DRAFT EUROPEAN SUSTAINABILITY REPORTING STANDARDS

Appendix V - IFRS Sustainability Standards and ESRS reconciliation table

November 2022

EFRAG

DISCLAIMER

This document has been prepared by EFRAG Secretariat and has not been agreed with the ISSB. This is an updated version of the reconciliation table prepared when issuing the ESRS Exposure Drafts in April 2022. It does not prejudge the content of any future mapping exercise that the European Commission, EFRAG and the ISSB might undertake on the basis of the final versions of ESRS and of ISSB standards

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PART 1: IFRS 1 VERSUS [draft] ESRS 1 and [draft] ESRS 2

The below table objective is to map IFRS S1 Exposure Drafts requirements and ESRS 1/ ESRS 2 dated November 22, 2022 to illustrate how the content of [draft] ESRS 1, [draft] ESRS 2 has integrated to the maximum extent possible the content of the ED IFRS S1.

As such, the disclosures prepared under ESRS are expected to be capable of corresponding to disclosures required by IFRS S1 (for the general disclosure).

Since the EDs release in March 2022, the IFRS S2 has been subject to ISSB redeliberations that have not been taken into account in this comparison.

Appendix V

IFRS S1	ESRS 1 / ESRS 2	Comparison IFRS S1 VS ESRS 1 and 2
Objective 1. The objective of [draft] IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information is to require an entity to disclose information about its significant sustainability-related risks and opportunities that is useful to the primary users of general purpose financial reporting when they assess enterprise value and decide whether to provide resources to the entity. Note: on the basis of the ISSB tentative deliberations the final version of IFRS S1 will not refer anymore to enterprise value.	ESRS 1 § 1: The objective of this [draft] Standard is to set out the general requirements that undertakings shall comply with when preparing and presenting sustainability-related information under the Accounting Directive as amended by the Corporate Sustainability Reporting Directive (CSRD). ESRS 1 § 2. 2: The information shall enable the understanding of the undertaking's impacts on those matters and how they affect the undertaking's development, performance and position. ESRS 2 § 1: This [draft] ESRS sets out the disclosure requirements that apply to all undertakings regardless of their sector of activity (i.e., sector agnostic) and apply across sustainability topics (i.e., cross-cutting). This [draft] ESRS covers the reporting areas defined in [draft] ESRS 1 General requirements section 1.2 Cross-Cutting Standards and reporting areas.	Both standards set the general principles to be followed in the preparation of sustainability reports. IFRS S1 and ESRS 1 both focus on sustainability-related risks and opportunities. In ESRS S1 and S2 the dimension of impacts is explicit, while in IFRS S1 it is implicitly considered as a source of risks and opportunities. ESRS 1 refers to a broader group of stakeholders (reflecting the principle of double materiality); the IFRS S1 primary users are included in the broader definition of stakeholders in ESRS 1.
2. A reporting entity shall disclose material information about all of the significant sustainability-related risks and opportunities to which it is exposed. The assessment of materiality shall be made in the context of the information necessary for users of general purpose financial reporting to assess enterprise value.	ESRS 1, chapter 1.1. Complying with Draft ESRS and Chapter 3 Double materiality as the basis for sustainability disclosures ESRS 1 § 1: The undertaking shall disclose, in accordance with applicable [draft] European Sustainability Reporting Standards (ESRS), all the material information regarding impacts, risks and opportunities in relation to environmental, social, and governance matters. ESRS 1 § 25: The undertaking shall report on sustainability matters based on the double materiality principle as defined and explained in this chapter.	Materiality is based on financial materiality for IFRS and double materiality for ESRS.
3. An entity's general purpose financial reporting shall include a complete, neutral and accurate depiction of its sustainability-related financial information.	ESRS 1 chapter 2 Qualitative characteristics of information ESRS 1 § 23: When preparing its sustainability statements, the undertaking shall apply:	ESRS 1 has incorporated the text of IFRS S1 on qualitative characteristics of information (plus additions to cover the impact materiality perspective).

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	(a) the fundamental qualitative characteristics of information, i.e., relevance and faithful representation; and (b) the enhancing qualitative characteristics of information, i.e., comparability, verifiability and understandability. ESRS 1, Appendix C.	
4 This [draft] Standard sets out how an entity is required to disclose sustainability-related financial information in order to provide the users of that information with a sufficient basis to assess the implications of sustainability-related risks and opportunities on the entity's enterprise value. 5. Enterprise value reflects expectations of the amount, timing and certainty of future cash flows over the short, medium and long term and the value of those cash flows in the light of the entity's risk profile, and its access to finance and cost of capital. Information that is essential for assessing the enterprise value of an entity includes information that is provided by the entity in its financial statements and sustainability-related financial information.	ESRS 1 § 51: The financial materiality assessment process described in paragraph 41 includes, but is not limited to, the identification of information that is useful to investors, lenders and other creditors when they, as primary users of general-purpose financial reporting, assess the effects of sustainability matters on the undertaking's cash flows, development, performance, position, cost of capital or access to finance.	IFRS materiality assessment is explicitly included as a component of the double materiality assessment in ESRS 1. The term 'enterprise value' is not anymore mentioned (as the ISSB has tentatively decided to abandon this concept). The new language the effects of sustainability matters on the *undertaking's cash flows, development, performance, position, cost of capital or access to finance* is meant to be capture a broader scope than the enterprise value, to include all the investor-relevant components.
6. Sustainability-related financial information is broader than information reported in the financial statements and could include information about: a. an entity's governance of sustainability-related risks and opportunities, and its strategy for addressing them; b. decisions made by the entity that could result in future inflows and outflows that have not yet met the criteria for recognition in the related financial statements; c. the entity's reputation, performance and prospects as a consequence of the actions it has undertaken, such as its relationships with people, the planet and the economy, and its impacts and dependencies on them; and the entity's development of knowledge-based assets.	ESRS 1 § 51: A sustainability matter is material from a financial perspective if it triggers or may trigger material financial effects on the undertaking. This is the case when it generates or may generate risks or opportunities that have a material influence (or are likely to have a material influence) on the undertaking's cash flows, development, performance, position, cost of capital or access to finance in the short-, medium- and long-term time horizons. Risks and opportunities may derive from past events or future events and may have effects in relation to:	The description of the scope of financially material information is compatible.

IFRS S1	ESRS 1 / ESRS 2	Comparison IFRS S1 VS ESRS 1 and 2
	(a) assets and liabilities already recognised in financial reporting or that may be recognised as a result of future events; or (b) factors of value creation that do not meet the financial accounting definition of assets and liabilities and/or the related recognition criteria but contribute to the generation of cash flows and more generally to the development of the undertaking. The latter factors are generally referred to as "capitals" in frameworks promoting a multi-capital approach; the capitals may in some cases (but not in all cases) meet the criteria for recognition and reporting in financial statements.	
7. This [draft] Standard also prescribes the basis for disclosing sustainability- related financial information that: a. is comparable both with the entity's sustainability-related financial information of previous periods and with the sustainability-related financial information from other entities; and **b.** is connected to the other information in the entity's general purpose financial reporting	ESRS 1 § 86: The undertaking shall disclose one year of comparative information in respect of all metrics disclosed in the current period. ESRS 1 § 95: The definition and calculation of metrics, including metrics used to set and monitor targets, shall be consistent over time. ESRS 1 § 17: When developing its entity-specific disclosures, the undertaking shall carefully consider: (a) comparability between undertakings, while still ensuring relevance of the information provided, recognising that comparability may be limited for entity-specific disclosures. The undertaking shall consider whether available and relevant frameworks, initiatives, reporting standards and benchmarks (such as technical material issued by the International Sustainability Standards Board or the Global Reporting Initiative) provide elements that can support comparability to the maximum extent possible; and	IFRS and ESRS are both using the concept of comparability over time. As ESRS prescribe Disclosure Requirements for EU undertakings of a given size comparability is warranted. For entity-specific information ESRS requires comparability with other undertakings, as also generally required for IFRS matters where no IFRS exists yet (i.e. all matters except Climate). Both IFRS and ESRS use also the concept of connectivity.

IFRS S1	ESRS 1 / ESRS 2	Comparison IFRS S1 VS ESRS 1 and 2
	(b) comparability over time: consistency of methodologies and disclosures is a key factor for achieving comparability over time. ESRS1, Chapter 9.2 Connected information and connectivity with financial statements	
Scope **8. An entity shall apply this [draft] Standard in preparing and disclosing sustainability-related financial information in accordance with IFRS Sustainability Disclosure Standards. An entity may apply IFRS Sustainability Disclosure Standards when the entity's related financial statements are prepared in accordance with IFRS Accounting Standards or other GAAP.**	No equivalent in ESRS	The scope of undertakings reporting under ESRS is stipulated in CSRD and not in ESRS.
9. Sustainability-related risks and opportunities that cannot reasonably be expected to affect assessments of an entity's enterprise value by primary users of general purpose financial reporting are outside the scope of this [draft] Standard.	ESRS 1 § 25: The undertaking shall report on sustainability matters based on the double materiality principle as defined and explained in this chapter. ESRS 1 § 32: Irrespective of the outcome of the materiality assessment, the undertaking shall always disclose the following information …	In ESRS the definition of the information to be included in the sustainability statements is based on materiality assessment, similarly to IFRS. However, in order to create the data infrastructure for financial institutions (as per SFDR, Benchmarks regulations and Pillar 3 for banks) and to ensure a minimum comparable content (ESRS 2, ESRS E1, ESRS S1-1/1-9), ESRS also mandate a list of disclosures that are outside the area of materiality assessment.
10. This [draft] Standard uses terminology suitable for profit-oriented entities, including public-sector business entities. If entities with not-for-profit activities in the private sector or the public sector apply this [draft] Standard, they may need to amend the descriptions used for some disclosure items when applying IFRS Sustainability Disclosure Standards.	No equivalent in ESRS	The scope of the undertakings subject to ESRS is stipulated in the CSRD.
11. Unless another IFRS Sustainability Disclosure Standard permits or requires otherwise, an entity shall provide disclosures about:	ESRS 1 § 10: The Disclosure Requirements in [draft] ESRS 2, in the [draft] topical ESRS and in [draft] sector-specific ESRS cover the following reporting areas.	The reporting areas are aligned under IFRS and ESRS, with the peculiarity that impact management is in ESRS as an explicit separate component.

IFRS S1	ESRS 1 / ESRS 2	Comparison IFRS S1 VS ESRS 1 and 2
a. governance—the governance processes, controls and procedures the entity uses to monitor and manage sustainability-related risks and opportunities; b. strategy—the approach for addressing sustainability-related risks and opportunities that could affect the entity's business model and strategy over the short, medium and long term; c. risk management—the processes the entity used to identify, assess and manage sustainability-related risks; and d. metrics and targets—information used to assess, manage and monitor the entity's performance in relation to sustainability- related risks and opportunities over time.	(a) Governance (GOV): the governance processes, controls and procedures used to monitor and manage impacts, risks and opportunities (see [draft] ESRS 2, chapter 2 Governance); (b) Strategy (SBM): how the undertaking's strategy and business model(s) interact with its material impacts, risks and opportunities, including the strategy for addressing them (see [draft] ESRS 2, chapter 3 Strategy); (c) Impact, risk and opportunity management (IRO): the process(es) by which impacts, risks and opportunities are identified, assessed and managed through policies and actions (see [draft] ESRS 2, chapter 4 Impact, risk and opportunity management); and (d) Metrics and targets (MT): how the undertaking measures its performance, including progress towards the targets it has set (see [draft] ESRS 2, chapter 5 Metrics and targets).	

Governance 12. **The objective of sustainability-related financial disclosures on governance is to enable users of general purpose financial reporting to understand the governance processes, controls and procedures used to monitor and manage sustainability-related risks and opportunities.** 13. To achieve this objective, an entity shall disclose information about the governance body or bodies (which can include a board, committee or equivalent body charged with governance) with oversight of sustainability- related risks and opportunities, and information about management's role in those processes. Specifically, an entity shall disclose: a. the identity of the body or individual within a body responsible for oversight of sustainability-related risks and opportunities; b. how the body's responsibilities for sustainability-related risks and opportunities are reflected in the entity's terms of reference, board mandates and other related policies; c. how the body ensures that the appropriate skills and competencies are available to oversee strategies designed to respond to sustainability- related risks and opportunities; d. how and how often the body and its committees (audit, risk or other committees) are informed about sustainability-related risks and opportunities; e. how the body and its committees consider sustainability-related risks and opportunities when overseeing the entity's strategy, its decisions on major transactions, and its risk management policies, including any assessment of trade-offs and analysis of sensitivity to uncertainty that may be required; f. how the body and its committees oversee the setting of targets related to significant sustainability-related risks and opportunities, and monitor progress towards them (see paragraphs 27–35), including whether and how related	ESRS 2, chapter 2 Governance ESRS 2 § 16: The objective of this chapter is to provide an understanding of the governance processes, controls and procedures put in place to monitor and manage sustainability matters. ESRS 2 GOV-1: The role of the administrative, management and supervisory bodies ESRS 2 § 20: The undertaking shall disclose the following information about the roles and responsibilities of the administrative, management and supervisory bodies: (a) the identity of the administrative, management and supervisory bodies (such as a board committee or similar) or individual within a body responsible for oversight of impacts, risks and opportunities; (b) how the body's responsibilities for impacts, risks and opportunities are reflected in the undertaking's terms of reference, board mandates and other related policies; (c) a description of management's role in assessing and managing impacts, risks and opportunities, including whether that role is delegated to a specific management-level position or committee and how oversight is exercised over that position or committee. The description shall include information about the reporting lines to the administrative, management and supervisory bodies, whether dedicated controls and procedures are applied to management of impacts, risks and opportunities and, if so, how they are integrated with other internal functions; and (d) how the administrative, management and supervisory bodies and senior executive management oversee the setting of targets related to material impacts, risks and opportunities, and monitor progress towards them.	ESRS 2 include disclosure requirements that aim to capture the same disclosure objective of IFRS S1: enabling users to understand the governance processes, controls and procedures the undertaking maintains to monitor and manage sustainability matters. All the requirements in IFRS S1 para. 13 are covered in paragraphs 20, 21 and 24 of ESRS 2.

