultations (including the EFRAG consultation), and we wish to underscore those here.

1. **Regulatory fragmentation.** Standards-setters and regulators have a unique opportunity to achieve a global benchmark in sustainability reporting. A key threat to this is regulatory fragmentation which we see today: sustainability reporting standards varying by jurisdiction adding to the costs of corporate compliance and investor analysis. It is critical for the EU, the ISSB, the European Union and the United States (through the SEC) to work together to ensure a coherent global alignment — and to avoid fragmented standards.

Related to this global baseline, ICGN strongly supports the decisions of the EU, ISSB and US SEC to base their standards for sustainability-related financial disclosures and climate-related disclosures on the requirements specified in the Task Force on Climate-Related Financial Disclosures (TCFD).¹⁰ We note that regulators in major markets also propose climate-related disclosures based on the TCFD. ICGN believes the direction of travel is clear, rapid, and accelerating and that the TCFD framework is an important common denominator. TCFD-aligned reporting is where the world is going, and the speed of regulatory developments will increase in 2022 and beyond.

2. **Fiduciary Duty.** In the first instance, institutional investors are motivated by fiduciary duty to their clients and beneficiaries. With regard to sustainability reporting, it is entirely appropriate that climate reporting relate to matters that affect enterprise value— a company's financial performance, cash flows, strategy and business model— all with a view to promoting sustainable value creation for investment

⁴ [EU: Non-financial reporting letter, March 2019](#)

⁵ [Sustainable Corporate Governance 2021](#)

⁶ [Corporate Sustainability Due Diligence](#)

⁷ [ISSB General Requirements Sustainability Related Financial Information, ISSB Climate Related Disclosures](#)

⁸ [SEC - S7-10-22. The Enhancement and Standardization of Climate-Related Disclosure for Investors June 2022](#)

⁹ [Canada - CSA Notice and Request for Comment, Proposed National Instrument 51-107 Jan 2022](#)

¹⁰ [Task Force on Climate-Related Disclosures, 2021 Status Report, October 2021.](#)

beneficiaries. At the same time, we recognise that climate risk — and other sustainability factors — present clear systemic risks, not only for individual companies, but on the health of markets, economies, and society more broadly. In this context we believe it is important to recognise that investor fiduciary duty also extends to addressing systemic risks such as climate change.

3. **Materiality.** In the case of climate risk, as well as other systemic risks, we believe that sectoral factors are critical in the assessment of material risks for businesses and investors. Hence, we support the application of the SASB criteria by the ISSB in helping to differentiate climate and other sustainability risks sector by sector. We appreciate that the ISSB is building from the single materiality framework in IASB financial reporting standards, with a focus on enterprise value and relevance to investment decision-making.

We also observe that even for many investors corporate sustainability reporting should be broader than the ISSB framework. Shareholders make a number of important decisions beyond the decisions to value, buy or sell a company's securities. These, include stewardship activities relating to monitoring, voting and engaging with companies. In these cases many long-term investors focused on sustainable value creation are likely to have a broader need for information than is encapsulated in the ISSB construction. This is particularly true for large institutional investors who are effectively 'universal owners' — widely invested across many markets and hence with an interest in addressing systemic risks that threaten markets and economies as a whole.

At the same time, we also note the broader view of 'double' materiality, that is emerging in the European Union. While this concept may have greatest relevance to non-financial stakeholders, we believe it is also important for companies, boards and investors to have a better understanding of how a company may impact stakeholders and society more broadly. We appreciate the technical challenges that come with addressing double materiality in a measurement context particularly with regard to questions of scope and assurability.

4. **Climate versus other sustainability factors.** The systemic urgency of climate risk justifies an initial focus on climate relative to other sustainability factors. Many elements of climate risk are more readily quantified and measured than other sources of risk. But it is important that the EU also develop its standards in other key areas of sustainability including natural and human capital.
5. **Linking climate reporting to financial accounting.** Many investors are looking beyond climate reporting as part of a sustainability report and are looking to link climate risks to financial reporting as well, relating to issues that affect asset values, profits, and cash flows.¹¹ It is critical for climate reporting standards to develop in a way that will allow material climate risks and planning to be reflected in financial statements. This development carries with it more potential for meaningful change by companies— and brings greater protections to investors.

