

## **Cover note : PTF-ESRS working paper** **[Draft] ESRS 1 General provisions**

### **Introduction**

- 1 EFRAG has provided in its “Cover note and next steps” dated 18 January 2022, accompanying Batch 1 working papers, the information necessary to obtain an understanding of the first batch (Batch 1) of working papers related to the draft European Sustainability Reporting Standards (ESRS). The following information should be read in the context of and in addition to that cover note with respect to working paper ESRS 1 General provisions.

### **Additional note on working paper ESRS 1 General provisions**

- 2 Working paper ESRS 1 General provisions prescribes the mandatory concepts and principles to apply for preparation of sustainability reporting under the (draft) Corporate Sustainability Reporting Directive (CSRD) and contains general disclosure requirements which complement those required by other European Sustainability Reporting Standards.
- 3 When drafting the working paper ESRS 1 General provisions, it was concluded that concepts, principles and some disclosure requirements that were initially included in other ESRS and also fundamental principles that were so far only addressed in European Sustainability Reporting Guidelines (ESRG), designed for the standard-setter, would best be included in ESRS 1 General provisions. Furthermore, the working paper ESRS 1 General provisions has been drafted while feedback on previously published Batch 1 papers was being analysed. This feedback has already been considered.
- 4 This led to the decision that some concepts, principles and disclosure requirements previously included in other working paper ESRS and in ESRG would be best integrated into working paper ESRS 1 General provisions. The integration of those concepts and principles will lead to consequential amendments in previously issued working papers. These consequential amendments have not been made yet but will be introduced in each relevant standard. This relates to the following draft working papers:
  - (a) ESRS 2 Strategy and business model,
  - (b) ESRS 4 Material sustainability impacts, risks and opportunities, and
  - (c) ESRS 5 Definitions for policies, targets, action plans and resources.
- 5 With respect to draft working paper ESRS 2 Strategy and business model, the former contextual disclosure requirements 1 to 5 have been included in chapter 7.2 Overview of the undertaking’s business in context to sustainability reporting of the working paper ESRS 1 General provisions, these have now been combined into four disclosure requirements.
- 6 With respect to the draft working paper ESRS 4 Material sustainability impacts, risks and opportunities, the amendments are: (i) the “Development of entity-specific disclosures” has been included in chapter 1.5, (ii) the “CSRD concept of quality of information” has been included in chapter 2.1, (iii) the “CSRD double materiality” has been included in chapter 2.2, and (iv) the “Due diligence under the CSRD” has been included in chapter 3 of working paper ESRS 1 General provisions.
- 7 The full content of draft working paper ESRS 5 Definitions for policies, targets, action plans and resources has been integrated into chapter 4 Disclosing on policies, targets, actions and action

plans, and resources of the working paper ESRS 1 General provisions. Accordingly, ESRS 5 has been superseded by ESRS 1.