performance metrics are included in remuneration policies; and g. a description of management's role in assessing and managing sustainability-related risks and opportunities, including whether that role is delegated to a specific management-level position or committee and how oversight is exercised over that position or committee. The description shall include information about whether dedicated controls and procedures are applied to management of sustainability-related risks and opportunities and, if so, how they are integrated with other internal functions.	ESRS 2 § 21: The disclosure shall include a description of how the administrative, management and supervisory bodies ensure the availability of the appropriate skills and expertise to oversee sustainability matters, including: (a) the sustainability-related expertise that the bodies, as a whole, either directly possess or can leverage, for example through access to experts or training; and (b) how it relates to the undertaking's material impacts, risks and opportunities. ESRS GOV-2 – Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies. ESRS 2 § 24: The undertaking shall disclose the following information: (a) whether, by whom and how frequently the administrative, management and supervisory bodies, including their relevant committees, are informed about material impacts, risks and opportunities (see Disclosure Requirement IRO-1 - Description of the processes to identify and assess material sustainability impacts, risks and opportunities of this [draft] Standard), the implementation of sustainability due diligence and the results and effectiveness of policies, actions, metrics and targets adopted to address them, as well as any other sustainability-related concern that may arise and would require their attention; (b) how the administrative, management and supervisory bodies consider impacts, risks and opportunities when overseeing the undertaking's strategy, its decisions on major transactions, and its risk management policies, including any assessment of trade-offs and analysis of sensitivity to uncertainty that may be required; and (c) a list of the material impacts, risks and opportunities addressed by the administrative, management and supervisory bodies, or their relevant committees during the reporting period	

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Strategy 14. The objective of sustainability-related financial disclosures on strategy is to enable users of general-purpose financial reporting to understand an entity's strategy for addressing significant sustainability-related risks and opportunities. 15. To achieve this objective, an entity shall disclose information about: a. the significant sustainability-related risks and opportunities that it reasonably expects could affect its business model, strategy and cash flows, its access to finance and its cost of capital, over the short, medium or long term (see paragraphs 16–19); b. the effects of significant sustainability-related risks and opportunities on its business model and value chain (see paragraph 20); c. the effects of significant sustainability-related risks and opportunities on its strategy and decision-making (see paragraph 21); d. the effects of significant sustainability-related risks and opportunities on its financial position, financial performance and cash flows for the reporting period, and the anticipated effects over the short, medium and long term—including how sustainability-related risks and opportunities are included in the entity's financial planning (see paragraph 22); and e. the resilience of its strategy (including its business model) to significant sustainability-related risks (see paragraphs 23–24)	ESRS 2 § 35: The objective of this chapter is to set Disclosure Requirements for reporting on: (a) the elements of its strategy that relate to or impact sustainability matters, its business model(s) and its value chain; … ESRS 2 § 46 (b): how the material risks and opportunities relate to the undertaking, specifying which risks and opportunities the undertaking reasonably expects could have financial effects, including affecting its business model and strategy, and the reasonably expected time horizons for those effects; ESRS 2 § 46 (d) I: the current and anticipated effects of material risks and opportunities on its business model and value chain; ESRS 2 § 46 (c): the effects of material impacts, risks and opportunities on its strategy and decision-making, including how the undertaking is responding to these effects. In this context, the undertaking shall disclose any changes the undertaking has made, or plans to make, to its strategy or business model(s) as part of its actions to address particular material impacts or risks, or to pursue particular material opportunities; ESRS 2 § 46 (d) iv: how sustainability-related risks and opportunities are included in the entity's financial planning ***See resilience section below.***	Both IFRS and ESRS provide disclosure requirements to cover how sustainability matters are addressed at strategic level. The requirements of IFRS S1 paragraph 15 are covered in ESRS 2.
Sustainability-related risks and opportunities (paragraphs 16 to 20) 16. An entity shall disclose information that enables users of general purpose financial reporting to understand the significant sustainability-related risks and opportunities that could reasonably be expected to affect the entity's business model, strategy and cash flows, its access to	ESRS 1 § 51: A sustainability matter is material from a financial perspective if it triggers or may trigger material financial effects on the undertaking. This is the case when it generates or may generate risks or opportunities that have a material influence (or are likely to have a material	The requirements in IFRS S1 par. 16 a) are also covered in ESRS 2. ESRS and IFRS both require describing material risks and opportunities.

IFRS S1	ESRS 1 / ESRS 2	Comparison IFRS S1 VS ESRS 1 and 2
finance and its cost of capital, over the short, medium or long term. Specifically, the entity shall disclose: a. a description of significant sustainability-related risks and opportunities and the time horizon over which each could reasonably be expected to affect its business model, strategy and cash flows, its access to finance and its cost of capital, over the short, medium or long term; and b. how it defines short, medium and long term and how these definitions are linked to the entity's strategic planning horizons and capital allocation plans.	influence) on the undertaking's cash flows, development, performance, position, cost of capital or access to finance in the short-, medium- and long-term time horizons. ESRS 2 § 46: The undertaking shall disclose the material impacts, risks and opportunities resulting from its materiality assessment (see Disclosure Requirement IRO-1 of this [draft] Standard), together with a brief description. The disclosure shall include the following: (b) how the material risks and opportunities relate to the undertaking, specifying which risks and opportunities the undertaking reasonably expects could have financial effects, including affecting its business model and strategy, and the reasonably expected time horizons for those effects; ESRS 1 § 81: When preparing its sustainability statements, the undertaking shall adopt the following time intervals as of the end of the reporting period: (a) for the short-term time horizon: the period adopted by the undertaking as the reporting period in its financial statements; (b) for the medium-term time horizon: from the end of the short-term reporting period per (a) above to five years; and (c) for the long-term time horizon: more than five years. ESRS 2 § 9: When it has deviated from the medium- or long-term time horizons defined by [draft] ESRS 1 section 6.4 Definition of short-, medium- and long-term for reporting purposes, the undertaking shall describe: (a) its definitions of medium- or long-term time horizons; and (b) the reasons for applying those definitions.	Unlike IFRS S1, ESRS provides a default definition of short-, medium- and long-term time horizons. However, it envisages that there may be circumstances where the use of the default definitions result in non-relevant information. In these circumstances, the undertaking may adopt a different definition of medium- and/or long-term time horizons.

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17. An entity's sustainability-related risks and opportunities arise from its dependencies on resources and its impacts on resources, and from the relationships it maintains that may be positively or negatively affected by those impacts and dependencies. When an entity's business model depends, for example, on a natural resource—like water—it is likely to be affected by changes in the quality, availability and pricing of that resource. When an entity's activities result in adverse, external impacts—on, for example, local communities—it could be subjected to stricter government regulation and consequences of reputational effects—for example, negative effects on the entity's brand and higher recruitment costs. Furthermore, when an entity's business partners face significant sustainability-related risks and opportunities, the entity could be exposed to related consequences of its own. When such impacts, dependencies and relationships create risks or opportunities for an entity, they can affect the entity's performance or prospects, create or erode the value of the enterprise and the financial returns to providers of financial capital, and the assessment of enterprise value by the primary user. 20- An entity shall disclose information that enables users of general purpose financial reporting to understand its assessment of the current and anticipated effects of significant sustainability-related risks and opportunities on its business model. Specifically, an entity shall disclose: a. a description of the current and anticipated effects of significant sustainability-related risks and opportunities on its value chain; and b. a description of where in its value chain significant sustainability- related risks and opportunities are concentrated (for example, geographical areas, facilities or types of assets, inputs, outputs or distribution channels).	ESRS 1 § 53. Dependencies from natural and social resources are sources of financial risks or opportunities. Dependencies may trigger effects in two possible ways: (a) they may influence the undertaking's ability to continue to use or obtain the resources needed in its business process, as well as the quality and pricing of those resources; and (b) they may affect the undertaking's ability to rely on relationships needed in its business processes on acceptable terms. ESRS 2§ 46 (d) the financial effects of material risks and opportunities, including on its financial planning, including specifically: i. the current and anticipated effects of material risks and opportunities on its business model and value chain; ii. a description of where in its value chain material risks and opportunities are concentrated;	IFRS and ESRS consider impacts and dependencies, as sources of risks and opportunities. The requirements in IFRS S1 par. 20 a) and b) are also covered in ESRS 2. IFRS and ESRS require the undertaking to disclose the effects of risks and opportunities on its business model and value chain as well as where risks and opportunities are concentrated in the undertaking's value chain.
Strategy and decision-making	The disclosure shall include the following:	The requirements in IFRS S1 par. 21 are also covered in ESRS 2.

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21. An entity shall disclose information that enables users of general purpose financial reporting to understand the effects of significant sustainability- related risks and opportunities on its strategy and decision-making. Specifically, an entity shall disclose: a. how it is responding to significant sustainability-related risks and opportunities; b. quantitative and qualitative information about the progress of plans disclosed in prior reporting periods; and c. what trade-offs between sustainability-related risks and opportunities were considered by the entity (for example, in a decision on the location of new operations, a trade-off between the environmental impacts of those operations and the employment opportunities they would create in a community, and the related effects on enterprise value).	ESRS 2 § 45 d): the effects of material impacts, risks and opportunities on its strategy and decision-making, including how the undertaking is responding to these effects. In this context, the undertaking shall disclose any changes the undertaking has made, or plans to make, to its strategy or business model(s) as part of its actions to address particular material impacts or risks, or to pursue particular material opportunities. ESRS 2 § 66: Where the implementation of a policy requires actions, or a comprehensive action plan, to achieve its objectives, as well as when actions are implemented without a specific policy, the undertaking shall disclose the following information: (c) if applicable, quantitative and qualitative information regarding the progress of actions or action plans disclosed in prior periods. ESRS 1 § 55: The undertaking's materiality assessment process shall encompass situations where its actions to address certain impacts or risks, or to benefit from certain opportunities in relation to a sustainability matter, might have material negative impacts or cause material risks in relation to one or several other sustainability matters. ESRS 1 § 56: In such situations, the undertaking shall: (a) mention the existence of material negative impacts or material risks together with the actions that generate them, with a cross-reference to the topic to which the impacts or risks relate; and (b) provide a description of how the material negative impacts or material risks are addressed under the topic to which they relate.	IFRS and ESRS require the undertaking to disclose the effects of risks and opportunities on the undertaking's strategy and decision-making as well as how it responds to these effects. Moreover, they require the undertaking to disclose the progress of prior periods plans and the trade-offs between risks and opportunities.
Financial position, financial performance and cash flows 22. An entity shall disclose information that enables users of general purpose financial reporting to understand the effects of significant sustainability- related risks and opportunities on its financial position,	ESRS 2 § 46 d) the financial effects of material risks and opportunities ESRS 1 Appendix A definition of financial effects	The requirements in IFRS S1 par. 22 are also covered in ESRS 2. ESRS 1 doesn't allow to disclose qualitative information when the undertaking is unable to

IFRS S1	ESRS 1 / ESRS 2	Comparison IFRS S1 VS ESRS 1 and 2
financial performance and cash flows for the reporting period, and the anticipated effects over the short, medium and long term—including how sustainability-related risks and opportunities are included in the entity's financial planning. An entity shall disclose quantitative information unless it is unable to do so. If an entity is unable to provide quantitative information, it shall provide qualitative information. When providing quantitative information, an entity can disclose single amounts or a range. Specifically, an entity shall disclose: a. how significant sustainability-related risks and opportunities have affected its most recently reported financial position, financial performance and cash flows; b. information about the sustainability-related risks and opportunities identified in paragraph 22(a) for which there is a significant risk that there will be a material adjustment to the carrying amounts of assets and liabilities reported in the financial statements within the next financial year; c. how it expects its financial position to change over time, given its strategy to address significant sustainability-related risks and opportunities, reflecting: i. its current and committed investment plans and their anticipated effects on its financial position (for example, capital expenditure, major acquisitions and divestments, joint ventures, business transformation, innovation, new business areas and asset retirements); ii. its planned sources of funding to implement its strategy; and d. how it expects its financial performance to change over time, given its strategy to address significant sustainability-related risks and opportunities.	A sustainability matter triggers financial effects on the undertaking when it generates risks or opportunities that have an influence (or are likely to have an influence) on the undertaking's cash flows, performance, position, development, cost of capital or access to finance in the short, medium- and long-term time horizons. ESRS 2 § 46 d) iii) : how material risks and opportunities have affected the undertaking's most recently reported financial performance, financial position and cash flows. This includes information for which there is a material risk that there will be a material adjustment to the carrying amount of assets and liabilities reported in the financial statements within the next financial year ESRS 2 § 46 d) iv): how the undertaking expects its cash flows, financial performance, and financial position to change over time under the effects of material risks and opportunities, reflecting: 1. its current and committed investment plans and their anticipated effects on its financial position (for example, capital expenditure, major acquisitions and divestments, joint ventures, business transformation, innovation, new business areas and asset retirements); and 2. its planned sources of funding to implement its strategy	disclose quantitative information. However, topical standards include specific provisions, such as the possibility to disclose ranges in the environmental standards and the possibility to disclose qualitative information when it is impracticable to produce qualitative information (in ESRS E2/E3/E4/E5).