Consultation Survey

¹¹ SEC letter, op. cit.

For this complex and detailed consultation we will limit our responses below to ESRS 1 (A,B), ESRS 2 and ESRS G1, G2 and DR E1-10 – Total GHG emissions

Colour key: **ICGN responses to the individual questions are in yellow.**

1A. Overall ESRS Exposure Drafts' relevance – Architecture

Cross-cutting and topical standards

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

- **Cross-cutting ESRS** which:
 - i) Establish the general principles to be followed when preparing sustainability reporting in line with the CSRD provisions;
 - ii) Mandate disclosure requirements (“DRs”) aimed at providing an understanding of (a) strategy and business model, (b) governance and organisation, and (c) materiality assessment, covering all topics.
- **Topical ESRS** which, from a sector-agnostic perspective:
 - i) Provide topic-specific application guidance in relation to the cross-cutting DRs on strategy and business model, governance, materiality assessment;
 - ii) Mandate DRs about the undertaking’s implementation of its sustainability-related objectives (i.e. on its policies, targets, actions and action plans, and allocation of resources);
 - iii) Mandate performance measurement metrics.

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

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

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

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

We agree with the complementary structure of cross-cutting and topical standards as a basic framework for the ESRS, but we believe that the most material factors for investors will relate to financial risk and opportunity— and that these are largely driven by sectoral factors. Cross cutting standards run the risk of being non-material for many reporting entities.

Alignment and interoperability with international standards and frameworks

CSRD Article 19b paragraph 3a requires that “When adopting delegated acts pursuant to paragraph 1, the Commission shall take account of the work of global standard-setting initiatives for sustainability reporting, and existing standards and frameworks for natural capital

accounting, responsible business conduct, corporate social responsibility, and sustainable development.”

ESRS EDs were drafted accordingly, with the objective of fostering as much alignment as possible considering the constraints imposed by other provisions included in articles 19a and 19b as per the CSRD proposal. Details of these provisions and how they are covered by the ESRS EDs can be found in Appendix I.

The structure and organisation of the reporting areas were two aspects of alignment to which particular attention was paid. Thus, the two categories of standards are organised to cover the reporting areas in relation to governance, strategy, assessment/management of impacts, risks and opportunities, and targets/metrics (as considered by the TCFD and source of inspiration for the IFRS Sustainability standards). A detailed mapping of the ESRS EDs disclosure requirements with TCFD recommendations and with IFRS Sustainability Exposure Drafts can be found in Appendices 5 and 6.

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

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

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

It is a great positive the EU is making use of the TCFD framework, as are other regulators and standard setters. We also believe TCFD as a framework can also be applied to sustainability related factors that extend beyond climate risk. It remains unclear to us how effective TCFD will be when applied in a double materiality context.

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

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

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

It is important, if not critical, to address interoperability between ESRS and ISSB standards, particularly with the different approaches to materiality. The ‘building block’ concept suggests that incremental double materiality reporting in the ESRS can build from single materiality sustainability reporting.

Consideration given to EU policies and legislation

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

- (a) the information that financial market participants need to comply with their disclosure obligations laid down in Regulation (EU) 2019/2088 and the delegated acts adopted pursuant to that Regulation; **Sustainable Finance Disclosure Requirements (SFDR)**;
- (b) the criteria set out in the delegated acts adopted pursuant to Regulation (EU) 2020/852;

Taxonomy Regulation;

- (c) *the disclosure requirements applicable to benchmarks administrators in the benchmark statement and in the benchmark methodology and the minimum standards for the construction of EU Climate Transition Benchmarks and EU Paris-aligned Benchmarks in accordance with Commission Delegated Regulations (EU) 2020/1816*8, (EU) 2020/1817 and (EU) 2020/1818;*
Benchmark Regulation;

- (d) *the disclosures specified in the implementing acts adopted pursuant to Article 434a of Regulation (EU) No 575/2013;* **Prudential requirements for Credit Institutions and Investment Firms;**

- (e) *Commission Recommendation 2013/179/EU;* **European Commission recommendation on the life cycle environmental performance of products and services;**

- (f) *Directive 2003/87/EC of the European Parliament and of the Council;* **GHG allowance Directive;**

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

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

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

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

We would expect these EU initiatives to be fully considered. We observe, however, that this covers a substantial amount of detail. Getting the balance right, without overwhelming corporates, and investors as users of reports, will be key here.

