COVER NOTE FOR PUBLIC CONSULTATION

DRAFT EUROPEAN SUSTAINABILITY REPORTING STANDARDS

Appendix V – IFRS Sustainability Standards and ESRS reconciliation table

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PTF-ESRS

Project Task Force on European sustainability reporting standards

EFRAG

This document was prepared by the Secretariat of the EFRAG PTF ESRS for the convenience of interested parties. The views expressed in this document are solely those of the Secretariat staff who prepared it and are not necessarily the views or opinions of the EFRAG PTF-ESRS, nor that of the EFRAG SR Board and the EFRAG SR TEG.

Table of Contents

PART 1: ESRS 1 VERSUS IFRS S1

The following are the elements of mapping ESRS 1 to IFRS S1 based on the structure of ESRS 1:

- Objective and General principles
- Applying CSRD concepts (characteristics of information quality, double materiality as the basis of sustainability disclosures, boundaries and value chain, time horizon, due diligence under CSRD)
- Disclosure principles on implementation
- Basis for preparing and presenting sustainability information
- Providing linkage with other parts of corporate reporting
- Structure of the sustainability statements
- Appendix E- Illustrative examples. (The content of other appendices is reflected in the respective sections)

ESRS 1	IFRS S1	Comparison of ESRS 1 vs IFRS S1
OBJECTIVE AND GENERAL PRINCIPLES UNDER ESRS 1		
ESRS 1 § 1- Objective states that the [draft] Standard prescribes the mandatory concepts and principles to apply for the preparation of sustainability reporting under the (draft) Corporate Sustainability Reporting Directive (CSRD). **ESRS 1 § 6- Complying with ESRS** states that the undertaking shall cover the following sustainability topics: environmental matters; social matters; and governance matters (see also **ESRS 1 Appendix D** Classification of reporting areas and sub-topics). **ESRS 1 § 3 to 5 and 7 to 12- Complying with ESRS** state that: The undertaking shall disclose all material information on its sustainability-related impacts, risks and opportunities in accordance with applicable ESRS. The undertaking shall perform an assessment of its sustainability-related material impacts, risks and opportunities in consideration of the disclosure requirements mandated by ESRS as well as in consideration of the undertaking's specific facts and circumstances justifying entity-specific disclosures. The undertaking shall disclose sustainability-related information following standardised disclosures prescribed by ESRS and when relevant through entity-specific disclosures. **ESRS1 § 44 and 45- Double materiality as the basis for sustainability disclosures** identify the stakeholders (as a reference for materiality assessment). These include affected stakeholders and users of sustainability reporting/stakeholders with an interest in the undertaking. Existing and potential investors, lenders and other creditors are users.	**IFRS S1 § 1 to 7- Objective** The objective of IFRS S1 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. A reporting entity shall disclose material information about all of the significant sustainability-related risks and opportunities to which it is exposed. An entity's general purpose financial reporting shall include a complete, neutral and accurate depiction of its sustainability-related financial information. Sustainability-related financial information is broader than information reported in the financial statements. IFRS S1 also prescribes the basis for disclosing sustainability-related financial information that is comparable (ref. to previous periods and other entities) and is connected to the other information in the entity's general purpose financial reporting. **IFRS S1 § 8 to 10- Scope** 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. Sustainability-related risks and opportunities that cannot reasonably be expected to affect assessments of an entity's enterprise value by primary users of general	Both standards set the general principles to be followed in the 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. The scope of application of ESRS 1 is set by the April 2021 CSRD proposal. IFRS S1 focuses on information necessary for its primary users to assess the enterprise value (see also the section on materiality below). ESRS 1 refers to a list of sustainability matters to be covered (the matters identified in the April 2021 CSRD proposal).

ESRS 1 § 25– Characteristics of information quality states that the undertaking shall apply the fundamental principles of information quality (relevance and faithful representation) as well as the enhancing qualities of information (comparability, verifiability, and understandability). **ESRS 1 § 137 to 143– Connectivity with financial statements** states principles for connectivity with financial statements.	purpose financial reporting are outside the scope of this [draft] Standard.	

<table>
<tr><th>ESRS 1</th><th>IFRS S1</th><th rowspan="2">Comparison of ESRS 1 vs IFRS S1</th></tr>
<tr><th colspan="2">APPLYING CSRD PRINCIPLES- CHARACTERISTICS OF INFORMATION QUALITY UNDER ESRS 1</th></tr>
<tr><td>ESRS 1 § 25 to 41– Characteristics of information quality

Characteristics of information quality (relevance, faithful representation, comparability, verifiability and understandability). Faithful representation requires (i) complete, (ii) neutral and (iii) accurate information.

ESRS 1 § 72 to 77- Boundaries and value chain

When relevant for a proper understanding of its material impacts, risks and opportunities, a disaggregation shall be adopted:

(a) by country when material impacts, risks and opportunities are linked to laws, regulations or prevailing business practices in a country; or

(b) in relation to a significant site or a significant asset when relevant in relation to other EU regulations.

Where data from different levels, or multiple locations within a level, is aggregated, the undertaking shall ensure that this is done in a way that avoids obscuring the specificity and context necessary to interpret the information and that avoids aggregating material items with different natures.</td><td>IFRS S1 § 45 to 55– General Features– Fair presentation

Fair presentation requires the faithful representation of sustainability-related risks and opportunities in accordance with the principles set out in this [draft] Standard.

§ 47 states that a fair presentation also requires an entity

a. to disclose information that is relevant, representationally faithful, comparable, verifiable, timely and understandable;
b. to provide additional disclosures when compliance with the specific requirements with the specific 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 enterprise value.

In addition, § 3 of the Objective section of the draft Standard states that “An entity’s general purpose financial reporting shall include a complete, neutral and accurate depiction of its sustainability-related financial information.”