IFRS S1	**ESRS 1 / ESRS 2**	**Comparison IFRS S1 VS ESRS 1 and 2**
Resilience 23. An entity shall disclose information that enables users of general purpose financial reporting to understand its capacity to adjust to the uncertainties arising from significant sustainability-related risks. An entity shall disclose a qualitative and, when applicable, a quantitative analysis of the resilience of its strategy and cash flows in relation to its significant sustainability-related risks, including how the analysis was undertaken and its time horizon. When providing quantitative information, an entity can disclose single amounts or a range. 24. Other IFRS Sustainability Disclosure Standards will specify the type of information an entity is required to disclose about its resilience to specific sustainability-related risks, such as when scenario analysis shall be used.	The disclosure shall include the following: ESRS 2 § 46 e: information about the resilience of the undertaking's strategy and business model(s) regarding its capacity to address its material impacts and risks and to take advantage of its material opportunities. The undertaking shall disclose a qualitative and, when applicable, a quantitative analysis of the resilience, including how the analysis was conducted and the time horizons that were applied as defined in [draft] ESRS 1 (see [draft] ESRS 1 chapter 6 Time horizons). When providing quantitative information, the undertaking may disclose single amounts or ranges;	The requirements in IFRS S1 par. 23 are also covered in ESRS 2.
Risk management **25. The objective of sustainability-related financial disclosures on risk management is to enable users of general purpose financial reporting to understand the process, or processes, by which sustainability-related risks and opportunities are identified, assessed and managed. These disclosures shall enable users to assess whether those processes are integrated into the entity's overall risk management processes and to evaluate the entity's overall risk profile and risk management processes.** 26. To achieve this objective, an entity shall disclose: a. the process, or processes, it uses to identify sustainability-related: i. risks; and ii. opportunities;	ESRS 2 § 49 and 50: The undertaking shall disclose its processes to identify its impacts, risks and opportunities and to assess which ones are material. The objective of this Disclosure Requirement is to provide an understanding of the process(es) through which the undertaking identifies impacts, risks and opportunities and assesses their materiality, as the basis for determining the disclosures in its sustainability reporting (see [draft] ESRS 1 Appendix B: Application Requirements for more guidance). ESRS 2 51 (c) and (d): (c) an overview of the process(es) used to identify, assess and prioritise sustainability risks and opportunities that have or may have financial effects. The disclosure shall also include:	ESRS 2 covers all the requirements in IFRS S1 paragraph 26. For point d) (processes to monitor and manage risks and opportunities), there is not a direct item in the impact, risk and opportunity management (IRO) section of ESRS 2, reflecting the architecture of ESRS and the need to cover at the same time the 11 topical standards. However monitoring and management of IRO is extensively covered in the 3 Disclosure Contents (Policies, Actions and Targets) in ESRS 2. In addition, ESRS 2 GOV 5 covers the process for sustainability reporting. Important also to note that the topical standards include specific provisions on policies, actions and targets that cover monitoring and management of IROs.

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b. the process, or processes, it uses to identify sustainability-related risks for risk management purposes, including when applicable: i. how it assesses the likelihood and effects associated with such risks (such as the qualitative factors, quantitative thresholds and other criteria used); ii. how it prioritises sustainability-related risks relative to other types of risks, including its use of risk-assessment tools; iii. the input parameters it uses (for example, data sources, the scope of operations covered and the detail used in assumptions); and iv. whether it has changed the processes used compared to the prior reporting period; c. the process, or processes, it uses to identify, assess and prioritise sustainability-related opportunities; d. the process, or processes, it uses to monitor and manage the sustainability-related: i. risks, including related policies; and ii. opportunities, including related policies; e. the extent to which and how the sustainability-related risk identification, assessment and management process, or processes, are integrated into the entity's overall risk management process; and	i. how the undertaking assesses the likelihood and effects associated with them (such as the qualitative factors, quantitative thresholds and other criteria used); ii. how the undertaking prioritises sustainability-related risks relative to other types of risks, including its use of risk-assessment tools; (d) an explanation of how the undertaking has determined the material information related to its material impacts, risks and opportunities, including the use of thresholds and/or how it has implemented the criteria in [draft] ESRS 1 section 3.2 Material matters and materiality of information. The disclosure shall also include the input parameters it uses (for example, data sources, the scope of operations covered and the detail used in assumptions). ESRS 52 (c) whether the process(es) has changed compared to the prior reporting period, when the process(es) was modified for the last time and future revision dates of the materiality assessment. ESRS 2 Disclosure Content - Policies DC-P – Policies adopted to manage material sustainability matters ESRS 2 Disclosure Content - Actions DC-A – Actions and resources in relation to material sustainability matters ESRS 2 Disclosure Content – Targets DC-T – Tracking effectiveness of policies and actions through targets ESRS 2 Disclosure Requirement GOV-5 - Risk management and internal controls over sustainability reporting ESRS 52 (b) i, ii: the extent to which and how the process(es) to identify, assess and manage i. impacts and risks are integrated into the undertaking's overall risk management process	

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f. the extent to which and how the sustainability-related opportunity identification, assessment and management process, or processes, are integrated into the entity's overall management process.	and used to evaluate the undertaking's overall risk profile and risk management processes; ii. opportunities is integrated into the undertaking's overall management process (where applicable)	
Metrics and targets ***27. The objective of sustainability-related financial disclosures on metrics and targets is to enable users of general purpose financial reporting to understand how an entity measures, monitors and manages its significant sustainability-related risks and opportunities.*** ***These disclosures shall enable users to understand how the entity assesses its performance, including progress towards the targets it has set.*** 28. Metrics shall include those defined in any other applicable IFRS Sustainability Disclosure Standard, metrics identified from the other sources identified in paragraph 54 and metrics developed by an entity itself. 29. An entity shall identify metrics that apply to its activities in line with its business model and in relation to specific sustainability-related risks or opportunities. Some entities will have a range of activities and, therefore, may need to apply metrics that are applicable to more than one industry. 30. An entity shall disclose the metrics it uses to manage and monitor sustainability-related risks and opportunities; and the metrics it uses to measure performance, including progress towards the targets it has set. 31. When a metric has been developed by an entity, it shall disclose: a. how the metric is defined, including whether it is an absolute measure or expressed in relation to another metric (such as revenue or floor space) and any sources that have been used to construct the metric;	**ESRS 2 Disclosure Content - Metrics** ESRS 2 § 71 The undertaking shall apply the requirements for the content of disclosures in this provision when it discloses on the metrics it has in place with regard to each material sustainability matter. ESRS 2 § 73 The undertaking shall disclose any metrics that it uses to evaluate performance and effectiveness, in relation to a material impact, risk or opportunity. ESRS 2 § 74 metrics shall include those defined in [draft] topical ESRS, as well as metrics identified on an entity-specific basis, whether taken from other sources or developed by the undertaking itself. ESRS 2 § 75 For each metric, the undertaking shall: (a) disclose whether the measurement of a metric is validated by an external body other than the assurance provider and, if so, which body; **ESRS 2 Disclosure Content - Targets** ESRS 2 § 78 The undertaking shall disclose any measurable, outcome-oriented targets it has set to assess progress. For each measurable outcome-oriented target, the disclosure shall include the following information:	ESRS 2 covers all the requirements in IFRS S1 paragraphs 27/35.

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b. whether measurement of the metric is validated by an external body and, if so, which body; and c. explanations of the methods used to calculate the targets and the inputs to the calculation, including the significant assumptions made and the limitations of those methods. 32. An entity shall disclose the targets it has set to assess progress towards achieving its strategic goals, specifying: a. the metric used; b. the period over which the target applies; c. the base period from which progress is measured; and d. any milestones or interim targets. 33. An entity shall disclose: a. performance against its disclosed targets and an analysis of trends or significant changes in its performance; and b. revisions to its targets and the explanation for those revisions. 34. The definition and calculation of metrics, including metrics used to set and monitor targets, shall be consistent over time. If a metric or target is redefined or replaced, an entity shall: a. explain the changes; b. explain the reasons for those changes, including why any replacement metric provides more useful information; and c. provide restated comparative figures, unless it is impracticable to do so.	(b) the defined target level to be achieved, including, where applicable, whether the target is absolute or relative and in which unit it is measured; (d) the baseline value and base year from which progress is measured; (e) the period to which the target applies and if applicable, any milestones or interim targets; (f) the methodologies and significant assumptions used to define targets, including where applicable, the selected scenario, data sources, alignment with national, EU or international policy goals and how the targets consider the wider context of sustainable development and/or local situation in which impacts take place; (i) any changes in targets and corresponding metrics or underlying measurement methodologies, significant assumptions, limitations, sources and processes to collect data adopted within the defined time horizon. This includes an explanation of the rationale for those changes and their effect on comparability (see Disclosure Requirement BP-2 Disclosures in relation to specific circumstances of this [draft] Standard); (j) the performance or overall progress against its disclosed targets, including information on how the target is monitored and reviewed, whether the progress is in line with what had been initially planned, and an analysis of trends or significant changes in the performance of the undertaking towards achieving the target. ESRS 2 § 12: When changes in the preparation and presentation of sustainability information occur compared to the previous reporting period, such as the redefinition or replacement of a metric or target (see [draft] ESRS 1 section 7.4 Changes in preparation or presentation in sustainability information), the undertaking shall: (a) explain the changes;	

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35. An entity shall label metrics and targets using meaningful, clear and precise names and descriptions.	(b) explain the reasons for those changes, including why the replaced metric provides more useful information; and (c) provide restated comparative figures, unless it is impracticable to do so. When it is impracticable to adjust comparative information for one or more prior periods, the undertaking shall disclose that fact. ESRS 2 § 75 For each metric, the undertaking shall: (b) label metrics using meaningful, clear and precise names and descriptions;	
General features 36. For sustainability-related financial information to be useful, it shall be relevant and faithfully represent what it purports to represent. These are fundamental qualitative characteristics. Usefulness is enhanced if the information is comparable, verifiable, timely and understandable. Appendix C sets out the characteristics of useful information.	ESRS 1 Chapter 2 Qualitative characteristics of quality ESRS 1 Appendix C Qualitative characteristics of quality ESRS 1 § 23-24: When preparing its sustainability statements, the undertaking shall apply: (a) the fundamental qualitative characteristics of information, i.e., relevance and faithful representation; and (b) the enhancing qualitative characteristics of information, i.e., comparability, verifiability and understandability. These qualitative characteristics of information are defined and described in Appendix C of this [draft] Standard.	ESRS 1 has incorporated the text of IFRS S1 on qualitative characteristics of information (plus additions to cover the impact materiality perspective).
Reporting entity 37. An entity's sustainability-related financial disclosures shall be for the same reporting entity as the related general purpose financial statements. For example, if the reporting entity is a group, the consolidated financial statements will be for a parent and its subsidiaries; consequently, that entity's sustainability-related financial disclosures shall enable users of general purpose financial reporting to assess the enterprise value of the parent and its subsidiaries.	ESRS 1 § 65: The reporting undertaking for the sustainability statements shall be the one retained for the related financial statements. For example, if the reporting undertaking is a group and if the parent company is required to prepare consolidated financial statements, the consolidated financial and sustainability statements will be for the parent and its subsidiaries. No equivalent	The provision regarding the reporting undertaking is the same (scope of financial consolidation). ESRS does not have a provision to disclose the financial statements to which the sustainability statements relate, as the sustainability statements

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38. An entity shall disclose the financial statements to which the sustainability- related financial disclosures relate. 39. When currency is specified as the unit of measure, the entity shall use the presentation currency of its financial statements. 40. Paragraph 2 requires an entity to disclose material information about all significant sustainability-related risks and opportunities to which it is exposed. These risks and opportunities relate to activities, interactions and relationships and to the use of resources along its value chain, such as: a. its employment practices and those of its suppliers, wastage related to the packaging of the products it sells, or events that could disrupt its supply chain; b. the assets it controls (such as a production facility that relies on scarce water resources); c. investments it controls, including investments in associates and joint ventures (such as financing a greenhouse gas-emitting activity through a joint venture); and d. sources of finance.	ESRS 2 § For each metric the undertaking shall: … (c) when currency is specified as the unit of measure, use the presentation currency of its financial statements. ESRS 1. § 66: The information about the reporting undertaking provided in the sustainability statements shall be extended to include information on the material impacts, risks and opportunities connected to the undertaking through its direct and indirect business relationships in the upstream and/or downstream value chain (“value chain information”). In extending the information about the reporting undertaking, the undertaking shall include material impacts, risks and opportunities connected with the undertaking’s upstream and downstream value chain(s): (a) following the outcome of its sustainability due diligence process(es) and of its materiality assessment; and (b) in accordance with specific requirements of [draft] topical or sector-specific ESRS, when they exist. ESRS 1 § 68: The undertaking shall include material value chain information when this is necessary to: (a) allow users of sustainability statements to understand the undertaking’s material impacts, risks and opportunities; and/or (b) produce a set of information that meets the qualitative characteristics of information (see Appendix C of this [draft] Standard). ESRS 2 § 5: The undertaking shall disclose the following information:	for the CSRD are located always in the management report of the undertaking. The concept of disclosing material information about risks and opportunities arising along the value chain is common to ESRS and IFRS (with ESRS also covering impact materiality along the value chain). In both cases the role of the specific value chain provisions in other standards is central. ESRS have, on top, explicit language to indicate the necessity to extend the reported information to include value chain information, when this is necessary to cover material IRO and produce information that meets the qualitative characteristics. ESRS has, on top, an explicit requirement to treat associates and joint ventures that are business partners as the other actors of the value chain.