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

We do not think the list should get longer.

Coverage of sustainability topics

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

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

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

- a first set of sustainability standards covering the information required by article 19a and at least specifying information needed by financial market participants subject to the SFDR reporting obligations¹
- a second set of standards covering information that is specific to the sector in which undertakings operate.

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

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

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

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

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

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

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

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

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

¹ SFDR reporting obligations are set by the European Commission Delegated Act supplementing Regulation (EU) 2019/2088: https://ec.europa.eu/info/business-economy-euro/banking-and-finance/sustainable-finance/sustainability-related-disclosure-financial-services-sector_en. Annex I of the Delegated act, which prescribes the indicators on principal adverse sustainability impacts that financial market participants have to publish as per Regulation (EU) 2019/2088.

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

Sustainability statements and the links with other parts of corporate reporting

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

- a single separately identifiable section of the MR;
- four separately identifiable parts of the MR:
 - (i) General information;
 - (ii) Environment;
 - (iii) Social;
 - (iv) Governance

- one separately identifiable part per ESRS in the MR.

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

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

- prescribes that the undertaking adopts presentation practices that promote cohesiveness between its sustainability reporting and: (a) the information provided in the other parts of the management report, (b) its financial statements (FS), and (c) other sustainability-related regulated information (paragraphs 131 to 134)
- promotes the incorporation of information by reference to other parts of the corporate reporting in order to avoid redundancy (paragraphs 135 and 136)
- organises connectivity with the financial statements by prescribing how to include monetary amounts or other quantitative data points directly presented in the financial statements (paragraphs 137 to 143).

Q8: Do you agree with the proposed three options?

1/ Yes 2/ No 3/ No opinion

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

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

We agree that the first option is the preferred option.

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

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

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

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

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

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

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

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

Please explain your reservations or your suggestions for improvement or any other comment

you might have.

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

Characteristics of information quality

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

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

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

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

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

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

The challenge of a double materiality standard is that relevance can be less clear for assessing impacts of a company’s sustainability performance on stakeholders and society at large. Some sustainability issues may take longer to appear in financial performance or affect enterprise value,— or may impact reputation which can a circular way of having an impact on performance and value.

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

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

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

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

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

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

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

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

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

As noted in question 13, a double materiality standard poses practical challenges. Verifying the impacts of a company's sustainability performance on stakeholders and society at large may be a more challenging undertaking than for single materiality.

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

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

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

Double materiality

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

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

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

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

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

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

As an investor body, we note that the single materiality approach with its focus on enterprise value is of clear relevance and importance for investors. However, we also believe that double materiality is an important concept, and that it is increasingly necessary for companies, boards and investors to understand the material impacts that companies make on their stakeholders and society more broadly— even if the immediate financial implications may not be apparent.

While double materiality has conceptual attraction for many, it is also an aspirational concept in terms of professional application, and one that is potentially open ended, and subject to differing perspectives as to what is important to whom. Just as ICGN is encouraging the ISSB and the US SEC to build their awareness of double materiality, our feedback to the EU and EFRAG is that this is a challenging concept to implement meaningfully in practice and for investors to reflect in their decision-making processes. It may take time for the concept of double materiality to take root in some companies.

We note that many large pension funds or other institutional investors are so large in assets under management, that they are effectively ‘universal owners’, holding a very wide range of holdings in markets around the world. These investors are particularly sensitive to systemic risks and externalities that can have a lasting in impact on their investment returns. For these universal investors we believe double materiality can play an important role

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

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

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

The feasibility point is a challenge because the number of affected stakeholders and specific sustainability impacts are seemingly limitless in a double materiality framework. There is a risk that explanations of double materiality processes could become generic boilerplate with pages and pages of individual items— as is the case with disclosure of “risk factors” in US SEC disclosure requirements. It is important to note as well that the targeted stakeholders may never read the disclosures. Items that have a system impact or involve the externalization of costs may be ripe ground, however.