§ 49 provides principles of aggregation and disaggregation of information. Information shall not be aggregated if doing so would obscure information that is material. Information about sustainability-related risks and opportunities might need to be disaggregated, such as by geographical location or in consideration of the geopolitical environment.</td><td>Both standards consider relevance, faithful representation, comparability, verifiability and understandability as qualitative characteristics of the information.

Both standards provide principles of aggregation and disaggregation of information.</td></tr>
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	IFRS S1 Appendix C Fundamental qualitative characteristics including: Relevance in § C4; Materiality in § C8; Faithful representation in § C9; Enhancing qualitative characteristics including: Comparability in § C17; Verifiability in § C21; Timeliness in § C25; Understandability in § C26	

ESRS 1	IFRS S1	Comparison of ESRS 1 vs IFRS S1
APPLYING CSRD PRINCIPLES- DOUBLE MATERIALITY AS THE BASIS FOR SUSTAINABILITY DISCLOSURES UNDER ESRS 1		
ESRS 1 § 3 to 13- Complying with ESRS The undertaking shall disclose sustainability-related information following standardised disclosures prescribed by ESRS and when relevant through entity-specific disclosures. Sector-agnostic standards define disclosures that are considered relevant across all sectors. The undertaking shall also follow disclosure requirements specific to its sector mandated by sector-specific standards, to address impacts, risks and opportunities not covered, or not sufficiently covered, by sector-agnostic sustainability disclosure requirements. For material IRO not covered by topical standards, the undertaking shall develop entity-specific disclosures that meet the characteristics of information quality. **ESRS 1 § 153 and 154- Application provisions** Sector-specific standards will be developed in the next phase. As a result, the undertaking is allowed when defining its entity-specific disclosures to adopt	**IFRS S1 § 50 to 55– General Features- Fair presentation** To identify sustainability-related risks and opportunities an entity shall refer to IFRS Sustainability Disclosure Standards. In addition, an entity shall consider topics in the industry-based SASB Standards; ISSB's non-mandatory guidance; pronouncements of other standard-setting bodies; the sustainability-related risks and opportunities identified by entities that operate in the same industries or geographies. To identify disclosures about a significant sustainability-related risk or opportunity, an entity shall refer to the relevant IFRS Sustainability Disclosure Standards. In the absence of an IFRS, management shall use its judgement in identifying disclosures that: are relevant; faithfully represent the entity's risks and opportunities and are neutral. An entity shall disclose the industry or industries specified in the relevant IFRS Sustainability Disclosure Standard or industry-based SASB Standards that it	Both standards provide a principle for information materiality assessment (i.e., to identify which information about a material sustainability matter to be included in the report) based on the information needs of the stakeholders/users. Both require to start from the information mandated in the standards and require to integrate the mandated information with disclosures that meet the qualitative characteristics (identified in ESRS 1 as entity-specific). IFRS S1 refer to the SASB sector-specific guidance; ESRS sector-specific standards will be developed at a later stage and an application provision allows in the first two reporting periods to refer to previous practices and available best practices/frameworks (thus including sector guidance). Both standards consider financial materiality. Impacts are considered in IFRS S1, as source of potential financial effects. ESRS materiality explicitly encompasses impact materiality next to financial materiality.

transitional measures for their preparation in the first two annual sustainability reports. It shall as a priority: (a) introduce disclosures that have been reported on in prior periods if they meet the characteristics of quality; (b) limit the entity-specific disclosures to facts and circumstances that are unique to its activities and, as such, will likely be needed in the future, after the incorporation of additional sector-agnostic and sector-specific disclosure requirements in future sets of standards; and (c) in addition, consider the available best practices and/or frameworks to complement, in an appropriate manner, its sustainability reporting with a reasonable set of well prioritised disclosures additional to the ones covered by ESRS. **ESRS 1 § 43- Double materiality as the basis for sustainability disclosures** states that materiality is the criterion for inclusion of specific information in sustainability reports. It reflects (i) the significance of the information in relation to the phenomenon it purports to depict or explain, as well as (ii) its capacity to meet the needs of the stakeholders of the undertaking, allowing for proper decision-making, and more generally (iii) the needs for transparency corresponding to the European public good. The implementation of materiality may imply the use of thresholds and/or criteria. **ESRS 1 § 57 to 62- Double Materiality as the basis for sustainability disclosures** state that all mandatory disclosure requirements established by ESRS shall be presumed to be material. Such a presumption is rebuttable based on reasonable and supportable evidence. The undertaking shall establish explicit thresholds and/or criteria to determine when a disclosure is complied with through a statement “not material for the undertaking”. The presumption shall be rebutted for all of the mandatory disclosures of an entire ESRS, or a	has used when identifying disclosures about a significant sustainability-related risk or opportunity. **IFRS S1 § 56 to 62– General Features- Materiality** § 56 states that 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. 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. 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.	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.

group of disclosure requirements related to a specific aspect covered by an ESRS and is not applicable to the disclosure requirements related to Disclosure requirements ESRS 2-SBM, ESRS 2-GOV and ESRS 2-IRO. An individual disclosure requirement, or an individual datapoint that is below materiality criteria / thresholds and that is not part of an ESRS or a group of disclosure requirements for which the presumption has been rebutted may be omitted and therefore considered implicitly disclosed as “not material for the undertaking. **ESRS E1 § 46 to 56- Double materiality as the basis for sustainability disclosures** Double materiality is a concept which provides criteria for determination of whether a sustainability matter has to be included in the undertaking’s sustainability report. A sustainability matter meets the criteria of double materiality if it is material from the impact perspective or from the financial perspective or from both perspectives. A sustainability matter is material from an impact perspective if the undertaking is connected to actual or potential significant impacts on people or the environment over the short-, medium- or long-term. This includes impacts directly caused or contributed to by the undertaking in its own operations, products or services and impacts which are otherwise directly linked to the undertaking’s upstream and downstream value chain, not limited to contractual relationships. A sustainability matter is material from a financial perspective if it generates or may generate significant risks or opportunities that influence or are likely to influence the future cash flows and therefore the enterprise value of the undertaking in the short-, medium- or long-term, but it is not captured or not yet fully captured by financial reporting at the reporting date.		