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41. Other IFRS Sustainability Disclosure Standards will specify how an entity is required to disclose or measure its significant sustainability-related risks and opportunities, including those related to its associates, joint ventures and other financed investments, and those related to its value chain.	… (b) to what extent the sustainability statements cover the undertaking's upstream and downstream value chain (see [draft] ESRS 1 section 5.1 *Reporting undertaking and value chain*); ESRS 1 § 70: When associates or joint ventures, accounted for under the equity method or proportionally consolidated in the financial statements, are part of the undertaking's value chain, the undertaking shall include information related to those undertakings, following paragraph 0, consistent with the approach adopted for the other business relationships in the value chain. In this case, when determining impact metrics, the data of the associate or joint venture are not limited to the share of equity held, but taken into account on the basis of the impacts that are directly linked to the undertaking's products and services through its business relationships.	
Appendix A Definition of value chain Value chain is the full range of activities, resources and relationships related to the undertaking's business model(s) and the external environment in which it operates. A value chain encompasses the activities, resources and relationships the undertaking uses and relies on to create its products or services from conception to delivery, consumption and end-of-life. Relevant activities, resources and relationships include: a. those in the undertaking's operations, such as human resource;	Appendix A Definition of value chain. Value chain is the full range of activities, resources and relationships related to the undertaking's business model(s) and the external environment in which it operates. A value chain encompasses the activities, resources and relationships the undertaking uses and relies on to create its products or services from conception to delivery, consumption and end-of-life. Relevant activities, resources and relationships include: a. those in the undertaking's operations, such as human resource; b. those along its supply, marketing and distribution channels, such as materials and service sourcing and product and service sale and delivery; and	The definition of Value chain in Appendix A of ESRS and IFRS is aligned. ESRS definition also includes a clarification on upstream and downstream actors.

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b. those along its supply, marketing and distribution channels, such as materials and service sourcing and product and service sale and delivery; and c. the financing, geographical, geopolitical and regulatory environments in which the undertaking operates.	c. the financing, geographical, geopolitical and regulatory environments in which the undertaking operates. Additional clarification in ESRS 1 Appendix A: Value chain includes entities (or actors) upstream and downstream from the undertaking. Entities upstream from the undertaking (e.g., suppliers) provide products or services that are used in the development of the undertaking's products or services. Entities downstream from the undertaking (e.g., distributors, customers) receive products or services from the undertaking.	
Connected information ***42. An entity shall provide information that enables users of general purpose financial reporting to assess the connections between various sustainability-related risks and opportunities, and to assess how information about these risks and opportunities is linked to information in the general purpose financial statements.*** 43. An entity shall describe the relationships between different pieces of information. Doing so could require connecting narrative information on governance, strategy and risk management to related metrics and targets. For example, to allow users of general purpose financial reporting to assess connections in information, an entity might need to explain the effect or likely effect of its strategy on its financial statements or financial plans, or on metrics and targets used to measure progress against performance. Furthermore, the entity might need to explain how its use of natural resources and changes within its supply chain could amplify, change or reduce its significant sustainability-related risks and opportunities. The entity may need to link this information to the potential or actual effect on its production costs, its strategic response to mitigate such risks and its related investment in new assets. This information may also need to be linked to information in the financial statements and to specific metrics and targets. Information that describes connections shall be clear and concise.	ESRS 1 § 118: The undertaking shall provide information that enables users of its sustainability statements to assess the connections between various information about impacts, risks and opportunities in these statements and related information in other parts of its corporate reporting, Section 9.2: Connected information and connectivity with financial statements. ESRS 1 § 123: The undertaking shall describe the relationships between different pieces of information. Doing so could require connecting narrative information on governance, strategy and risk management to related metrics and targets. For example, to allow users to assess connections in information, the undertaking might need to explain the effect or likely effect of its sustainability strategy on its financial statements or financial plans, or on metrics and targets used to measure progress against performance. Furthermore, the undertaking might need to explain how its use of natural resources and changes within its supply chain could amplify, change or reduce its material impacts, risks and opportunities. It may need to link this information to the potential or actual effect(s) on its production costs, its strategic response to mitigate such impacts or risks and its related investment in new assets. This information may also need to be linked to information	IFRS and ESRS are aligned. ESRS sustainability statements are always part of the management report, as required by the CSRD.

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	in the financial statements and to specific metrics and targets. Information that describes connections shall be clear and concise.	
44. Examples of connected information include: a. an explanation of the combined effects of sustainability-related risks and opportunities and the entity's strategy and related metrics and targets on its financial position, financial performance and cash flows over the short, medium and long term. For example, an entity may face decreasing demand for its products because of consumer preferences for low-carbon alternatives. It may need to explain how its strategic response, such as closing a major factory, affects its workforce and communities, as well as the effect of the closure on the useful lives of assets and impairment assessments. b. an explanation of the potential options that were evaluated when an entity assessed its sustainability-related risks and opportunities, and the consequences of its decisions to address those risks and opportunities, including the trade-offs that were considered, as detailed in paragraph 21(c). For example, an entity might need to explain how a decision to restructure its operations in response to a sustainability-related risk could have consequential effects on the future size and composition of the entity's workforce.	No examples in ESRS	
Fair presentation 45. A complete set of sustainability-related financial disclosures shall present fairly the sustainability-related risks and opportunities to which an entity is exposed. Fair presentation requires the faithful representation of sustainability-related risks and opportunities in accordance with the principles set out in this [draft] Standard.	ESRS 1 § 23: When preparing its sustainability statements, the undertaking shall apply: (a) the fundamental qualitative characteristics of information, i.e., relevance and faithful representation; and	IFRS and ESRS have the same qualitative characteristics of information except timeliness of information that is not stipulated in ESRS as publication of the management report is already stipulated under other EU regulations (Accounting Directive).

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	(b) the enhancing qualitative characteristics of information, i.e., comparability, verifiability and understandability. ESRS 1 QC1: Sustainability information is relevant when it may make a difference in the decisions of users under a double materiality approach (see chapter 3 of this [draft] Standard)	
46. Applying IFRS Sustainability Disclosure Standards, with additional disclosure when necessary, is presumed to result in sustainability-related financial disclosures that achieve a fair presentation. 47. A fair presentation also requires an entity: a. to disclose information that is relevant, representationally faithful, comparable, verifiable, timely and understandable; and b. to provide additional disclosures when compliance with the specific requirements in IFRS Sustainability Disclosure Standards is insufficient to enable users of general purpose financial reporting to assess the implications of sustainability-related risks and opportunities on the entity's enterprise value.	ESRS 1 § 14: When the undertaking concludes that an impact, risk or opportunity not covered or covered with insufficient granularity by an [draft] ESRS is material due to its specific facts and circumstances, it shall provide additional entity-specific disclosures to cover such impact, risk or opportunity.	
48. When applying this [draft] Standard and other IFRS Sustainability Disclosure Standards, an entity, after it has considered all relevant facts and circumstances, shall decide how to aggregate the information in its sustainability-related financial disclosures. An entity shall not reduce the understandability of its sustainability-related financial disclosures by obscuring material information with immaterial information or by aggregating material items that are dissimilar. 49. Information shall not be aggregated if doing so would obscure information that is material. Rather, aggregation and disaggregation shall be based on the characteristics of the sustainability-related risks and	ESRS 1 § 60: Where data from different levels, or multiple locations within a level, is aggregated, the undertaking shall ensure that this aggregation does not obscure the specificity and context necessary to interpret the information. The undertaking shall not aggregate material items that differ in nature.	IFRS and ESRS are aligned on aggregation and disaggregation of information to not obscure material information.

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opportunities. Information shall be aggregated when it shares those characteristics and disaggregated when it does not share them. Information about sustainability- related risks and opportunities might need to be disaggregated, such as by geographical location or in consideration of the geopolitical environment. For example, to ensure that material information is not obscured, an entity might need to disaggregate disclosures about its use of water to distinguish between water drawn from abundant sources and water drawn from high-stress sources.	ESRS 1 § 57: When needed for a proper understanding of its material impacts, risks and opportunities, the undertaking shall disaggregate the reported information: (a) by country, when there are significant variations of material impacts, risks and opportunities across countries and when presenting the information at a higher level of aggregation would obscure material impacts, risks or opportunities; or (b) in relation to a significant site or a significant asset, when material impacts, risks and opportunities are linked to a specific location or asset. ESRS 1 § 58: When defining the appropriate level of disaggregation for reporting, the undertaking shall consider the disaggregation adopted in its materiality assessment. Depending on the facts and circumstances, a disaggregation by subsidiary may be necessary.	
Identifying sustainability-related risks and opportunities and disclosures 50. This [draft] Standard requires an entity to disclose material information about all of the significant sustainability-related risks and opportunities to which it is exposed (see paragraph 2).	ESRS 2 § 46: The undertaking shall disclose the material impacts, risks and opportunities resulting from its materiality assessment (see Disclosure Requirement IRO-1 of this [draft] Standard), together with a brief description.	Risks and opportunities are required by both ESRS and IFRS. Impacts are required as a separate reporting objective in ESRS.
	ESRS 1 § 11: An [draft] ESRS covers a topic and may be structured to cover several sub-topics and/or sub-sub-topics where necessary. These are also referred to as “sustainability matters”. Disclosure requirements prescribed by sector-agnostic or sector-specific [draft] ESRS are organised in accordance with this topical approach. Appendix B *Application Requirements* of this [draft] Standard, paragraph AR 12, presents the list of sustainability matters covered in [draft] topical ESRS.	IFRS is entirely based on materiality assessment. On the contrary, ESRS has a list of mandatory datapoints (Appendix C of ESRS 2), including ESRS 2 and ESRS E1 and ESRS S1-1/S1-9 to be applied always, irrespective of the outcome of the materiality assessment. The rest of the requirements are subject to materiality assessment. Once a matter is assessed to be material, the undertaking shall refer to the content of the

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52. To identify disclosures, including metrics, about a significant sustainability- related risk or opportunity, an entity shall refer to the relevant IFRS Sustainability Disclosure Standards.	ESRS 1 § 12: Topical [draft] ESRS include sector-agnostic and sector-specific Disclosure Requirements. To achieve a high degree of comparability, information that has been assessed by the standard-setter as likely to be material for all undertakings, or for all undertakings in a specific sector, is reflected in: (a) **Sector-agnostic ESRS/Disclosure Requirements:** applicable to all undertakings independent of the sector(s) they operate in; and (b) **Sector-specific ESRS/Disclosure Requirements:** applicable to all undertakings within a sector. They address impacts, risks and opportunities not covered, or not sufficiently covered, by sector-agnostic Disclosure Requirements. ESRS 1 § 13: [Draft] ESRS 2 establishes information to be mandatorily provided by the undertaking at a general level, across all sustainability topics. The [draft] topical ESRS include additional specific requirements of a topical nature that are necessary to comply with certain Disclosure Requirements of [draft] ESRS 2. [Draft] ESRS 2 Appendix D *Disclosure/Application Requirements in [draft] topical ESRS that are applicable jointly with [draft] ESRS 2 General Disclosures* lists such additional requirements. They are applicable when the undertaking has assessed the relevant topic to be material, except for those in [draft] ESRS E1 *Climate change* and those in the other topical ESRS linked to [draft] ESRS 2 IRO-1 *Description of the processes to identify and assess material impacts, risks and opportunities*, that are applicable regardless of the outcome of the materiality assessment. ESRS 1 § 14: When the undertaking concludes that an impact, risk or opportunity not covered or covered with insufficient granularity by an [draft] ESRS is material due to its specific facts and circumstances, it shall provide	ESRS/IFRS standards to identify the relevant disclosures. This is valid both for ESRS and IFRS, with the limitation above about the scope of the materiality assessment (broader in IFRS than ESRS due to the presence of a minimum list of mandatory items).

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	additional entity-specific disclosures to cover such impact, risk or opportunity. ESRS 1 § 15: The entity-specific disclosures shall enable readers to understand the undertaking's impacts, risks and opportunities in relation to environmental, social or governance matters. ESRS 1 § 16: In developing entity-specific disclosures, the undertaking shall ensure that: (a) the disclosures meet the qualitative characteristics of information as set out in chapter 2 *Qualitative characteristics of information*; and (b) its disclosures include, where applicable, all material information related to the reporting areas of governance; strategy; impact, risk and opportunity management; and metrics and targets (see [draft] ESRS 2 chapters 2 to 5).	
	ESRS 1 § 17: When determining the usefulness of metrics for inclusion in its entity-specific disclosures, the undertaking shall consider whether: (a) its chosen performance metrics provide insight into: (i) how effective its practices are in reducing negative outcomes and/or increasing positive outcomes for people and the environment (for impacts); and/or (ii) the likelihood that its practices are affecting the undertaking's financial development, performance and position over the short-, medium- and long-term time horizons (for risks and opportunities); (b) the measured outcomes are sufficiently reliable, that is, they do not involve an excessive number	Both ESRS and IFRS require the undertaking to integrate in sustainability statements disclosures on an entity-specific nature (not covered in IFRS/ESRS standards). ESRS 1 has explicit guidance on the quality of the entity-specific metrics.