Impact materiality:

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

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

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

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

In a double materiality framework, materiality can be in the eyes of the beholder, which can make this a very subjective process, difficult to standardize. But we do believe that addressing systemic risks and internalization of externalities can have value.

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

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

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

ESRS 1 paragraph 51 seeks to clarify the impact of impact materiality by introducing the word “severity.” But severity is also a subjective concept, depending on who is affected. Feasibility here will remain a challenge.

Financial materiality:

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

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

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

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

It might be useful to cross reference the approach to financial materiality that is based on IASB accounting standards. We would prefer a more expansive definition that would capture investment decisions that include broader investor information needs such as in determining how to vote or whether to engage.

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

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

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

While financial materiality regarding sustainability information will remain challenging, the focus on linkage to financial outcomes provides clearer practical feasibility for both corporate reporters and investor readers of corporate reports.

(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”.

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

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

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

This might help, however the phrase 'not material for the undertaking' calls for more elaboration. Moreover, we would like to comment on a statement in the Consultation Survey's explanation of the materially rebuttable concept; "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." (underscore from original Exposure Draft, not ICGN). At least in an English language context this is not a logical sentence (possibly a typo?) and invites differing interpretations.

Time horizon

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

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

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

1/ Yes 2/ **No** 3/ I do not know Please explain why

It is useful to think in term of time horizon, but it is not clear what the benefit is of having 3 separate time frames. What value does 'medium term' add here?

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

1/ **Yes** 2/ No 3/ I do not know Please explain why

We do not disagree with the horizons as articulated, but our institutional investor members are managing either pension funds or other long-term savings where the time frame is certainly much longer than 5 years, if not theoretically infinite.

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.

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

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

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

This is a very granular and prescriptive provision.

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

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

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

This is a very granular and prescriptive provision.

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

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

This is a very granular and prescriptive provision.

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

Bases for preparation

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

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

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

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

If yes, please indicate which one(s).

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

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

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

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

ESRS 1 – General Principles

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

It covers the applicable general principles:

- (a) when reporting under European Sustainability Reporting Standards;
- (b) on how to apply CSRD concepts;
- (c) when disclosing policies, targets, actions and action plans, and resources;
- (d) when preparing and presenting sustainability information;
- (e) on how sustainability reporting is linked to other parts of corporate reporting; and
- (f) specifying the structure of the sustainability statements building upon the disclosure requirements of all ESRS.

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

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

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

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

Without a detailed mapping of ESRS 1 and the IFRS S1 Exposure Draft, it is difficult to answer this specific question. But our response is that it should be the responsibility of both the EU and the IFRS Foundation to coordinate with one another to ensure that the ESRS and ISSB standards are aligned — and not disconnected. Further, it is important that when taken together that they enhance and not diminish transparency.

ESRS 2 – General, strategy, governance and materiality assessment

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

- (a) of a general nature;
- (b) on the strategy and business model of the undertaking;
- (c) on its governance in relation to sustainability; and
- (d) on its materiality assessment of sustainability impacts, risks and opportunities.

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

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

	1	2	3	4	5
Covers sustainability information required by articles 19a and 19b of the CSRD proposal (see Appendix II for CSRD detailed requirements)				X	
Supports the production of relevant information about the sustainability matter covered			X		
C. Fosters comparability across sectors			X		
Covers information necessary for a faithful representation from an impact perspective			X		
Covers information necessary for a faithful representation from a financial perspective			X		
F. Prescribes information that can be verified / assured			X		
G. Meets the other objectives of the CSRD in term of quality of information			X		
H. Reaches a reasonable cost / benefit balance		X			
I. Is sufficiently consistent with relevant EU policies and other EU legislation			X		
s as aligned as possible to international sustainability standards given the CSRD requirements		X			

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

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

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

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

ESRS G1 – Governance, risk management and internal control

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

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

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

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

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

	1	2	3	4	5
Covers sustainability information required by articles 19a and 19b of the CSRD proposal (see Appendix II for CSRD detailed requirements)				X	
Supports the production of relevant information about the sustainability matter covered			X		
C. Fosters comparability across sectors			X		
Covers information necessary for a faithful representation from an impact perspective			X		
Covers information necessary for a faithful representation from a financial perspective			X		
F. Prescribes information that can be verified and assured			X		
G. Meets the other objectives of the CSRD in term of quality of information			X		
H. Reaches a reasonable cost / benefit balance		X			
I. Is sufficiently consistent with relevant EU policies and other EU legislation				X	
s as aligned as possible to international sustainability standards given the CSRD requirements		X			

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

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

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

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

ESRS G2 – Business conduct

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

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

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

- (a) business conduct culture;
- (b) avoiding corruption, bribery and other behaviours that often have been criminalised as they benefit some in positions of power with a detrimental impact on society; and

(c) transparency about anti-competitive behaviour and political engagement or lobbying.