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<tr><th>ESRS 1</th><th>IFRS S1</th><th rowspan="2">Comparison ESRS 1 vs IFRS S1</th></tr>
<tr><th colspan="2">APPLYING CSRD PRINCIPLES- BOUNDARIES AND VALUE CHAIN UNDER ESRS 1</th></tr>
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<td>ESRS 1 § 63 to 71- Boundaries and value chain

Reporting boundary for sustainability reporting is the one retained for financial statements, expanded to its upstream and downstream value chain, when this is necessary to allow users to understand material impacts and financial effects and to produce a set of complete information that meets the required qualitative characteristics.

When collecting the information about value chain is be impracticable the undertakings should seek to approximate the missing information, by using all reasonable and supportable information, including internal and external information, such as peer groups or sector data. It shall also disclose: the relevant disclosure and indicators for which an approximation has been used, and the planned actions in order to reduce in the missing data in the future

The undertaking’s level of operational influence on entities involved in its value chain and the level of access to their sustainability-related information may vary, depending on the undertaking’s position in the value chain and the contractual arrangements.</td>
<td>IFRS S1 § 37 to 41- General Features- Reporting entity

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.

Significant sustainability-related risks and opportunities to which the entity is exposed relate to activities, interactions and relationships and to the use of resources along its value chain.

An entity shall disclose the financial statements to which the sustainability related financial disclosures relate.

When currency is specified as the unit of measure, the entity shall use the presentation currency of its financial statements.</td>
<td>Both standards consider the scope of financial reporting as the starting point and, in addition:

- ESRS 1 considers the boundary expanded to include upstream and downstream value chain, when necessary to allow understanding of material impacts, risks and opportunities;
- IFRS S1 recognises that risks and opportunities relate to activities, interactions, and relationships along the value chain.</td>
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ESRS 1	IFRS S1	Comparison ESRS 1 vs IFRS S1
APPLYING CSRD PRINCIPLES- TIME HORIZON UNDER ESRS 1		
ESRS 1 § 83 and 84- Time horizon define time intervals: one year for short-term; two to five years for medium-term; and more than five years for long-term. When identifying material impacts, risks and opportunities, the undertaking shall adopt time horizons that reflect the expected impacts on people or the environment or the expected financial effects, including an additional breakdown for the long-term when necessary. When defining action plans, the undertaking shall adopt time horizons that reflect its strategic planning horizons and resource allocation plans.	**IFRS S1 § 16 b and 18- Core Content- Strategy** state that an entity shall disclose 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.	Both standards provide requirements related to defining the short, medium and long term.

ESRS 1	IFRS S1	Comparison of ESRS 1 vs IFRS S1
APPLYING CSRD PRINCIPLES- DUE DILIGENCE UNDER THE CSRD UNDER ESRS 1		
ESRS 1 § 85 to 89- Due diligence under the CSRD address due diligence. **ESRS 1 § 85- Due diligence under the CSRD** summarises the key elements of sustainability due diligence, as they are specified in international guidance and principles, to help undertakings to apply ESRS disclosure requirements in relation to sustainability due diligence **ESRS 1 § 86- Due diligence under the CSRD** states that disclosure requirements concerning due diligence are organised in the following categories correspond to the main aspects of due diligence:	**IFRS S1 § 12 and 13- Core content- Governance** 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. An entity shall disclose information about the governance body or bodies with oversight of sustainability-related risks and opportunities.	ESRS 1 has explicit sustainability due diligence requirements to help undertakings to apply ESRS disclosure requirements in relation to sustainability due diligence.

a) embedding due diligence in governance and organisation; b) engaging with stakeholders; c) identifying and assessing adverse impacts; d) taking actions to address those adverse impacts; and e) tracking the effectiveness of these efforts and communicating. **ESRS 1 Appendix C-** Recommendations on sustainability due diligence summarises the key elements of sustainability due diligence, as they are specified in international guidance and principles, to help undertakings to apply ESRS disclosure requirements in relation to sustainability due diligence.		

ESRS 1	IFRS S1	Comparison of ESRS 1 vs IFRS S1
DISCLOSURE PRINCIPLES ON IMPLEMENTATION UNDER ESRS 1		
ESRS 1 Chapter 3 sets **Disclosure principles on implementation** • **ESRS 1 § 99 to 102- Disclosure principle 1-2** – On targets, progress and tracking effectiveness • **ESRS 1 § 103 to 106- Disclosure principle 1-3** – Actions, action plans and resources in relation to policies and targets **ESRS 1 § AG 10 to AG 18- Appendix B Disclosure principle 1-2** has application guidance on targets, progress and tracking effectiveness (§ AG 10 to AG 18).	**IFRS S1 § 27 to 35- Core content metrics and targets** To enable users of general purpose financial reporting to understand how an entity measures, monitors and manages its significant sustainability-related risks and opportunities. Metrics shall include those defined in any other applicable IFRS Sustainability Disclosure Standard, metrics identified from the other sources and metrics developed by an entity itself. 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. § 30 and 31 provide the principles for disclosing metrics. § 32 and 33 address targets. § 32 states that an entity shall disclose the targets it has set to assess progress towards achieving its strategic goals. § 33 states that 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.	Both standards provide principles for the preparation of disclosure on targets and assessing performance. ESRS 2 also provides application guidance. Additional guidance on metrics and targets will be addressed within sector specific standards under ESRS, which will be published at a later stage.

ESRS 1	IFRS S1	Comparison of ESRS 1 vs IFRS S1
BASIS FOR PREPARING AND PRESENTING SUSTAINABILITY INFORMATION- GENERAL PRESENTATION PRINCIPLES UNDER ESRS 1		
ESRS 1 § 108 and 109- General presentation principles Sustainability information shall be presented: a. in a way that allows a clear distinction between information resulting from the implementation of ESRS and other information included in the management report;, and b. under a structure that facilitates access to and understanding of the sustainability statements, both in human and machine-readable formats. Detailed presentation prescriptions are included in chapter 6 of this standard ESRS P1.	Addressed under the General Features- Location of information in **§ 72 to 78**	As noted in the comparison of ESRS 1 Chapter 6 structure of sustainability statements- versus IFRS S1 location of information, IFRS S1 requires an entity to locate the information in the general purpose financial reporting without being specific on the location within the general purpose financial report.