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	of assumptions and unknowns that would render the metrics too arbitrary to provide a faithful representation; and (c) it has provided sufficient contextual information to interpret performance metrics appropriately, and whether variations in such contextual information may impact comparability of the metrics over time.	
53. In the absence of an IFRS Sustainability Disclosure Standard that applies specifically to a sustainability-related risk or opportunity, management shall use its judgement in identifying disclosures that: a. are relevant to the decision-making needs of users of general purpose financial reporting; b. faithfully represent the entity's risks and opportunities in relation to the specific sustainability-related risk or opportunity; and c. are neutral. 54. In making the judgement described in paragraph 53, management shall consider, to the extent that these do not conflict with an IFRS Sustainability Disclosure Standard, the metrics associated with the disclosure topics included in the industry-based SASB Standards, the ISSB's non-mandatory guidance (such as the CDSB Framework application guidance for water- and biodiversity-related disclosures), the most recent pronouncements of other standard-setting bodies whose requirements are designed to meet the needs of users of general purpose financial reporting, and the metrics used by entities in the same industries or geographies. 55. An entity shall disclose the industry or industries specified in the relevant IFRS Sustainability Disclosure Standard or industry-based SASB Standards that it has used when identifying disclosures about a significant sustainability- related risk or opportunity.	ESRS 1 § 18: When developing its entity-specific disclosures, the undertaking shall carefully consider: (a) comparability between undertakings, while still ensuring relevance of the information provided, recognising that comparability may be limited for entity-specific disclosures. The undertaking shall consider whether available and relevant frameworks, initiatives, reporting standards and benchmarks (such as technical material issued by the International Sustainability Standards Board or the Global Reporting Initiative) provide elements that can support comparability to the maximum extent possible; and (b) comparability over time: consistency of methodologies and disclosures is a key factor for achieving comparability over time. ESRS 1 § 19: Further guidance for developing entity-specific disclosures can be found by considering the information required under [draft] topical ESRS that address similar sustainability matters. ESRS 1 § 131: When defining its entity-specific disclosures, the undertaking may adopt transitional measures for their preparation in the first three annual sustainability statements under which it shall as a priority: (a) introduce in its reporting those entity-specific disclosures that it reported in prior periods, if these	The current scope for entity-specific disclosures under IFRS is broader than in ESRS, as currently only one topical IFRS exists (climate). IFRS is therefore referring to industry-based SASB standards, non-mandatory guidance, and most recent pronouncements of other standard-setting bodies in the absence of an IFRS Sustainability Disclosure Standard.

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51. To identify sustainability-related risks and opportunities about which information could reasonably be expected to influence decisions that the users of general purpose financial reporting make on the basis of that information, an entity shall refer to IFRS Sustainability Disclosure Standards, including identified *disclosure topics*. In addition to IFRS Sustainability Disclosure Standards, an entity shall consider: a. the disclosure topics in the industry-based SASB Standards; b. the ISSB's non-mandatory guidance (such as the CDSB Framework application guidance for water- and biodiversity-related disclosures); c. the most recent pronouncements of other standard-setting bodies whose requirements are designed to meet the needs of users of general purpose financial reporting; and d. the sustainability-related risks and opportunities identified by entities that operate in the same industries or geographies.	disclosures meet or are adapted to meet the qualitative characteristics of information referred to under chapter 2 of this [draft] Standard; and (b) complement its disclosures, prepared on the basis of the [draft] topical ESRS, with an appropriate set of additional disclosures to cover sustainability matters that are material for the undertaking in its sector(s), using the available best practice and/or available frameworks or reporting standards [such as Appendix B for IFRS S2 (industry-specific climate standard) and GRI Sector Standards].	In absence of specific requirements in the standards, both IFRS S1 and ESRS 1 allow to refer to other pronouncements. This is in particular valid for ESRS 1 in the first years of application and until the ESRS sector-specific standards will be applicable.
Materiality ***56. Sustainability-related financial information is material if omitting, misstating or obscuring that information could reasonably be expected to influence decisions that the primary users of general purpose financial reporting make on the basis of that reporting, which provides information about a specific reporting entity.***	ESRS 1 § 51: The financial materiality assessment process described in paragraph 41 includes, but is not limited to, the identification of information that is useful to investors, lenders and other creditors when they, as primary users of general-purpose financial reporting, assess the effects of sustainability matters on the undertaking's cash flows, development, performance, position, cost of capital or access to finance. In particular, information is considered material for primary users of general-purpose financial reporting if omitting, misstating or obscuring that information could reasonably be	ESRS require a double materiality perspective. For financial materiality the IFRS materiality is explicitly included in the ESRS materiality assessment. One of the characteristics of IFRS materiality is that the information doesn't have to 'obscured'. See also below the provision on IFRS S1 paragraph 74. The development of a 'mapping' to clearly identify in the ESRS disclosures those that cover the investor materiality (i.e. respond to the IFRS equivalent requirements) will be considered in the next steps, when the IFRS requirements will be finalized.

IFRS S1	ESRS 1 / ESRS 2	Comparison IFRS S1 VS ESRS 1 and 2
	expected to influence decisions that they make on the basis of the undertaking's sustainability statements.	
57. Material sustainability-related financial information provides insights into factors that could reasonably be expected to influence primary users' assessments of an entity's enterprise value. The information relates to activities, interactions and relationships and to the use of resources along the entity's value chain if it could influence the assessment primary users make of its enterprise value. It can include information about sustainability-related risks and opportunities with low-probability and high-impact outcomes. 58. Materiality is an entity-specific aspect of relevance based on the nature or magnitude, or both, of the items to which the information relates, in the context of the entity's general purpose financial reporting. This [draft] Standard does not specify any thresholds for materiality or predetermine what would be material in a particular situation. 59. An entity shall apply judgement to identify material sustainability-related financial information. Materiality judgements shall be reassessed at each reporting date to take account of changed circumstances and assumptions.	ESRS 1 § 25: The undertaking shall report on sustainability matters based on the double materiality principle as defined and explained in this chapter. ESRS 1 § 31: For this purpose, a sustainability matter is "material" for the undertaking when it meets the criteria defined for impact materiality (see section 3.4 of this [draft] Standard) or financial materiality (see section 3.5 of this [draft] Standard) or both. ESRS 1 § 50: The financial materiality assessment process described in paragraph 41includes, but is not limited to, the identification of information that is useful to investors, lenders and other creditors when they, as primary users of general-purpose financial reporting, assess the effects of sustainability matters on the undertaking's cash flows, development, performance, position, cost of capital or access to finance.. In particular, information is considered material for primary users of general-purpose financial reporting if omitting, misstating or obscuring that information could reasonably be expected to influence decisions that they make on the basis of the undertaking's sustainability statements. ESRS 1 § 52: The financial materiality of a sustainability matter is not constrained to matters that are within the control of the undertaking but includes information about material risks and opportunities attributable to business relationships with other undertakings/stakeholders beyond the scope of consolidation used in the preparation of financial statements. ESRS 1 § 94: When assessing the possible outcomes, the undertaking shall consider all relevant facts and circumstances, including information about low-probability and high-impact outcomes, which, when aggregated, could become material. For example …	Materiality as an entity specific aspect of relevance and the involvement of judgement are similar in IFRS and ESRS. For the scope of materiality assessment in ESRS, see above (double materiality and list of always mandatory items are ESRS specificities).

IFRS S1	ESRS 1 / ESRS 2	Comparison IFRS S1 VS ESRS 1 and 2
71. Information about transactions, other events and conditions that occur after the end of the reporting period, and before the date on which the sustainability-related financial disclosures are authorised for issue, shall be disclosed if non-disclosure could reasonably be expected to influence decisions that the users of general purpose financial reporting make on the basis of that reporting.	ESRS 1 § 37: The undertaking shall establish how it applies criteria, including appropriate thresholds, to determine: (a) the information to be reported when reporting on metrics for a material sustainability matter according to the Metrics and targets section of the relevant [draft] topical ESRS, per paragraph 35 above; and (b) to determine the information to be disclosed as entity-specific disclosures. ESRS 1 QC 4: Materiality is an entity-specific aspect of relevance based on the nature or magnitude, or both, of the sustainability matters to which the information relates, as assessed in the context of the undertaking's sustainability reporting (see Chapter 3 of this [draft] Standard). ESRS 1 § 95: In some cases, the undertaking may receive information after the reporting period but before the management report is approved for issuance. If such information provides evidence or insights about conditions existing at period end, the undertaking shall consider it and, where appropriate, update estimates and sustainability disclosures, in the light of the new information.	IFRS and ESRS require to consider material information received after the reporting period but before the report is issued.
60. An entity need not provide a specific disclosure that would otherwise be required by an IFRS Sustainability Disclosure Standard if the information resulting from that disclosure is not material. This is the case even if the IFRS Sustainability Disclosure Standard contains a list of specific requirements or describes them as minimum requirements. 61. An entity shall also consider whether to disclose additional information when compliance with the specific requirements in an IFRS Sustainability Disclosure Standard is insufficient to enable users of general purpose financial reporting to assess the effect on enterprise value of the sustainability-related risks and opportunities to which the entity is exposed.	ESRS 1 § 38: Without prejudice for the information to be always reported under paragraph 0, if the undertaking concludes that a topic is not material and therefore it omits all the Disclosure Requirements in a [draft] topical ESRS, it shall briefly explain the conclusions of its materiality assessment for the topic (see [draft] ESRS 2 IRO-2 *Disclosure Requirements in ESRS covered by the undertaking's sustainability statements*). ESRS 1 § 38: When reporting on metrics, if the undertaking omits information prescribed by either a Disclosure Requirement or a datapoint of a Disclosure Requirement in the Metrics and Targets chapter of a [draft]	Under IFRS an entity need not provide non-material information. ESRS doesn't have an explicit equivalent statement, however the materiality assessment process is similar, including the one that leads to identify the disclosure to report on material matters. In addition, ESRS require double materiality perspective. Another element of difference in the materiality approach is the existence in ESRS of: (a) a list of mandatory items to be disclosed irrespective of the materiality assessment

IFRS S1	ESRS 1 / ESRS 2	Comparison IFRS S1 VS ESRS 1 and 2
62. An entity need not disclose information otherwise required by an IFRS Sustainability Disclosure Standard if local laws or regulations prohibit the entity from disclosing that information. If an entity omits material information for that reason, it shall identify the type of information not disclosed and explain the source of the restriction	topical ESRS, such information is considered to be implicitly reported as “not material for the undertaking”. See above ESRS 1 § 14 on the requirements for entity-specific disclosures ESRS 1 § 107: When disclosing information about its strategy, plans and actions, where a specific piece of information corresponding to intellectual property, know-how or the results of innovation is relevant to meet the objective of a Disclosure Requirement, the undertaking may nevertheless omit that specific piece of information if it meets all of the following criteria: (a) this specific piece of information is secret in the sense that it is not, as a body or in the precise configuration and assembly of its components, generally known among or readily accessible to persons within the circles that normally deal with the kind of information in question; (b) this specific piece of information has commercial value because it is secret; and (c) this specific piece of information has been subject to reasonable steps by the undertaking to keep it secret. ESRS 1 § 108: If a specific piece of information corresponding to intellectual property, know-how or the results of innovation is omitted because it meets these criteria, the undertaking shall comply with the disclosure requirement in question by disclosing all required information with the exception of that specific piece of information. ESRS 1 § 109: The undertaking shall make every reasonable effort to ensure that beyond the omission of the specific information, the overall relevance of the disclosure is not impaired.	(Appendix C of ESRS 2, ESRS 2, ESRS E1, ESRS S1-1/1-9) and (b) policies, actions and targets: DRs are always to be reported when the matter is material (see Appendix F). IFRS allows to omit information, when local laws and regulation prohibit disclosure of information. As per the CSRD, member states may grant an option to omit prejudicial information; in this case a specific disclosure is required by ESRS 2. In addition, ESRS allow to omit confidential information based on an EU trade secret definition.

IFRS S1	ESRS 1 / ESRS 2	Comparison IFRS S1 VS ESRS 1 and 2
	ESRS 2 § 5 (d): for undertakings based in an EU member state that allows for the exemption from disclosure of impending developments or matters in course of negotiation, as provided for in articles 19a (3) and 29a (3) of the CSRD, a statement on the use of the option is required.	
Comparative information ***63. An entity shall disclose comparative information in respect of the previous period for all metrics disclosed in the current period. When such information would be relevant to an understanding of the current period's sustainability-related financial disclosures, the entity shall also disclose comparative information for narrative and descriptive sustainability- related financial disclosures.*** 64, When providing sustainability-related financial disclosures an entity shall disclose comparative information that reflects updated estimates. When the entity reports comparative information that differs from the information reported in the previous period it shall disclose: a. the difference between the amount reported in the previous period and the revised comparative amount; and b. the reasons the amounts have been revised. 65. Sometimes, it is impracticable to adjust comparative information for one or more prior periods to achieve comparability with the current period. For example, data might not have been collected in the prior period(s) in a way that allows either retrospective application of a new definition of a metric or target or retrospective restatement to correct a prior period error, and it may be impracticable to recreate the information. When it is impracticable to adjust comparative information for one or more prior periods, an entity shall disclose that fact.	ESRS 1 § 86: The undertaking shall disclose one year of comparative information in respect of all metrics disclosed in the current period. When such information would be relevant to an understanding of the current period's sustainability disclosures, the undertaking shall also disclose comparative information for narrative sustainability disclosures. ESRS 1 § 87: In its sustainability statements the undertaking shall disclose comparative information that reflects updated estimates. When the undertaking reports comparative information that differs from the information reported in the previous period it shall disclose: (a) the difference between the amount reported in the previous period and the revised comparative amount; and (b) the reasons for the revision of the amounts. ESRS 1 § 88: Sometimes, it is impracticable to adjust comparative information for one or more prior periods to achieve comparability with the current period. For example, data might not have been collected in the prior period(s) in a way that allows either retrospective application of a new definition of a metric or target or retrospective restatement to correct a prior period error, and it may be impracticable to recreate the information (see [draft] ESRS 2 BP-2). When it is impracticable to	IFRS and ESRS are aligned

IFRS S1	ESRS 1 / ESRS 2	Comparison IFRS S1 VS ESRS 1 and 2
	adjust comparative information for one or more prior periods, the undertaking shall disclose this fact. ESRS 1 § 89: When an [draft] ESRS requires the undertaking to present more than one comparative period for a metric or datapoint, the requirements of that [draft] ESRS shall prevail.	
Frequency of reporting ***66. An entity shall report its sustainability-related financial disclosures at the same time as its related financial statements and the sustainability-related financial disclosures shall be for the same reporting period as the financial statements.*** 67. When an entity changes the end of its reporting period and discloses sustainability-related financial disclosures for a period longer or shorter than 12 months, it shall disclose: a. the period covered by the sustainability-related financial disclosures; b. the reason for using a longer or shorter period; and c. the fact that the amounts disclosed in the sustainability-related financial disclosures are not entirely comparable. 68. Normally, an entity prepares sustainability-related financial disclosures for a 12-month period. However, for practical reasons, some entities prefer to report, for example, for a 52-week period. This [draft] Standard does not preclude this practice. 69. This [draft] Standard does not mandate which entities would be required to disclose interim sustainability-related financial information, how frequently it shall be disclosed, or how soon after the end of an interim period it shall be disclosed. However, governments, securities regulators, stock exchanges and accountancy bodies may require entities whose debt or equity securities are publicly traded to publish interim reports. Paragraph 70 applies if an entity is required or elects to	ESRS 1 § 77: The reporting period for the undertaking's sustainability statements shall be consistent with that of its financial statements.	For ESRS this is stipulated in EU law (accounting directive).