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

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

	1	2	3	4	5
Covers sustainability information required by articles 19a and 19b of the CSRD proposal (see Appendix II for CSRD detailed requirements)			X		
Supports the production of relevant information about the sustainability matter covered		X			
C. Fosters comparability across sectors			X		
Covers information necessary for a faithful representation from an impact perspective			X		
Covers information necessary for a faithful representation from a financial perspective			X		
F. Prescribes information that can be verified and assured		X			
G. Meets the other objectives of the CSRD in term of quality of information			X		
H. Reaches a reasonable cost / benefit balance		X			
I. Is sufficiently consistent with relevant EU policies and other EU legislation			X		
as aligned as possible to international sustainability standards given the CSRD requirements		X			

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

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

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

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

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

DR E1-10 – Total GHG emissions

The undertaking shall disclose its total GHG emissions in metric tons of CO2 equivalent.

The principle to be followed under this Disclosure Requirement is to provide an overall understanding of the undertaking’s GHG emissions and whether they occur from its own operations or the value chain. The disclosure is a prerequisite for measuring progress towards reducing GHG emissions in accordance with the undertaking’s climate-related targets and EU policy goals as well as for the assessment of the undertaking’s transition risks.

Q32: Please, rate to what extent do you think DR E1-10 – Total GHG emissions

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

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

ICGN favours disclosure of Scope 1, 2, and 3 greenhouse gas emissions on an absolute and intensity basis and in conformity with the standards established by the Greenhouse Gas Protocol. ICGN recognises the debate surrounding Scope 3 measurement and disclosure and we observe that in the Sustainability Accounting Standards Board (SASB) these disclosures are regarded as material for at least the 68 out of 77 sectors that SASB judges to be significantly affected by climate risk.¹²A comply or explain approach may be appropriate for the 9 industry sectors that the SASB standards regard as having less material exposure to climate risks. But we would also recommend that any company that publicly proclaims a net zero strategy, regardless of sector, should also be required to disclose Scope 3 emissions in order to meet the standard.

3D. Adequacy of Disclosure Requirements – Governance 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 G1-1 – Governance structure and composition

The undertaking shall provide information on its governance structure and composition.

The principle to be followed under this Disclosure Requirement is to provide an understanding of the structure and composition of the governance and the distribution of roles and responsibilities throughout the undertaking's organisation, from its administrative, management and supervisory bodies to its executive and operational levels.

Q117: Please, rate to what extent do you think G1-1 – Governance structure and composition

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

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

IN G1-1, paragraph 14, it would be helpful to know what is meant by 'stakeholder groups' and which stakeholders they would involve. We interpret this paragraph as suggesting this should be disclosed if stakeholder representation on governing bodies exists and we would discourage any interpretation that suggests that stakeholder representation on governing boards is a normative goal.

DR G1-2 – Corporate governance code or policy

The undertaking shall disclose the corporate governance code, policy or practices that determine the function of its administrative, management or supervisory bodies.

The principle to be followed under this Disclosure Requirement is to provide information about any legal or regulatory requirements that mandate and influence the design of the governance structure of the undertaking, together with information on aspects implemented that are over and above any relevant legal or regulatory requirements.

Q118: Please, rate to what extent do you think G1-2 – Corporate governance code or policy

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

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

With regard to G1-2 paragraph 17 (a) and (b) we observe that ICGN's Global Governance Principles were acknowledged in the latest revision of the CSRD to be an authoritative global corporate governance standard: <https://www.icgn.org/icgn-global-governance-principles>. We encourage EFRAG to consider these ICGN Principles, as relevant, in the development of the EFRAS.

DR G1-3 – Nomination process

The undertaking shall provide information about the nomination and selection processes for its administrative, management and supervisory bodies.