ESRS 1	IFRS S1	Comparison of ESRS 1 vs IFRS S1
BASIS FOR PREPARING AND PRESENTING SUSTAINABILITY INFORMATION- PRESENTING COMPARATIVE INFORMATION UNDER ESRS 1		
ESRS 1 § 110 and 111- Presenting comparative information The undertaking shall present comparative information for the previous period for all amounts including metrics and key performance indicators reported in the actual period. Comparative information shall also be disclosed for narrative and descriptive information when relevant to the understanding of the current period's information.	**IFRS S1 § 63/65- General Features- Comparative information** 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 for narrative and descriptive sustainability related financial disclosures.	Both standards require entities to present comparative information.

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<tr><th colspan="2">BASIS FOR PREPARING AND PRESENTING SUSTAINABILITY INFORMATION- ESTIMATING UNDER CONDITIONS OF UNCERTAINTY UNDER ESRS 1</th></tr>
<tr><td>ESRS 1 § 112– to116- Estimating under conditions of uncertainty

The use of reasonable estimates is necessary and unavoidable when preparing sustainability-related information. In order not to compromise the usefulness of sustainability information material estimates shall be clearly and accurately described and explained.

The undertaking shall consider when determining estimates regarding possible future events:

(a) their effect on risks or opportunities that influence or are likely to influence the future cash flows and therefore the enterprise value of the undertaking,

(b) their effect on actual or potential significant impacts on people or the environment,

(c) the full range of possible outcomes considering all relevant facts and circumstances, and

(d) the likelihood of the possible outcomes within that range including low-probability and high-impact outcomes, which when aggregated, could become material.

ESRS 2 § 24- Disclosure Requirement 2-GR 6- Disclosing on significant estimation uncertainty</td><td>IFRS S1 § 78 to 83-General Features- Sources of estimation and outcome uncertainty

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.

§ 81 states that 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.

§ 82 states that 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.</td><td>Both standards include requirements regarding estimation uncertainties.</td></tr>
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ESRS 1	IFRS S1	Comparison of ESRS 1 vs IFRS S1
BASIS FOR PREPARING AND PRESENTING SUSTAINABILITY INFORMATION- UPDATING DISCLOSURES ABOUT EVENTS AFTER THE END OF THE REPORTING PERIOD UNDER ESRS 1		
ESRS 1 § 114 to 116- Updating disclosures about events after the end of the reporting period Updating disclosures about events after the end of the reporting period address the related requirements	**IFRS S1 § 71- General Features- Frequency of reporting** addresses transactions, events and other conditions that occur after the reporting date.	Both standards include requirements for events after the reporting period.

ESRS 1 and 2	IFRS S1	Comparison of ESRS 1 vs IFRS S1
BASIS FOR PREPARING AND PRESENTING SUSTAINABILITY INFORMATION- CHANGES IN PREPARING OR PRESENTING SUSTAINABILITY INFORMATION UNDER ESRS 1		
ESRS 1 § 117 – 122- Changes in preparing or presenting sustainability information addresses changes in preparing or presenting sustainability information **ESRS 1 § 117** states that the undertaking shall prepare and present sustainability information (approach, method, option, metrics used to report, and disclosures reported) consistently over time. Any change from one year to another is expected to occur only when the new preparation or presentation allows to provide more useful information. When a change in preparation or presentation occurs, the data related to the comparative period should be restated according to the new preparation or presentation. **ESRS 1 § 118** states that when an undertaking changes the preparation or presentation, in some circumstances, it might be impracticable to adjust comparative information to achieve comparability with the current period, in which case the undertaking shall disclose that fact	IFRS S1 **§ 64- Comparative information** states that 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: The difference between the amount reported in the previous period and the revised comparative amount; and The reasons the amounts have been revised. **§ 65** states that when it is impracticable to adjust comparative information for one or more periods, an entity shall disclose that fact.	Both standards have requirements for changes in preparing or presenting sustainability information.

ESRS 2 § 25- Disclosure Requirement 2-GR 7- Changes in preparation and presentation.		

ESRS 1	IFRS S1	Comparison of ESRS 1 vs IFRS S1
BASIS FOR PREPARING AND PRESENTING SUSTAINABILITY INFORMATION- REPORTING ERRORS IN PRIOR PERIODS UNDER ESRS 1		
ESRS 1 § 119 to 124- Reporting errors in prior periods address reporting errors in prior periods § 121 states that the undertaking shall correct material prior period errors in the first management report approved for issuance after their discovery by retrospectively restating the comparative amounts for the prior period(s) presented in which the error occurred except to the extent that it is impracticable to determine either the period-specific effects or the cumulative effect of the error. § 123 of ESRS 1 prohibits the use of hindsight. **ESRS 2 § 26- Disclosure Requirements 2-GR 8- Prior period errors**	**IFRS S1 § 84 to 90– General Features- Errors** 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.	Both standards include requirements regarding errors. IFRS S1 contains examples of possible errors (§ 86) and disclosures related to material errors (§ 90).