IFRS S1	ESRS 1 / ESRS 2	Comparison IFRS S1 VS ESRS 1 and 2
publish interim sustainability-related financial information in accordance with IFRS Sustainability Disclosure Standards.		
70. In the interest of timeliness and cost considerations, and to avoid repetition of information previously reported, an entity may be required or choose to provide less information at interim dates than it provides in its annual disclosures. The interim disclosures are intended to provide an update on the latest complete set of annual disclosures of sustainability-related financial information. These disclosures focus on new information, events and circumstances and do not duplicate information previously reported. Although the information provided in interim sustainability-related financial disclosures may be more condensed than in annual disclosures, an entity is not prohibited or discouraged from publishing a complete set of sustainability-related financial disclosures as described in this [draft] Standard in its interim reporting.	No equivalent provision in ESRS	IFRS includes provisions on interim reporting. ESRS do not have such provisions, as this aspect is not covered in the CSRD.
Location of information ***72. An entity is required to disclose information required by IFRS Sustainability Disclosure Standards as part of its general purpose financial reporting.*** 73. Subject to any regulation or other requirements that apply to an entity, there are various possible locations in its general purpose financial reporting in which to disclose sustainability-related financial information. Sustainability- related financial disclosures could be included in an entity's management commentary when management commentary forms part of an entity's general purpose financial reporting. Management commentary complements an entity's financial statements. It provides insights into the factors that have affected the entity's financial performance and financial position and the factors that could affect the entity's ability to create value and generate cash flows. Management commentary can be known by or incorporated in reports with various names, including management's discussion and analysis, operating and financial review, integrated report and strategic report.	No equivalent in ESRS	Location is covered in the CSRD. IFRS location of information is more open as to ESRS requiring sustainability statements to be in the management report. ESRS 1 and IFRS S1 both allow to include in the sustainability statements information stemming

IFRS S1	ESRS 1 / ESRS 2	Comparison IFRS S1 VS ESRS 1 and 2
74. An entity might disclose information required by an IFRS Sustainability Disclosure Standard in the same location as information disclosed to meet other requirements, such as information required by regulators. The entity shall ensure that the sustainability-related financial disclosures are clearly identifiable and not obscured by that additional information.	ESRS 1 § 114: Subject to the provisions of chapter 2 of this [draft] Standard, the undertaking may include in its sustainability statements additional disclosures stemming from (i) local legislations, and (ii) generally accepted sustainability reporting pronouncements of other standard setting bodies and non-mandatory guidance including sector-specific guidance (such as technical material issued by the International Sustainability Standards Board or the Global Reporting Initiative). Such disclosures shall be clearly identified with an appropriate reference to the related legislation, pronouncement or guidance and shall complement [draft] ESRS Disclosure Requirements (see ESRS 2 BP-2).	from local legislations (or generally accepted standards in case of ESRS). In IFRS reporting this possibility is however limited by the fact that the IFRS disclosures shall be clearly identifiable and not obscured by additional information.
75. Information required by an IFRS Sustainability Disclosure Standard can be included by cross-reference, provided that the information is available to users of general purpose financial reporting on the same terms and at the same time as the information to which it is cross-referenced. For example, information required by an IFRS Sustainability Disclosure Standard could be disclosed in the related financial statements. Including information by cross- referencing rather than providing information directly shall not make the complete set of sustainability-related financial disclosures less understandable. 76. Material information included by cross-reference becomes part of the complete set of sustainability-related financial disclosures. Information included by cross-reference shall comply with the requirements of IFRS Sustainability Disclosure Standards. For example, it needs to be relevant, representationally faithful, comparable, verifiable, timely and understandable. The bodies or individuals that authorise the general purpose financial reporting take the same responsibility for the information included by cross- reference as they do for the information included directly. 77. If information required by an IFRS Sustainability Disclosure Standard is included by reference to information in another location: a. the general purpose financial reporting shall identify the location of that information and explain how to access it; and	ESRS 1 § 112: Except for the possibility to incorporate information by reference in section 9.1 *Incorporation by reference* of this [draft] Standard, the undertaking shall report all the applicable disclosures (sector-agnostic, sector-specific and entity-specific) required by [draft] ESRS as per chapter 1 of this [draft] Standard, within a single section of the management report. ESRS 1 § 119: Provided that the conditions in paragraph 0 are met, information prescribed by a Disclosure Requirement of an [draft] ESRS (including a specific datapoint prescribed by a Disclosure Requirement) may be incorporated in the sustainability statements by reference to … ESRS 1 § 120: The undertaking may incorporate information by reference to the documents listed in paragraph **Error! Reference source not found.**, provided t hat the disclosures incorporated by reference: (a) constitute a separate element of information clearly identified as addressing the relevant Disclosure Requirement (or the relevant specific datapoint prescribed by a Disclosure Requirement) in such other document (as per	Both IFRS and ESRS use incorporation by reference. Under ESRS there are additional conditions and incorporation by reference is allowed only for a limited list of possible sources.

IFRS S1	ESRS 1 / ESRS 2	Comparison IFRS S1 VS ESRS 1 and 2
b. the cross-reference shall be to a precisely specified part of that location. 78. When IFRS Sustainability Disclosure Standards require the disclosure of common items of information, an entity shall avoid unnecessary duplication. For example, when an entity integrates its oversight of sustainability-related risks and opportunities, the disclosures on governance shall also be integrated rather than provided in the form of separate governance disclosures for each significant sustainability-related risk and opportunity.	paragraph **Error! Reference source not found.** (a) to (e) respectively); (b) are published at the same time as the management report; (c) are subject to at least the same level of assurance as the sustainability statements; and (d) are available with the same technical digitalisation requirements as the sustainability statements. ESRS 2 § 15: When the undertaking incorporates information by reference (see [draft] ESRS 1 section 9.1 Incorporation by reference), it shall disclose a list of the disclosure requirements of [draft] ESRS (or the specific datapoints mandated by a Disclosure Requirement) that have been incorporated by reference. ESRS 1 § 115: The undertaking shall structure its sustainability statements in four parts: general information, environmental information, social information and governance information in the order prescribed in Appendix E *Structure of ESRS sustainability statements* of this [draft] Standard. Respecting the provision in section 3.6 *Material impacts or risks arising from actions to address sustainability matters* of this [draft] Standard, when information provided in one part is also covering information to be reported in another part, the undertaking may refer in one part to information presented in another part, avoiding duplications. …	IFRS and ESRS both promote the joint presentation of common items of information. However, the structure of IFRS reports is left to the undertaking's judgement, while ESRS Sustainability Statements have to be structured in four parts.
Sources of estimation and outcome uncertainty ***79. When metrics cannot be measured directly and can only be estimated, measurement uncertainty arises. The use of reasonable estimates is an essential part of preparing sustainability-related metrics and does not undermine the usefulness of the information if the estimates are accurately described and explained. Even a high level of measurement uncertainty would not necessarily***	ESRS 1 § 90: When metrics, including value chain information (see chapter 5 of this [draft] Standard), cannot be measured directly and can only be estimated, measurement uncertainty may arise. ESRS 1 § 91: The use of reasonable assumptions and estimates, including scenario or sensitivity analysis, is an essential part of preparing sustainability-related metrics	IFRS and ESRS requirements are aligned on disclosure about source of estimation and outcome uncertainty. ESRS 1 in addition has specific requirements about disclosing the level of accuracy of the estimate of value chain information using sector average or proxies.

IFRS S1	ESRS 1 / ESRS 2	Comparison IFRS S1 VS ESRS 1 and 2
prevent such an estimate from providing useful information. An entity shall identify metrics it has disclosed that have significant estimation uncertainty, disclosing the sources and nature of the estimation uncertainties and the factors affecting the uncertainties. **80. When sustainability-related financial disclosures include financial data and assumptions, such financial data and assumptions shall be consistent with the corresponding financial data and assumptions in the entity's financial statements, to the extent possible.** 81. Some IFRS Sustainability Disclosure Standards require the disclosure of information such as explanations about possible future events that have uncertain outcomes. In judging whether information about such possible future events is material, an entity shall consider: a. the potential effects of the events on the value, timing and certainty of the entity's future cash flows, including in the long term (the possible outcome); and b. the full range of possible outcomes and the likelihood of the possible outcomes within that range.	and does not undermine the usefulness of the information, provided that the assumptions and estimates are accurately described and explained. Even a high level of measurement uncertainty would not necessarily prevent such an assumption or estimate from providing useful information or meeting the qualitative characteristics of information (see Appendix C of this [draft] Standard). ESRS 1 § 92: When sustainability statements include or are related to financial data and assumptions, such data and assumptions shall be consistent to the extent possible with the corresponding financial data and assumptions used in the undertaking's financial statements. ESRS 1 § 93: Some [draft] ESRS require the disclosure of information such as explanations about possible future events that have uncertain outcomes. In judging whether information about such possible future events is material, the undertaking shall refer to the criteria in Chapter 3 of this [draft] Standard and consider: (a) the potential financial effects of the events on the value, timing and certainty of the undertaking's future cash flows, development, performance and position including in the long term (the possible outcome); (b) the potential effects of the events on the determinants of severity and on the likelihood of material impacts on people or the environment; and (c) the full range of possible outcomes and the likelihood of the possible outcomes within that range. ESRS 2 § 10: describe the basis for preparation, the resulting level of accuracy and, where applicable, the planned actions to improve the accuracy in the future (see [draft] ESRS 1 chapter 5 Value chain).	

IFRS S1	ESRS 1 / ESRS 2	Comparison IFRS S1 VS ESRS 1 and 2
82- When considering possible outcomes, an entity shall consider all relevant facts and circumstances, and consider including information about low- probability and high-impact outcomes, which, when aggregated, could become material. For example, an entity might be exposed to several sustainability-related risks, each of which could cause the same type of disruption—such as disruptions to the entity's supply chain. Information about an individual source of risk might not be material if disruption from that source is highly unlikely to occur. However, information about the aggregate risk—the risk of supply chain disruption from all sources—might be material. ***83. An entity shall disclose information about the assumptions it makes about the future, and other sources of significant uncertainty, related to the information it discloses about the possible effects of sustainability-related risks or opportunities, when there is significant outcome uncertainty.***	ESRS 1 § 94: When assessing the possible outcomes, the undertaking shall consider all relevant facts and circumstances, including information about low-probability and high-impact outcomes, which, when aggregated, could become material. For example, the undertaking might be exposed to several impacts or risks, each of which could cause the same type of disruption; such as disruptions to the undertaking's supply chain. Information about an individual source of risk might not be material if disruption from that source is highly unlikely to occur. However, information about the aggregate risk (the risk of supply chain disruption from all sources) might be material (see [draft] ESRS 2 BP-2). ESRS 2 § 11: When significant estimation uncertainty or significant outcome uncertainty exists (see [draft] ESRS 1 section 7.2 Sources of estimation and outcome uncertainty), the undertaking shall: (a) identify metrics it has disclosed that have significant estimation uncertainty, disclosing the sources and nature of the estimation uncertainties and the factors affecting the uncertainties; and (b) disclose information about the assumptions it makes about the future, and other sources of significant uncertainty, related to the information it discloses about the possible effects of impacts, risks or opportunities, when there is significant outcome uncertainty.	
Errors **84. An entity shall correct material prior period errors by restating the comparative amounts for the prior period(s) disclosed unless it is impracticable to do so.**	ESRS 1 § 98: The undertaking shall correct material prior period errors by restating the comparative amounts for the prior period(s) disclosed, unless it is impracticable to do so. ESRS 1 § 99: Prior period errors are omissions from, and misstatements in, the undertaking's sustainability	IFRS and ESRS are aligned

IFRS S1	ESRS 1 / ESRS 2	Comparison IFRS S1 VS ESRS 1 and 2
85. Prior period errors are omissions from and misstatements in the entity's sustainability-related financial disclosures for one or more prior periods. Such errors arise from a failure to use, or the misuse of, reliable information that: a. was available when the general purpose financial reporting for those periods was 42authorized for issue; and b. could reasonably be expected to have been obtained and considered in the preparation of those sustainability-related financial disclosures. 86. Such errors include: the effects of mathematical mistakes, mistakes in applying the definitions for metrics and targets, oversights or misinterpretations of facts, and fraud. 87. Potential current period errors discovered in that period are corrected before the general purpose financial reporting is authorised for issue. However, material errors are sometimes not discovered until a subsequent period. 88. When it is impracticable to determine the effect of an error on all prior periods presented, the entity shall restate the comparative information to correct the error from the earliest date practicable. 89.Corrections of errors are distinguished from changes in estimates. Estimates are approximations that an entity may need to revise as additional information becomes known.	statements for one or more prior periods. Such errors arise from a failure to use, or misuse of, reliable information that: (a) was available when the management report that includes the sustainability statements for those periods was authorised for issuance; and (b) could reasonably be expected to have been obtained and considered in the preparation of sustainability disclosures included in these reports. ESRS 1 § 100: Such errors include: the effects of mathematical mistakes, mistakes in applying the definitions for metrics and targets, oversights or misinterpretations of facts, and fraud. ESRS 1 § 101: Potential errors in the current period discovered in that period are corrected before the management report is authorised for issuance. However, material errors are sometimes only discovered in a subsequent period. ESRS 1 § 102: When it is impracticable to determine the effect of an error on all prior periods presented, the undertaking shall restate the comparative information to correct the error from the earliest date practicable. When correcting disclosures for a prior period, the undertaking shall not use hindsight either in making assumptions about what the management's intentions would have been in a prior period or in estimating the amounts disclosed in a prior period. This requirement applies to correction of both backward-looking and forward-looking disclosures. ESRS 1 § 103: Corrections of errors are distinguished from changes in estimates. Estimates are to be revised as soon as additional information becomes available (see [draft] ESRS 2 BP-2).	