The principle to be followed under this Disclosure Requirement is to provide information about the criteria used for selecting and nominating the members of the undertaking's administrative, management and supervisory bodies.

Q119: Please, rate to what extent do you think G1-3 – Nomination process

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

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

IN G1-3, paragraph 21 (b) (i) it would be helpful to know what is meant by 'stakeholder groups' and which stakeholders they would involve. We interpret this paragraph as suggesting this should be disclosed if stakeholder involvement in the nominations process exists and would discourage any interpretation that suggests that stakeholder involvement is a normative goal for the nominations process.

DR G1-4 – Diversity policy

The undertaking shall provide information on the diversity policy applied in relation to its administrative, management and supervisory bodies.

The principle to be followed under this Disclosure Requirement is to provide information about the undertaking's diversity policy to promote a diversified composition of its administrative, management and supervisory bodies. This shall also include the diversity criteria adopted with the associated rationale on their prioritisation, and the mechanism adopted to foster diversity

representation.

Q120: Please, rate to what extent do you think G1-4 – Diversity policy

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

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

DR G1-5 – Evaluation process

The undertaking shall describe the process, if any, followed for evaluating the performance of its administrative, management and supervisory bodies in overseeing the management of the undertaking.

The principle to be followed under this Disclosure Requirement is to provide transparency on the process implemented by the undertaking for the evaluation of the performance of its administrative, management and supervisory bodies in supervising the management of the undertaking.

Q121: Please, rate to what extent do you think G1-5 – Evaluation process

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

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

DR G1-6 – Remuneration policy

The undertaking shall describe the policy used for the remuneration of its administrative, management and supervisory bodies.

The principle to be followed under this Disclosure Requirement is to provide information about the undertaking's policy for the remuneration of the administrative, management and supervisory bodies.

Q122: Please, rate to what extent do you think G1-6 – Remuneration policy

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			

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

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

This is similar to disclosure requirements in other jurisdictions.

DR G1-7 – Risk management processes

The undertaking shall provide information on its risk management processes, with regards to risk arising for the undertaking and for the stakeholders.

The principle to be followed under this Disclosure Requirement is to inform about the undertaking's risk management processes. This includes an understanding of the supervision and monitoring of risk management by the undertaking's administrative, management and supervisory bodies.

Q123: Please, rate to what extent do you think G1-7 – Risk management processes

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			
Requires information that is relevant for all sectors (sector-agnostic only information)			X			

C. Can be verified / assured			X			
Meets the other objectives of the CSRD in term of quality of information			X			
E. Reaches a reasonable cost / benefit balance		X				
Is sufficiently consistent with relevant EU policies and other EU legislation			X			
Is as aligned as possible to international sustainability standards given the CSRD requirements		X				
Represent information that must be prioritised in first year of implementation			X			
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

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

DR G1-8 – Internal control processes

The undertaking shall provide information on its internal control processes, including in relation to the sustainability reporting process.

The principle to be followed under this Disclosure Requirement is to inform about the aspects related to the governance factors that affect the undertaking's internal control processes, including in relation to sustainability reporting. This also includes an understanding of the supervision and monitoring of those processes by the undertaking's administrative, management and supervisory bodies.

Q124: Please, rate to what extent do you think G1-8 – Internal control processes

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			
Requires information that is relevant for all sectors (sector-agnostic only information)			X			
C. Can be verified / assured			X			
Meets the other objectives of the CSRD in term of quality of information			X			
E. Reaches a reasonable cost / benefit balance		X				

Is sufficiently consistent with relevant EU policies and other EU legislation			X			
Is as aligned as possible to international sustainability standards given the CSRD requirements		X				
Represent information that must be prioritised in first year of implementation						X
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

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

DR G1-9 – Composition of the administrative, management and supervisory bodies

The undertaking shall provide information about the composition of its administrative, supervisory and management bodies.

The principle to be followed under this Disclosure Requirement is to provide information about the diversity of the members of its administrative, management and supervisory bodies and committees.