ESRS 1	IFRS S1	Comparison of ESRS 1 vs IFRS S1
BASIS FOR PREPARING AND PRESENTING SUSTAINABILITY INFORMATION- ADVERSE IMPACTS AND FINANCIAL RISKS UNDER ESRS 1		
ESRS 1 § 125- Adverse impacts and financial risks states Actions or action plans of the undertaking to avoid sustainability impacts or financial risks or to benefit from opportunities in relation to a sustainability topic or sub-topic might have material adverse impacts or cause material financial risks in relation to another sustainability topic or sub-topic. For example: a. an action plan to decarbonise production or products might have negative impacts on own workforce and financial risks for redundancy payments and b. an action plan of an automotive supplier to focus on the supply for e-vehicles might lead to stranded assets for the production of supply parts for conventional vehicles. **ESRS 1 § 126- Adverse impacts and financial risks** states that the undertaking shall: a. mention the existence of a material adverse impact or material financial risk together with the actions and action plans that generate them, with a cross-reference to; and b. a description of the material adverse impact or material financial risks and how they are addressed under the topic or sub-topic to which the adverse impact or financial risks relate.	**IFRS S1 § 26- Core content - Risk management** states that regarding sustainability-related risks and opportunities, an entity shall disclose the processes to: (a) identify them; (b) identify risks for risk management purposes; (c) identify, assess and prioritise opportunities; (d) monitor and manage them (including policies); (e) for risks, integration of their identification, assessment and management into the entity's overall risk management; (f) for opportunities, integration of their identification, assessment and management into the entity's overall management process.	ESRS1 has requirements for preparing and presenting adverse impacts and financial risks.

ESRS 1	**IFRS S1**
BASIS FOR PREPARING AND PRESENTING SUSTAINABILITY INFORMATION- OPTIONAL DISCLOSURES AND CONSOLIDATED REPORTING AND SUBSIDIARY EXEMPTION UNDER ESRS 1	
ESRS 1 § 127- Optional disclosures states that the ESRS may provide guidance on optional disclosures. If an undertaking provides optional disclosures, it shall follow the ESRS guidance; **ESRS 1 § 123- Reporting errors in prior periods** states that when an undertaking is reporting at consolidated level and one or more of its subsidiaries is using the subsidiary exemption of the CSRD, the undertaking shall perform its assessment of material impacts, risks and opportunities for the entire consolidated group, regardless of its group structure, making sure that all subsidiaries are covered in a way that allows for the unbiased identification of material impacts, risks and opportunities.	**Optional disclosures not covered under IFRS S1**

ESRS 1	IFRS S1	Comparison of ESRS 1 vs IFRS S1
BASIS FOR PREPARING AND PRESENTING SUSTAINABILITY INFORMATION- STATING RELATIONSHIP AND COMPATIBILITY WITH OTHER SUSTAINABILITY REPORTING FRAMEWORKS UNDER ESRS 1		
ESRS has mandatory Application Guidance. **ESRS 1 § 130, 147 and 40- Stating relationship and compatibility with other sustainability reporting frameworks; General cohesiveness** In addition to preparing its sustainability statements in accordance with ESRS, the undertaking may decide to report under sustainability reporting pronouncements of other standard setting bodies/non-mandatory guidance including sector specific. The undertaking may include in its sustainability statements additional disclosures (stemming from local legislation, generally accepted sustainability reporting pronouncements of other standard setting bodies and non-mandatory guidance including sector specific), provided that they avoid obscuring material information. Such disclosures shall be clearly identified with an appropriate reference to the related pronouncement or guidance and shall complement ESRS disclosure requirement.	**IFRS S1 has non mandatory Illustrative Guidance** covers selecting sustainability-related financial disclosures (§ IG 14 to IG 24) with subsections on: Industry-based SASB Standards; and CDSB framework application guidance for water-and biodiversity-related disclosures. Nevertheless, local laws and regulations may specify requirements for the entity to provide information in the general purpose financial reporting. In such circumstances, providing information to meet local legal or regulatory requirements is permitted by IFRS Sustainability Disclosure Standards, even if that information would not meet the definition of material information. However, such information shall not obscure information that is material according to IFRS Sustainability Disclosure Standards.	IFRS S1 outlines application of industry-based SASB standards, ESRS will be mapped to SASB standards in later versions of the Standards. As noted, ESRS application provisions allow undertaking to refer to best practices and other frameworks (including sector guidance) in the entity-specific dimension for the first two years. The use of ESRS is mandatory for undertakings in scope of the CSRD, i.e., the sustainability report has to be prepared following ESRS. Information stemming from other frameworks may be incorporated if clearly identified (with a reference to the relevant framework) if it complements the ESRS disclosure and if it does not obscure them. IFRS S1 has similar requirements.

ESRS 1	IFRS S1	Comparison of ESRS 1 vs IFRS S1
PROVIDING LINKAGE WITH OTHER PARTS OF CORPORATE REPORTING UNDER ESRS 1		
ESRS 1- § 131 to 136- General cohesiveness Cohesiveness between sustainability report and other public reports. Financial data and assumptions shall be consistent with the corresponding data and assumptions in the financial statements. When the sustainability report includes monetary amounts/quantitative data points that are directly presented in financial statements, the undertaking shall include a reference. When sustainability reporting includes monetary amounts/quantitative data points that are either an aggregation or a part of amounts in the financial statements, the undertaking shall explain how they relate to the most relevant amount(s) in the financial statements, including a reference. When a link cannot be made, the undertaking shall state where needed the consistency of data, assumptions and qualitative information with the corresponding items in the financial statements.	**IFRS S1 § 42 to 44– General Features- Connected information** An entity shall provide information that enables users 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.	Both standards provide guidance to promote the preparation of connected information, including consistency with data and assumptions used in the financial statements.

