

Intro

From the ICJCE (Instituto de Censores Jurados de Cuentas de España) and from its Sustainability Commission, we welcome and appreciate the Materiality Assessment implementation Guide (MAIG), the Value Chain implementation guidance (VCIG) and the List of ESRS datapoints. These guides include very relevant aspects to consider in the next sustainability reporting exercises.

Key points

1. **Achieve interoperability and ensure the alignment of both implementation guides with international standards (ISSB or GRI) -MAIG-section 4**
2. **Develop greater guidance and establish more criteria including more examples**
3. **Create differences between legal requirements established in the ESRS and those which are in the implementation guides without regulatory status: inconsistencies detected and need to clarify or extend requirements**
4. **Operational control and application level**

About MA IG

1. **Develop greater guidance and establish more criteria including more application examples**

Examples:

- Time horizons and thresholds assessment: An impact can change over time, is it necessary to consider each impact in the 3-time horizons? If so, over what time horizon should the threshold be defined? How can real impacts be assessed and compared when establishing thresholds? (sections 3 and 5.3)
- Scope for the stakeholder's inclusion in the impact assessment and thresholds definition. We would appreciate examples of how to integrate stakeholders in the evaluation of impacts, since we can have a list of more than 60 impacts to evaluate which it is not operational. Criteria would have to be established and how far we can go (sections 3, 5.1 and 5.4)
- Impact rating scales: During the impact analysis it is possible to consider sanctions, but if there are not, what other issues can be reviewed? In addition to this, the guide establishes that it does not make sense to assess the severity of

emissions vs. Global emissions besides other impact with different nature (for example, social issues) Is this explanation correct? (sections 3, 5.3, 5.6)

- Significant issues identified and level of application: clarify whether an issue that is assessed as significant from an impact perspective at a subsidiary level would also be always considered significant at a higher consolidated group level (section 3.6.2)
- Include further guidance and examples for determining the materiality of social issues (sections 3, 5.6)
- Provide examples on how to incorporate the value chain in the double materiality process, especially to determine the limits of the value chain. For large groups with several economic activities this is very complex and for SME or companies that are only a link in a more complex value chain it is not practical to integrate the value chain downstream. For example, in the case of transport companies, should they take into consideration the sectors of the products they transport (which can range from fossil fuels to food supplies)? (sections 2, 3, 5.1, 5.6)

2. Create differences between legal requirements established in the ESRS and those which are in the implementation guides without regulatory status

Examples:

A.) Need to clarify or extend requirements:

- Make the distinction between material matters and material information (section 2: paragraphs 25 – 36)
- How to move from a materiality issue to a material datapoint: We would like to obtain clear examples on how to report the DP selected once the material IROs are available. What happens if the indicators included in the standard do not consider the management of the identified IROs? (sections 3, 5.5, 5.6)
- Clarify if impact and financial materiality assessments, IROs included, should be assessed on a gross or net basis. FAQ 23 shows that it would be on a gross basis. This explanation should be into the content of the implementation guidance. (section 5.6)

About VC IG:

1. Develop greater guidance, establish more criteria and include more detailed examples during all the process

Examples:

- Clarify how far entities must go to identify and evaluate material IROs in their value chain, distinguishing what are their own operations from the operations of the value chain itself (sections 2.4, FAQ 1, FAQ 4)

2. Differences between legal requirements established in the ESRS and those which are in the implementation guides without regulatory status

Examples:

A.) Inconsistencies detected:

- Section 2.3 p.36 refers to the fact that subsidiaries are excluded from the financial reporting perimeter based on materiality criteria. This must be clarified because ESRS perimeter is complete.
- ESRS use the concept of financial control to establish reporting limits. Instead, the guidance focuses on the concept of operational control that is specific to GHG emissions reporting. Therefore, it should be clarified what approach to follow and how to use it depending on the topic to be reported. Los ESRS utilizan el concepto de control financiero para establecer los límites (section 2.3. p 40-52)

3. Operational control and application level

Examples:

- Definition and clear criteria, tools and examples on the scope of operational control and its application in DPs. This is especially relevant for environmental topics (section 2.3. p 40-52)
- Financial sector: It is important to clarify the operational control of financed emissions. We understand that the value chain includes elements of “financing” and “investment”, but it is not clear how to put it into practice. For example, if a financial institution is state-owned, would the value chain extend to all relevant actors that the respective government engages with? (section 2.3 p.52, 53: FAQ 2 77; FAQ 6 119)

About List of ESRS datapoints:

1. Differences between legal requirements established in the ESRS and those which are in the implementation guides without regulatory status

A.) Inconsistencies detected:

- There are DP that do not appear in the Excel. We consider this Excel is not complete if we compare it with the ESRS. We estimate that there are 1125 DP in the ESRS and in the Excel there are 823. Which list would be used as mandatory? (Relationship between the list of datapoints and ESRS XBRL taxonomy & How to read the excel workbook + Appendix B: Statistics on the number of datapoints)

B.) Need to clarify or extend requirements:

- Ensure that all AR (Application Requirement) are linked to a DR (Disclosure Requirement) in order to facilitate reading and understanding of the standard and the applicability of all AR. (17.D)
- Consider the possibility to include a column related supply chain information and, to the extent possible, clarify whether it is upstream, downstream or both.