Q125: Please, rate to what extent do you think G1-9 – Composition of the administrative, management and supervisory

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			
Requires information that is relevant for all sectors (sector-agnostic only information)			X			
C. Can be verified / assured			X			
Meets the other objectives of the CSRD in term of quality of information			X			
E. Reaches a reasonable cost / benefit balance			X			
Is sufficiently consistent with relevant EU policies and other EU legislation			X			

Is as aligned as possible to international sustainability standards given the CSRD requirements		X				
Represent information that must be prioritised in first year of implementation						X
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

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

DR G1-10 – Meetings and attendance rate

The undertaking shall provide information about the number of meetings and the attendance rate for its administrative, management and supervisory bodies and committees.

The principle to be followed under this Disclosure Requirement is to provide information about the rate of participation in meetings of the members of the administrative, management and supervisory bodies and committees.

Q126: Please, rate to what extent do you think G1-10 – Composition of the administrative, management and supervisory

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

Is well suited to be transformed in a digital reporting taxonomy that will avoid creating misunderstandings or practical complexities							X
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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 comment and suggestion for improvement you might have relating to the above questions, referring explicitly to the part of the question you are providing comment to

This is similar to disclosure requirements in other jurisdictions.

DR G2-1– Business conduct culture

The undertaking shall disclose its initiatives to establish, develop and promote a business conduct culture

The principle to be followed under this Disclosure Requirement is to provide an understanding of how the administrative, management and supervisory bodies are involved in forming, monitoring, promoting and assessing the business conduct culture.

Q127: Please, rate to what extent do you think G2-1 – Business conduct culture

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

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

It is good to see business conduct focused upon, but the disclosure requirements are very detailed. G2-1 17 (b) (including how a company promotes “tone from the middle”) is an example of a vague disclosure regulation, and one that would be difficult to verify or assure.

DR G2-2 – Policies and targets on business conduct

The undertaking shall provide information about its policies with respect to business conduct matters.

The principle to be followed under this disclosure requirement is to provide an understanding of the undertaking’s ability (i) to mitigate any negative impacts and maximise positive impacts related to business conduct throughout its value chain, and (ii) to monitor and manage the related risks.

Q128: Please, rate to what extent do you think G2-2 – Policies and targets on business conduct

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			
Requires information that is relevant for all sectors (sector-agnostic only information)			x			
C. Can be verified / assured		x				
Meets the other objectives of the CSRD in term of quality of information			x			
E. Reaches a reasonable cost / benefit balance		x				
Is sufficiently consistent with relevant EU policies and other EU legislation			x			
Is as aligned as possible to international sustainability standards given the CSRD requirements		x				
Represent information that must be prioritised in first year of implementation						x
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

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

It is good to see business conduct focused upon, but the disclosure requirements are very detailed. G2-20 (e) on the company's commitment to investigate business conduct incidents is an example of a vague disclosure regulation, and one that would be difficult to verify or assure.

DR G2-3 – Prevention and detection of corruption and bribery

The undertaking shall provide information about its system to prevent and detect, investigate, and respond to allegations or incidents relating to corruption and bribery.

The principle to be followed under this disclosure requirement is to provide transparency on the key procedures of the undertaking to prevent and detect, investigate and respond to corruption or bribery-related incidents or allegations.

Q129: Please, rate to what extent do you think G2-3 – Prevention and detection of corruption and bribery

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

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

It is good to see anticorruption focused upon, but the disclosure requirements are very detailed. The risk is that extensive reporting about policy and process might obscure the practical effectiveness or efficiency of anti-corruption procedures.

DR G2-4 – Anti-competitive behaviour prevention and detection

The undertaking shall provide information about its system to prevent and detect, investigate, and respond to allegations or incidents relating to anti-competitive behaviour.

The principle to be followed under this disclosure requirement is to provide transparency on the key procedures of the undertaking to prevent and detect, investigate and respond to allegations or incidents of anti-competitive behaviour.

Q130: Please, rate to what extent do you think G2-4 – Anti-competitive behaviour prevention and detection

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

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

It is good to see anti-competitive behaviour focused upon, but the disclosure requirements are very detailed. G2-28, on the key procedures of the undertaking to prevent and detect, investigate and respond to allegations or incidents of anti-competitive behaviour, is an example of a very granular disclosure requirement.

DR G2-5 – Anti-corruption and anti-bribery training

The undertaking shall provide information about any anti-corruption and anti-bribery training programmes offered.