ESRS 1	IFRS S1	Comparison of ESRS 1 vs IFRS S1
STRUCTURE OF THE SUSTAINABILITY STATEMENTS UNDER ESRS 1		
ESRS 1 § 135- General cohesiveness Incorporation by reference to another section of the management report, provided that it is separate and clearly identified as addressing the relevant ESRS requirement. **ESRS 1 § 144 to 152, Application Guidance Appendix E** The undertaking shall report all the applicable disclosures (sector-agnostic, sector-specific and entity-specific) required by ESRS within identifiable parts of the management report constituting the "Sustainability Statements". § 148 states that Sector-agnostic disclosures, undertakings may a. reporting the disclosures within a single separately identifiable section of the management report; b. aggregating the disclosures into four separately identifiable parts of the management report: i. general information; ii. environmental information; iii. social information; and iv. governance information; or c. aggregating the disclosures required by each ESRS and reporting them as non-separable blocks in identifiable parts of the management report "on a standard-by-standard basis". § 149 states that Option 148 a) is the preferred option. Any undertaking that elects to apply the options laid down in 147 (b) or (c) shall report a location table within	**IFRS S1 § 72 to 78– General Features- Location of information** An entity is required to disclose information required by IFRS Sustainability Disclosure Standards as part of its general purpose financial reporting. 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. 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 (b) the cross-reference shall be to a precisely specified part of that location.	**Location of presentation** IFRS S1 requires an entity to locate the information in the general purpose financial reporting without being specific on the location within the general purpose financial report. ESRS sustainability disclosures have to be presented within an identifiable part of the management report, as set by the CSRD. ESRS 1 has three options for sector-agnostic disclosures with a preference for reporting the disclosures within a single separately identifiable section of the management report. If the other two options are applied, a location table is required. ESRS 1 has also application guidance on the structure of sustainability statements. **Incorporation by Cross-reference** IFRS S1 allows incorporation by reference from other documents available on the same time and terms of its general purpose financial reporting. ESRS 1 allows incorporation by reference to other sections of the management report.

the management report using a tabular format allowing to identify where the sector-agnostic disclosures are presented in the management report.		

ESRS 1	IFRS S1
APPENDIX E: ILLUSTRATIVE EXAMPLES UNDER ESRS 1	
This appendix complements the ESRS 1 [General Principles]. It provides non-binding illustrations of the structure of the Sustainability Statements applying the three options outlined in § 147. **ESRS 1 § 130, 147 and 40- Stating relationship and combability with other sustainability reporting frameworks; General cohesiveness** In addition to preparing its sustainability statements in accordance with ESRS, the undertaking may decide to report under sustainability reporting pronouncements of other standard setting bodies/non-mandatory guidance including sector specific. The undertaking may include in its sustainability statements additional disclosures (stemming from local legislation, generally accepted sustainability reporting pronouncements of other standard setting bodies and non-mandatory guidance including sector specific), provided that they avoid obscuring material information. Such disclosures shall be clearly identified with an appropriate reference to the related pronouncement or guidance and shall complement ESRS disclosure requirement.	No illustrative examples under IFRS S1

PART 2: ESRS 2 VERSUS IFRS S1

The following are the elements of mapping ESRS 2 to IFRS S1 based on the structure of ESRS 2:

- General statement of compliance
- Overview of business; Strategy and business model
- Governance
- Materiality assessment of sustainability impacts, risks and opportunities
- Application Guidance

ESRS 2	IFRS S1	Comparison of ESRS 2 vs IFRS S1
GENERAL STATEMENT OF COMPLIANCE UNDER ESRS 2		
ESRS 2 § 28 to 30- Disclosure Requirement 2-GR 10 ESRS 2 requires a statement of compliance with ESRS. It shall include for entity specific disclosures an acknowledgement of the characteristics of information quality and a description of specific steps, if any, taken to define the disclosures.	**IFRS S1 § 91 and 92– General Features – Statement of compliance** 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.	Both standards require a statement of compliance.

ESRS 2	IFRS S1	Comparison of ESRS 2 vs IFRS S1
OVERVIEW OF THE UNDERTAKING'S BUSINESS IN CONTEXT OF SUSTAINABILITY REPORTING; DISCLOSING STRATEGY AND BUSINESS MODEL UNDER ESRS 2		
ESRS 2 § 10 to 13- Disclosure Requirement 2-GR 2 – Sector(s) of activity **ESRS 2 § 14 to 17- Disclosure Requirement 2-GR 3-** Key features of the value chain **ESRS 2 § 18 to 21- Disclosure Requirement 2-GR 4-** Key drivers of the value creation– Interaction of impacts and the undertaking's strategy and business model. **ESRS 2 § 33 to 35- Disclosure Requirement 2-SBM 1** - Overview of strategy and business model. **ESRS 2 § 36 to 38- Disclosure Requirement 2-SBM 2** – Views, interests and expectations of stakeholders. **ESRS 2 § 39 to 44- Disclosure Requirement 2-SBM 3** – Interaction of impacts and the undertaking's strategy and business model. **ESRS 2 § 45 to 47- Disclosure Requirement 2-SBM 4** – Interaction of risks and opportunities and the undertaking's strategy and business model. **ESRS 2 Appendix B** Application Guidance, § AG 24 to AG 35.	**IFRS S1 § 14 and 15 –Core content - Strategy** To enable users of general purpose financial reporting to understand an entity's strategy for addressing significant sustainability-related risks and opportunities. **IFRS S1 § 15 Core content- Strategy** requires an entity to disclose: (a) significant sustainability-related risks and opportunities that could affect its business model, strategy and cash flows, its access to finance and its cost of capital, over the short, medium and long-term; (b) effects of sustainability-related risks and opportunities on its business model and value chain, (c) strategy and decision-making, (d) financial position, financial performance and cash flows (including integration in financial planning) (e) the resilience of its strategy (including its business model) to significant sustainability-related risks. **IFRS S1 § 16 b and 18- Core content- Strategy** state that an entity shall disclose 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. **IFRS S1 § 17 –Core content- Strategy** An entity's sustainability-related risks and opportunities arise from its dependencies on resources and its impacts on resources, and from the	Both standards provide disclosure requirements to cover how sustainability matters are addressed at strategic level. 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 2 has application guidance related to strategy and business model. ESRS 1 has application guidance related to general requirements that requires to provide contextual information (such as the sectors of activity and the value chain) that support users' understanding of the overall exposure to impacts, risks and opportunities. Both the standards provide requirements related to defining the short, medium and long term. Both standards consider impacts and dependencies, as sources of risks and opportunities. The role of impacts in IFRS S1 is limited to their potential financial effects. As required by the CSRD, impacts are in ESRS 1 a specific dimension of the materiality (impact materiality, one of the two components of double materiality). ESRS 1 doesn't have a provision that allows to provide qualitative information if an entity is unable to provide quantitative information. ESRS 1 doesn't require specifically to disclose sustainability-related risks and opportunities 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.