IFRS S1	ESRS 1 / ESRS 2	Comparison IFRS S1 VS ESRS 1 and 2
90. If an entity identifies a material error in its prior period sustainability-related financial disclosures, it shall disclose: a. the nature of the prior period error; b. the correction, to the extent practicable, for each prior period disclosed; and c. if correction of the error is not practicable, the circumstances that led to the existence of that condition and a description of how and from when the error has been corrected.	ESRS 2 § 13: When material prior period errors exist (see [draft] ESRS 1 section 7.5 *Reporting errors in prior periods*), the undertaking shall disclose: (a) the nature of the prior period material error; (b) the correction, to the extent practicable, for each prior period disclosed; and (c) if correction of the error is not practicable, the circumstances that led to the existence of that condition and a description of how and when the error has been corrected.	
Statement of compliance ***91. An entity whose sustainability-related financial disclosures comply with all of the relevant requirements of IFRS Sustainability Disclosure Standards shall include an explicit and unqualified statement of compliance.*** 92. Paragraph 62 relieves an entity from disclosing information otherwise required by an IFRS Sustainability Disclosure Standard if local laws or regulations prohibit the entity from disclosing that information. An entity using that relief is not prevented from asserting compliance with IFRS Sustainability Disclosure Standards.	No equivalent in ESRS	No ESRS equivalent due to CSRD.

PART 2: IFRS S2 VERSUS [draft] ESRS E1

The below table objective is to map IFRS S2 Exposure Drafts requirements and [draft] ESRS E1 dated November 22, 2022 to illustrate how the content of [draft] ESRS E1 has integrated to the maximum extent possible the content of the ED IFRS S2.

As such, the disclosures prepared under [draft] ESRS E1 are expected to be capable of corresponding to disclosures required by IFRS S2 (for the general disclosure).

Since the EDs release in March 2022, the IFRS S2 has been subject to ISSB redeliberations that have not been taken into account in this comparison.

Appendix V

EXPOSURE DRAFT IFRS S2 CLIMATE-RELATED DISCLOSURES	ESRS E1	Comparison IFRS S2 versus ESRS E1
GOVERNANCE		
Based on Exposure Draft IFRS S2 Climate-related Disclosures §5	➔ ESRS 2 GOV 1 and GOV 2, ESRS 1, Appendix C: Qualitative characteristics of information	**All IFRS S2 Governance disclosures are covered in ESRS 1 and 2.** **Additions in ESRS E1 are:** **-** list of sustainability matters addressed by the undertaking's administrative, management and supervisory bodies (ESRS 2, GOV 2, §24 ©) - Statement on sustainability due diligence (ESRS 2, DR GOV 4)
(a) the identity of the body or individual within a body responsible for oversight of climate-related risks & opportunities;	➔ ESRS 2 GOV 1 §20 (a)	
(b) how the body's responsibilities for climate-related risks and opportunities are reflected in the entity's terms of reference, board mandates and other related policies;	➔ ESRS 2 GOV 1 §20 (b)	
(c) ©how the body ensures that appropriate skills and competencies are available;	➔ ESRS 2 GOV 1 §21 (a) and (b)	
(d) how and how often the body and its committees are informed about climate-related risks and opportunities;	➔ ESRS 2 GOV 2 §24 (a)	
(e) how the body and its committees consider climate-related risks and opportunities when overseeing the entity's strategy, its decisions on major transactions, and its risk management policies;	➔ ESRS 2 GOV 2 §24 (b)	
(f) how the body and its committees oversee the setting of targets related to significant climate-related risks and opportunities, and monitor progress towards them;	➔ ESRS 2 GOV 1 §20 (d)	
(g) a description of management's role in assessing and managing climate-related risks & opportunities, incl. whether that role is delegated to a specific management-level position or committee and how oversight is exercised over that position or committee]	➔ ESRS 2 GOV 1 §20 (c)	
Based on Exposure Draft IFRS S2 Climate-related Disclosures §6 Avoid unnecessary duplication in accordance with [draft] IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information*	➔ ESRS 1, Appendix C: Qualitative characteristics of information, QC17 on understandability	

EXPOSURE DRAFT IFRS S2 CLIMATE-RELATED DISCLOSURES	ESRS E1	Comparison IFRS S2 versus ESRS E1
STRATEGY		
Based on Exposure Draft IFRS S2 Climate-related Disclosures §8		**All IFRS S2 disclosures are covered in ESRS. Additions in ESRS E1 are:** • Reference to alignment with limiting global warming to 1.5°C (i.e. transition plan); concept of policies more developed • Locked-in emissions related to stranded assets • Taxonomy-alignment ratios (Green CapEx and OpEx) and consistency of resources with figures from Taxonomy Regulation • ESRS E1 requires the disclosure of the potential financial effects from material gross climate-related risks over time whereas IFRS S2 requires the disclosure of the effects of gross climate-related risks within the next year (§14 (b)) **and of net climate-related risks over time** (§14 (c)) • ESRS E1 does not allow the use of carbon credits/offsets to achieve GHG emission reduction targets §13 (a) and (b) • ESRS E1 requires SFDR and EBA disclosures (real estate assets by energy-efficiency classes, list of assets at physical acute and chronic risks, exposure to fossil activities) and provides examples of potential assets/liabilities for instance relating to stranded assets or ETS liabilities • The future potential financial effects from climate-related risks cover gross risks (before mitigation/adaptation policies and actions in ESRS E1 **instead of net risks as in IFRS S2 §14 (c)**
• [significant climate-related risks and opportunities that it reasonably expects could affect its business model, strategy and cash flows, its access to finance and its cost of capital, over the short, medium or long term	➔ ESRS 2 SBM 3 §46 ESRS 1, §12 b) and §133 b) and 6.4 Definition of short-, medium- and long-term for reporting purposes ➔ ESRS E1 IRO 1 AR11 and 12, and AR 66 (b)	
• §9 (a): a description of significant climate-related risks and opportunities and the time horizon over which each could reasonably be expected to affect its business model, strategy and cash flows, its access to finance and its cost of capital, over the short, medium or long term;	➔ ESRS 2 SBM 3 §46 (b)	
• §9 (b): how it defines short, medium and long term and how these definitions are linked to the entity's strategic planning horizons and capital allocation plans;	➔ ESRS 1, 6.4 Definition of short-, medium- and long-term for reporting purposes ESRS E1, AR 66 (b)	
• §9 (c): whether the risks identified are physical risks or transition risks; For example, acute physical risks could include the increased severity of extreme weather events such as cyclones and floods, and examples of chronic physical risks include rising sea levels or rising mean temperatures. Transition risks could include regulatory, technological, market, legal or reputational risks.	➔ ESRS E1 IRO 1 AR11 and 12	
• §10: In identifying the significant climate-related risks and opportunities described in paragraph 9(a), an entity shall refer to the disclosure topics defined in the industry disclosure requirements (Appendix B).;	➔ ESRS 1, §133 b) ➔ Set 2 on sector-specific standards	
• §11: In preparing disclosures to fulfil the requirements in paragraphs 12–15, an entity shall refer to and consider the applicability of cross-industry metric categories and the industry-based metrics associated with disclosure topics, as described in paragraph 20	➔ ESRS 1, §12 b) and §133 b) ➔ ESRS E1-5 to 9	
• [the effects of significant climate-related risks and opportunities on its business model and value chain	➔ ESRS 2 SBM 3 §46 d)	

EXPOSURE DRAFT IFRS S2 CLIMATE-RELATED DISCLOSURES	ESRS E1	Comparison IFRS S2 versus ESRS E1
STRATEGY		
• §12 (a): a description of the current and anticipated effects of significant climate-related risks and opportunities on its value chain;	➔ ESRS 2 SBM 3 §46 d) i)	• More details on potential financial effects and opportunities (business activities at risks, market size for low carbon solutions)
• §12 (b): a description of where in its value chain significant climate-related risks and opportunities are concentrated (for example, geographical areas, facilities or types of assets, inputs, outputs or distribution channels).]	➔ ESRS 2 SBM 3 §46 d) ii)	
• §12 ©: [the effects of significant risks and opportunities on its strategy and decision-making, including its transition plans	➔ ESRS 2 SBM 3 §46 ➔ ESRS E1 DR E1-1, E1-2, E1-3, E1-4 and E1-7 ➔ ESRS 2 Disclosure Content - Targets DC-T §79	
• §13 (a): how it is responding to significant climate related risks and opportunities incl. how it plans to achieve any climate-related target it has set, incl.: (i) information about current and anticipated changes to its business model, incl. (1) about changes the entity is making in strategy and resource allocation to address the risks and opportunities identified in paragraph 12. Examples of these changes include resource allocations resulting from demand or supply changes, or from new business lines; resource allocations arising from business development through capital expenditures or additional expenditure on operations or research and development; and acquisitions and divestments. This information includes plans and critical assumptions for legacy assets, including strategies to manage carbon- energy- and water-intensive operations, and to decommission carbon- energy- and water-intensive assets. (2) information about direct adaptation and mitigation efforts it is undertaking (for example, through changes in production processes, workforce adjustments, changes in materials used, product specifications or through introduction of efficiency measures). (3) information about indirect adaptation and mitigation efforts it is undertaking (for example, by working with customers and supply chains or use of procurement). (ii) how these plans will be resourced;	➔ ESRS 2 SBM 3 §46 (c) ➔ ESRS E1-1 Transition plan §15 a), b), c) and e) ➔ ESRS E1-2 Policies ESRS E1-3 Actions and resources §27 ➔ ESRS E1-4	
• §13 (b): information regarding climate-related targets for these plans incl.:	➔ ESRS 2, Disclosure Content - Targets DC-T §79	

EXPOSURE DRAFT IFRS S2 CLIMATE-RELATED DISCLOSURES	ESRS E1	Comparison IFRS S2 versus ESRS E1
STRATEGY		
(i) the processes in place for review of the targets; (ii) the amount of the entity's emission target to be achieved through emission reductions within the entity's value chain; (iii) the intended use of carbon offsets in achieving emissions targets. In explaining the intended use of carbon offsets the entity shall disclose information including: (1) the extent to which the targets rely on the use of carbon offsets; (2) whether the offsets will be subject to a third-party offset verification or certification scheme (certified carbon offset), and if so, which scheme, or schemes; (3) the type of carbon offset, including whether the offset will be nature-based or based on technological carbon removals and whether the amount intended to be achieved is through carbon removal or emission avoidance; and (4) any other significant factors necessary for users to understand the credibility and integrity of offsets intended to be used by the entity (for example, assumptions regarding the permanence of the carbon offset).	➔ ESRS E1-4 §30 to 32 ➔ ESRS E1-7 §55 to §58 and related AR52 to AR60	
• §13 ©: quantitative and qualitative information about the progress of plans disclosed in prior reporting periods in accordance with paragraph 13(a)–(b). Related requirements are provided in paragraph 20.	➔ ESRS 2, Disclosure Content - Targets DC-T §79 i)	
• [the effects of significant climate-related risks and opportunities on its financial position, financial performance and cash flows	➔ ESRS 2 SBM 3 §46 ➔ ESRS E1-9 §64 to 67	
• §14 (a): how significant climate-related risks and opportunities have affected its most recently reported financial position, financial performance and cash flows;	➔ ESRS 2 SBM 3 §46 d) (iii)	
• §14 (b): information about the climate-related risks and opportunities identified in § 14 (a) for which there is a significant risk that there will be a material adjustment to the carrying amounts of assets and liabilities reported in the financial statements within the next financial year;	➔ ESRS 2 SBM 3 §46 d) (iii)	
• §14 ©: how it expects its financial position to change over time, given its strategy to address significant climate-related risks and opportunities, reflecting:	➔ ESRS 2 SBM 3 §46 d) (iv) ➔ ESRS E1-9 §64 to 67)	