The principle to be followed under this disclosure requirement is to provide an understanding of the undertaking’s training and educational initiatives to develop and maintain awareness related to anti-corruption or anti-bribery and business conduct within the undertaking as well as in the value chain.

Q131: Please, rate to what extent do you think G2-5 – Anti-corruption and anti-bribery training

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			
Requires information that is relevant for all sectors (sector-agnostic only information)			X			
C. Can be verified / assured			X			
Meets the other objectives of the CSRD in term of quality of information			X			
E. Reaches a reasonable cost / benefit balance		X				
Is sufficiently consistent with relevant EU policies and other EU legislation			X			

Is as aligned as possible to international sustainability standards given the CSRD requirements		X				
Represent information that must be prioritised in first year of implementation						X
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

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

It is good to see anticorruption focused upon, but the disclosure requirements are very detailed. Taken as guidance these are useful considerations; however, requiring disclosure of all the points mentioned is likely to be excessive in most cases.

**DR G2-6 – Corruption or bribery events**

The undertaking shall provide information on legal proceedings related to corruption or bribery during the reporting period.

The principle to be followed under this disclosure requirement is to provide transparency on legal proceedings relating to corruption or bribery incidents during the reporting period and the related outcomes.

Q132: Please, rate to what extent do you think G2-6 – Corruption or bribery events

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

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

It is good to see anticorruption focused upon, but the disclosure requirements are very detailed. Taken as guidance these are useful considerations; however, requiring disclosure of all the points mentioned is likely to be excessive in most cases.

DR G2-7 – Anti-competitive behaviour events

The undertaking shall provide information on any publicly announced investigation into or litigation concerning possible anti-competitive behaviour it is facing during the reporting period.

The principle to be followed under this disclosure requirement is to provide transparency on publicly announced investigations into or litigation concerning possible anti-competitive behaviour of the undertaking that are ongoing during the reporting period.

Q133: Please, rate to what extent do you think G2-7 – Anti-competitive behaviour events

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

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

It is good to see anti-competitive behaviour focused upon, but the disclosure requirements are very detailed. We refer you to ICGN's Guidance on Anti-corruption for an investor perspective.¹³

DR G2-8 – Beneficial ownership

The undertaking shall provide information about its beneficial owners (as defined in article 3(6) of Directive (EU) 2015/849) and control structure.

The principle to be followed under this disclosure requirement is to provide transparency on the individuals who ultimately own or control the undertaking's organisational and control structure, including beneficial owners.

Q134: Please, rate to what extent do you think G2-8 – Beneficial ownership

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

¹³ See: ICGN's [Guidance on Anti-Corruption](#) (2020)

In this case we believe the requirements to disclose the identity of the ultimate beneficial owner are entirely appropriate.

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

DR G2-9 – Political engagement and lobbying activities

The undertaking shall provide information on its political contributions and lobbying or advocacy activities.

The principle to be followed under this disclosure requirement is to provide transparency on the types, purpose and cost of political contributions and lobbying activities of the undertaking during the reporting period.

Q135: Please, rate to what extent do you think G2-9 – Political engagement and lobbying activities

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

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

This is another important area, and ICGN supports transparency relating to political lobbying and donations. Again, this amounts to a detailed disclosure requirement, but we encourage greater transparency in this area. We refer you to ICGN's Guidance on Political Lobbying and Donations for an investor perspective.¹⁴

Conclusion

ICGN again thanks EFRAG for undertaking this consultation. We are hopeful that our recommendations can help establish an international disclosure regime that is robust, yields globally comparable information for investors, is effective for addressing climate risks and positively incentivises ambition. Should you wish to discuss our comments further please contact Robert Walker, ICGN's Sustainability Policy Manager (rwalker@icgn.org).

Yours faithfully,



Kerrie Waring
Chief Executive Officer, ICGN
kerrie.waring@icgn.org

CC: George Dallas, ICGN Policy Director: george.dallas@icgn.org
James Andrus, Financial Capital Committee Co-Chair: james.andrus@calpers.ca.gov
Nga Pham, Financial Capital Committee Co-Chair: nga.pham@monash.edu

¹⁴See ICGN's Guidance on Political Lobbying and Donations (2017)