	relationships it maintains that may be positively or negatively affected by those impacts and dependencies. **IFRS S1 § 22 –Core content- Strategy** allows to provide qualitative information if an entity is unable to provide quantitative information. When providing quantitative information the entity can provide a single amount or a range. **IFRS S1 § 22 b –Core content- Strategy** information about the sustainability-related risks and opportunities 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	IFRS S1	Comparison of ESRS 2 vs IFRS S1
DISCLOSING GOVERNANCE UNDER ESRS 2		
ESRS 2 § 50 to 53- Disclosure Requirement 2-GOV 1 - Roles and responsibilities of the administrative, management and supervisory bodies. **ESRS 2 § 54 to 57- Disclosure Requirement 2-GOV 2** - Information of administrative, management and supervisory bodies about sustainability matters. **ESRS 2 § 58 to 61- Disclosure Requirement 2-GOV 3** - Sustainability matters addressed by the undertaking's administrative, management and supervisory bodies. **ESRS 2 § 62 to 64- Disclosure Requirement 2-GOV 4** - Integration of sustainability strategies and performance in incentive schemes. **ESRS 2 § 65 and 66- Disclosure Requirement 2-GOV 5** - Statement on due diligence. **ESRS 2 Appendix B** Application guidance **§ AG 36 to AG 55.**	**IFRS S1 § 12 and 13 –Core content- Governance** 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. An entity shall disclose information about the governance body or bodies with oversight of sustainability-related risks and opportunities.	Both standards provide disclosure requirements to cover the governance of sustainability matters in general terms, i.e., applicable to all the sustainability matters. ESRS 2 has application guidance related to the governance disclosures requirements. ESRS 1 Appendix C summarises the key elements of sustainability due diligence, as they are specified in international guidance and principles, to help undertakings to apply ESRS disclosure requirements in relation to sustainability due diligence.

ESRS 2	IFRS S1	Comparison of ESRS 2 vs IFRS S1
DISCLOSING MATERIAL SUSTAINABILITY IMPACTS, RISKS AND OPPORTUNITIES UNDER ESRS 2		
Disclosure Requirements IRO in ESRS 2 support undertakings in identifying material sustainability impacts, risks and opportunities (IRO). • **ESRS 2 § 71 to 74- Disclosure Requirement -IRO 1** - Description of the processes to identify material sustainability impacts, risks and opportunities (IRO). • **ESRS 2 § 75 to 77- Disclosure Requirement -IRO 2** - Outcome of the undertaking's assessment of material IRO as identified by reference to and in compliance with sector-agnostic and sector-specific level ESRS. • **ESRS 2 § 78 to 81- Disclosure Requirement -IRO 3** - Outcome of the undertaking's assessment of material IRO that are not covered by an ESRS (entity-specific level). • **ESRS 2 Appendix B Application Guidance** AG 56 to AG 79.	**IFRS S1 § 25 –Core content- Risk management** To enable users to understand the 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. **IFRS S1 § 26 –Core content- Risk management** Regarding sustainability-related risks and opportunities, an entity shall disclose the processes to: (a) identify them; (b) identify risks for risk management purposes; (c) identify, assess and prioritise opportunities; (d) monitor and manage them (including policies); (e) for risks, integration of their identification, assessment and management into the entity's overall risk management; (f) for opportunities, integration of their identification, assessment and management into the entity's overall management process. Point (b) covers the following: a. how the entity assesses the likelihood and effects associated with such risks (such as the qualitative factors, quantitative thresholds and other criteria used); b. how it prioritises sustainability-related risks relative to other types of risks, including its use of risk-assessment tools;	Both standards provide disclosure requirements to cover identification, assessment and management of 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 2 has requirements for the assessment of materiality and IFRS 2 has non-mandatory illustrative guidance on implementing materiality judgments.

	c. the input parameters it uses (for example, data sources, the scope of operations covered and the detail used in assumptions); and d. whether it has changed the processes used compared to the prior reporting period. **IFRS S1 non mandatory Illustrative Guidance** covers implementing materiality judgments (**§ IG 1 to IG 8**) with subsections on: Meeting primary users' information needs; Interaction between an entity's disclosure and its materiality assessment; Use of publicly available information; and Interaction with local laws and regulation	

ESRS 2	IFRS S1	Comparison of ESRS 2 vs IFRS S1
APPENDIX B: APPLICATION GUIDANCE UNDER ESRS 2		
ESRS 2 Appendix B Application Guidance AG 56 to AG 79. This appendix is an integral part of the proposed ESRS 2 [General, Strategy, Governance, and Materiality Assessment Provisions]. It describes the application of the requirements of chapter 1 to 4 covering: General Disclosure requirements, Strategy and business model, Governance and Materiality assessment of sustainability impacts, risks and opportunities	**IFRS S1 non mandatory Illustrative Guidance** is on implementing materiality judgments (§ IG 1 to IG 8) with subsections on: Meeting primary users' information needs; Interaction between an entity's disclosure and its materiality assessment; Use of publicly available information; and Interaction with local laws and regulation;	ESRS 2 has mandatory application guidance covering General Disclosure requirements, Strategy and business model, Governance and Materiality assessment of sustainability impacts, risks and opportunities. IFRS S1 has non mandatory illustrative guidance on implementing materiality.