EXPOSURE DRAFT IFRS S2 CLIMATE-RELATED DISCLOSURES	ESRS E1	Comparison IFRS S2 versus ESRS E1
STRATEGY		
(i) its current and committed investment plans and their anticipated effects on its financial position (for example, capital expenditure, major acquisitions and divestments, joint ventures, business transformation, innovation, new business areas and asset retirements) (ii) its planned sources of funding to implement its strategy;		
• §14 (d): how it expects its financial performance to change over time, given its strategy to address significant climate-related risks and opportunities (for example, increased revenue from or costs of products and services aligned with a lower-carbon economy, consistent with the latest international agreement on climate change; physical damage to assets from climate events; and the costs of climate adaptation or mitigation);	➔ ESRS 2 SBM 3 §46 d) (iv) ➔ ESRS E1-9 §64 to 67	
• §14 (e): if the entity is unable to disclose quantitative information for § 14(a)-(d), an explanation of why that is the case]	➔ ESRS 1 Appendix D Phased-in of E1-9 without explanation requirement	
• [the climate resilience of its strategy (incl. its business model) to significant physical and transition risks	➔ ESRS 2 SBM 3 §46 (e) ➔ ESRS E1 SBM 3 on Resilience §17 (b) and (c) and AR8, 9 and 13 on climate scenario analysis	
• §15 (a): the results of the analysis of climate resilience, which shall enable users to understand: (i) the implications, if any, of the entity's findings for its strategy, including how it would need to respond to the effects identified in paragraph 15(b)(i)(8) or 15(b)(ii)(6); (ii) the significant areas of uncertainty considered in the analysis; (iii) the entity's capacity to adjust or adapt its strategy and business model over the short, medium and long-term to climate developments in terms of (1) the availability of, and flexibility in, existing financial resources, including capital, to address climate-related risks, and/or to be redirected to take advantage of climate-related opportunities (2) the ability to redeploy, repurpose, upgrade or decommission existing assets; (3) the effect of current or planned investments in climate-related mitigation, adaptation or opportunities for climate resilience;	➔ ESRS 2 SBM 3 §46 (e) ➔ ESRS E1 SBM 3 on Resilience §17 © and AR9	

EXPOSURE DRAFT IFRS S2 CLIMATE-RELATED DISCLOSURES	ESRS E1	Comparison IFRS S2 versus ESRS E1
STRATEGY		
• §15 (b): how the analysis has been conducted, incl.: (i) when climate-related scenario analysis is used: (1) which scenarios were used; (2) whether the analysis has been conducted by comparing a diverse range of scenarios; (3) whether the scenarios are associated with transition risks or increased physical risks; (4) whether the entity has used a scenario aligned with the latest international agreement on climate change; (5) an explanation of why the entity has decided that its chosen scenarios are relevant; (6) the time horizons; (7) the inputs; (8) assumptions about the way the transition to a lower-carbon economy will affect the entity (ii) when climate-related scenario analysis is not used: (1) an explanation of the methods or techniques, (2) the climate-related assumptions, (3) an explanation of why the entity has decided that the climate-related assumptions are relevant; (4) the time horizons; (5) the inputs; (6) assumptions about the way the transition to a lower-carbon economy will affect the entity; (7) an explanation of why the entity was unable to use climate-related scenario analysis]	➔ ESRS 2 SBM 3 §46 (e) ➔ ESRS E1 SBM 3 on Resilience §17 (b) and AR8 and AR13 on climate scenario analysis	

EXPOSURE DRAFT IFRS S2 CLIMATE-RELATED DISCLOSURES	ESRS E1	Comparison IFRS S2 versus ESRS E1
RISK MANAGEMENT		
Based on Exposure Draft IFRS S2 Climate-related Disclosures §17	➔ ESRS 2 IRO 1 §51 and 52 ➔ ESRS E1 IRO 1 §18 and 19 and related AR 10 to 13 and DR E1-2, E1-3 and related AR15 to 21	**All IFRS S2 disclosures are covered in ESRS.** **Additions in ESRS E1 are:** • Impacts taken into consideration on top of risks and opportunities • The concept of due diligence process is further elaborated on in ESRS 2 • More detailed application guidance for physical and transition risks identification and assessment with the provision of detailed climate scenarios §AR 10 to 13
(a) [the process, or processes, it uses to identify climate-related: (i) risks; (ii) opportunities]	➔ ESRS 2 IRO 1 §51 c) ➔ ESRS E1 IRO 1 §18 and 19 and related AR 10 to 13	
(b) [the process, or processes, it uses to identify climate-related risks for risk management purposes, incl.: (i) how it assesses the likelihood and effects associated with such risks (such as the qualitative factors, quantitative thresholds and other criteria used); (ii) how it prioritizes climate-related risks relative to other types of risks, including its use of risk-assessment tools (for example, science-based risk-assessment tools); (iii) the input parameters it uses (for example, data sources, the scope of operations covered and the detail used in assumptions); (iv) whether it has changed the processes used compared to the prior reporting period;	➔ ESRS 2 IRO 1 §51 c) and 52 ➔ ESRS E1, IRO 1 §18 and 19 and related AR 10 to 13	
(c) ©[the process, or processes, it uses to identify, assess and prioritize climate-related opportunities]	➔ ESRS 2 IRO 1 §51 d) and 4.2 Reporting on opportunities §57 ➔ ESRS E1, IRO 1 §18 and 19 and related AR 10 to 13	
(d) [the process, or processes, it uses to monitor and manage the climate-related: (i) risks, incl. related policies; (ii) opportunities, incl. related policies]	➔ ESR E1-2 and E1-3 and related AR15 to 21	

EXPOSURE DRAFT IFRS S2 CLIMATE-RELATED DISCLOSURES	ESRS E1	Comparison IFRS S2 versus ESRS E1
RISK MANAGEMENT		
(e) [the extent to which and how the climate-related risk identification assessment and management process, or processes, are integrated into the entity's overall risk management process]	➔ ESRS 2 GOV 5 §34 and IRO 1 §52 b)	
(f) [the extent to which and how the climate-related opportunity identification, assessment and management process, or processes, are integrated into the entity's overall management process]	➔ ESRS 2 GOV 5 §34 and IRO 1 §52 b)	
Based on Exposure Draft IFRS S2 Climate-related Disclosures §18 Avoid unnecessary duplication in accordance with [draft] IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information*	➔ ESRS 1, Appendix C: Qualitative characteristics of information, QC17 on understandability	

EXPOSURE DRAFT IFRS S2 CLIMATE-RELATED DISCLOSURES	ESRS E1	Comparison IFRS S2 versus ESRS E1
METRICS AND TARGETS		
Based on Exposure Draft IFRS S2 Climate-related Disclosures §20		**All IFRS S2 disclosures are covered in ESRS.** **Temporary difference on sectoral approach:** Sector-specific standards to be developed at a later stage but ESRS 1 §133 b) allows the use of Appendix B of IFRS S2 (industry-specific) **Additions in ESRS E1 are:** • Energy consumption and mix and energy intensity per revenue required by SFDR • More details on GHG emissions (share of Scope 1 emissions under EU ETS, Scope 2 emissions in market-based and location-based, distinction between removals and carbon credits) • Clarification on reporting boundaries (operational control approach required by ESRS E1) • More details and examples on potential financial effects from physical and transition risks • Taxonomy-alignment ratios (Green Turnover) and more details on opportunities (cost savings and market size for low carbon products and services) • Compatibility between internal carbon prices and those used in financial statements and financial planning; location difference between Governance (ESRS) and Metrics (IFRS S2) • Specific target on GHG emission reduction and remuneration tied to this target in ESRS • Distinction of three levels of targets: general climate-related targets, GHG emission reduction targets, and net zero targets and other neutrality claims
(a) [cross-industry metrics §21		
• §21 (a): GHG emissions- the entity shall disclose: (i) absolute gross GHG emissions generated during the reporting period, measured in accordance with the Greenhouse Gas Protocol Corporate Standard, expressed as metric tonnes of CO2 equivalent, classified as: (1) Scope 1, (2) Scope 2, (3) Scope 3 emissions; (ii) GHG emissions intensity for each scope in §21 (a)(i)(1)-(3) (iii) for Scope 1 and Scope 2 emissions, separate disclosure for: (1) the consolidated accounting group (the parent and its subsidiaries); (2) associates, joint ventures, unconsolidated subsidiaries or affiliates; (iv) the approach used to include emissions for the entities included in §21 (a)(iii)(1) (for example, the equity share or operational control method in the Greenhouse Gas Protocol Corporate Standard); (v) the reason(s) for the entity's choice of approach in §21 (a)(iv) and how that relates to the disclosure objective in paragraph 19; (vi) for Scope 3 emissions disclosed in §21 (a)(i)(3): (1) an entity shall include upstream and downstream emissions in its measure of Scope 3 emissions; (2) an entity shall disclose the categories included within its measure of Scope 3 emissions, to enable users of general purpose financial reporting to understand which Scope 3 emissions have been included in, or excluded from, those reported; (3) when the entity's measure of Scope 3 emissions includes information provided by entities in its value chain, it shall explain the basis for that measurement; (4) if the entity excludes those greenhouse gas emissions in paragraph 21(a)(vi)(3), it shall state the reason	➔ ESRS E1-6 §43 to 49 and related AR37 to 48	

EXPOSURE DRAFT IFRS S2 CLIMATE-RELATED DISCLOSURES	ESRS E1	Comparison IFRS S2 versus ESRS E1
METRICS AND TARGETS		
for omitting them, for example, because it is unable to obtain a faithful measure;		• Scope of the target specified • Target values aligned with 2030 and 2050 and preferably set over five years intervals • Targets presented by decarbonisation levers • Use of carbon offsets excluded from GHG emission reduction targets (only included in net zero targets under specific conditions) • Pathways to net zero presentation with a reference target value aligned with 1.5°C scenario
• §21 (b): transition risks — the amount and percentage of assets or business activities vulnerable to transition risks;	➔ ESRS E1-9 §65 and related AR69 to 73	
• §21 ©: physical risks—the amount and percentage of assets or business activities vulnerable to physical risks;	➔ ESRS E1-9 §64 and related AR66 to 68	
• §21 (d): climate-related opportunities—the amount and percentage of assets or business activities aligned with climate-related opportunities;	➔ ESRS E1-9 §67 and related AR77 and 78	
• §21 (e): capital deployment—the amount of capital expenditure, financing or investment deployed towards climate-related risks and opportunities;	➔ ESRS E1-3 §27 c) and related AR 19 and 20 ➔ Taxonomy Green CapEx	
• §21 (f): internal carbon prices: (i) the price for each metric tonne of GHG emissions that the entity uses to assess the costs of its emissions; (ii) an explanation of how the entity is applying the carbon price in decision-making;	➔ ESRS E1-8 §60 and related AR61	
• §21 (g): remuneration: (i) the percentage of executive management remuneration recognised in the current period that is linked to climate-related considerations;	➔ ESRS 2 GOV 3 §27 ➔ ESRS E1 GOV 3 §12	

EXPOSURE DRAFT IFRS S2 CLIMATE-RELATED DISCLOSURES	ESRS E1	Comparison IFRS S2 versus ESRS E1
METRICS AND TARGETS		
• (ii) a description of how climate-related considerations are factored into executive remuneration;		
• §22 (a): in preparing disclosures in §21 (b)-(g), consideration of whether industry-based metrics could be used in whole or part to meet the requirements;	➔ ESRS 1, §133 b) ➔ Set 2 on sector-specific standards	
• §22 (b): in preparing disclosures in §21 (b)-(g), consideration of the relationship of these amounts with the amounts recognised and disclosed in the accompanying financial statements]	➔ ESRS E1-3 §27 © ➔ ESRS E1-8 AR61 ➔ ESRS E1-9 §66 and related AR74 to 76 ➔	
(b) [industry-based metrics in Appendix B]	➔ Set 2 on sector-specific standards	
(c) ©[other metrics to measure progress towards the targets identified in §20 (d)]	➔ Entity-specific layer	
(d) [targets §15	➔ ESRS 2, Disclosure Content - Targets DC-T §79 ➔ ESRS E1-4	
• §23 (a): metrics used to assess progress;	➔ ESRS 2, Disclosure Content - Targets DC-T §79 b)	
• §23 (b): the specific target the entity has set;	➔ ESRS E1-4 §32 (d)	
• §23 ©: whether this target is an absolute or intensity target;	➔ ESRS 2, Disclosure Content - Targets DC-T §79 b) ➔ ESRS E1-4 §32 a)	
• §23 (d): the objective of the target;	➔ ESRS 2, Disclosure Content - Targets DC-T §79 a)	

EXPOSURE DRAFT IFRS S2 CLIMATE-RELATED DISCLOSURES	ESRS E1	Comparison IFRS S2 versus ESRS E1
METRICS AND TARGETS		
• §23 (e) how the target compares with those created in the latest international agreement on climate change and whether it has been validated by a third party;	➔ ESRS E1-1 AR2 and E1-4 §32 (e) and related AR25 to 27 ➔ Covered by the mandatory assurance	
• §23 (f) whether the target was derived using a sectoral decarbonization approach;	➔ ESRS E1-1 AR2 and E1-4 AR25 and 26	
• §23 (g) the period over which the target applies;	➔ ESRS E1-4 §32 (d)	
• §23 (h) the base period from which progress is measured;	➔ ESRS E1-4 §32 (d)	
• §23 (i) any milestones or interim targets;	➔ ESRS E1-4 §32 (d)	
• §24: in identifying, selection and disclosing the metrics described in §23 (a), reference to and consideration of the applicability of industry-based metrics in Appendix B]	➔ ESRS 1, §133 b) ➔ Set 2 on sector-specific standards	

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