PART 3: IFRS S1 versus ESRS 1 and ESRS 2

The following are the elements of mapping IFRS S1 to ESRS 1 and ESRS 2 based on the structure of IFRS S1:

- Objective
- Scope
- Core content
- General features
- Illustrative guidance
- ESRS additional information not covered under IFRS S1

IFRS S1	ESRS 1 and 2	Comparison IFRS S1 vs ESRS 1 and 2
OBJECTIVE UNDER IFRS S1 (ADDRESSED UNDER ESRS 1- CHAPTER 1 OBJECTIVE AND COVERAGE OF ESRS GENERAL PRINCIPLES)		
IFRS S1 § 1 to 7 The objective of IFRS S1 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. A reporting entity shall disclose material information about all of the significant sustainability-related risks and opportunities to which it is exposed. An entity's general purpose financial reporting shall include a complete, neutral and accurate depiction of its sustainability-related financial information. Sustainability-related financial information is broader than information reported in the financial statements. IFRS S1 also prescribes the basis for disclosing sustainability-related financial information that is comparable (ref. to previous periods and other entities) and is connected to the other information in the entity's general purpose financial reporting.	**ESRS 1 § from 3 to 5 and 7 to 12** The undertaking shall disclose all material information on its sustainability-related impacts, risks and opportunities in accordance with applicable ESRS. The undertaking shall perform an assessment of its sustainability-related material impacts, risks and opportunities in consideration of the disclosure requirements mandated by ESRS as well as in consideration of the undertaking's specific facts and circumstances justifying entity-specific disclosures. The undertaking shall disclose sustainability-related information following standardised disclosures prescribed by ESRS and when relevant through entity-specific disclosures. **ESRS 1 § 44 and 45** identify the stakeholders (as a reference for materiality assessment). These include affected stakeholders and users of sustainability reporting/stakeholders with an interest in the undertaking. Existing and potential investors, lenders and other creditors are users. **ESRS 1 § 25** The undertaking shall apply the fundamental principles of information quality (relevance and faithful representation) as well as the enhancing qualities of information (comparability, verifiability, and understandability). **ESRS 1 § 137 to 143** states principles for connectivity with financial statements.	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.

IFRS S1	ESRS 1 and 2	Comparison IFRS S1 vs ESRS 1 and 2
SCOPE UNDER IFRS S1 (ADDRESSED UNDER ESRS 1- CHAPTER 1 OBJECTIVE AND COVERAGE OF ESRS GENERAL PRINCIPLES)		
IFRS S1 § 8 to 10 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. 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 § 1** This [draft] Standard prescribes the mandatory concepts and principles to apply for preparation of sustainability reporting under the (draft) Corporate Sustainability Reporting Directive (CSRD). **ESRS 1 § 6** The undertaking shall cover the following sustainability topics: environmental matters; social matters; and governance matters (see also **ESRS 1 Appendix D** Classification of reporting areas and sub-topics).	The scope of application of ESRS 1 is set by the April 2021 CSRD proposal. IFRS S1 focuses on information necessary for its primary users to assess the enterprise value (see also the section on materiality below). ESRS 1 refers to a list of sustainability matters to be covered (the matters identified in the April 2021 CSRD proposal).

IFRS S1	ESRS 1 and 2	Comparison IFRS S1 vs ESRS 1 and 2
CORE CONTENT – GOVERNANCE UNDER IFRS S1 (ADDRESSED UNDER ESRS 2 GOVERNANCE)		
IFRS S1 § 12 and 13 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. An entity shall disclose information about the governance body or bodies with oversight of sustainability-related risks and opportunities.	**ESRS 2 Disclosure Requirement 2-GOV 1 -** Roles and responsibilities of the administrative, management and supervisory bodies. **ESRS 2 Disclosure Requirement 2-GOV 2** - Information of administrative, management and supervisory bodies about sustainability matters. **ESRS 2 Disclosure Requirement 2-GOV 3 -** Sustainability matters addressed by the undertaking's administrative, management and supervisory bodies. **Disclosure Requirement 2-GOV 4 -** Integration of sustainability strategies and performance in incentive schemes. **ESRS 2 Disclosure Requirement 2-GOV 5 -** Statement on due diligence. **ESRS 2 Appendix B** Application guidance **§ AG 36 to AG 55**. **ESRS 1 Appendix C:** Recommendations on sustainability due diligence.	Both standards provide disclosure requirements to cover the governance of sustainability matters in general terms, i.e. applicable to all the sustainability matters. ESRS 2 has application guidance related to the governance disclosures requirements. ESRS 1 Appendix C summarised the key elements of sustainability due diligence, as they are specified in international guidance and principles, to help undertakings to apply ESRS disclosure requirements in relation to sustainability due diligence.

IFRS S1	ESRS 1 and 2	Comparison IFRS S1 vs. ESRS 1 and 2
CORE CONTENT – STRATEGY UNDER IFRS S1 (ADDRESSED UNDER ESRS 2 STRATEGY AND BUSINESS MODEL)		

IFRS S1 § 14 and 15
 	
To enable users of general purpose financial reporting to understand an entity's strategy for addressing significant sustainability-related risks and opportunities.
 	
IFRS S1 § 15 requires to disclose:
• (a) significant sustainability-related risks and opportunities that could affect its business model, strategy and cash flows, its access to finance and its cost of capital, over the short, medium and long-term;
• effects of sustainability-related risks and opportunities on its
  ○ (b) business model and value chain,
  ○ (c) on strategy and decision-making,
  ○ (d) on its financial position, financial performance and cash flows (including integration in financial planning)
• (e) the resilience of its strategy (including its business model) to significant sustainability-related risks.
	ESRS 1 has 4 disclosure requirements on strategy and business model, which objective is to specify disclosure requirements for how an undertaking describes: its strategy and business model(s) as a context to its sustainability reporting; and how sustainability matters are related to, interact with and inform its strategy and business model(s). Topical standards may include strategy-related application guidance and disclosure requirements specific to a topic which shall be complied with when complying with these 4 disclosure requirements.
	• **ESRS 2 Disclosure Requirement 2-SBM 1** - Overview of strategy and business model.
	• **ESRS 2 Disclosure Requirement 2-SBM 2** – Views, interests and expectations of stakeholders.
	• **ESRS 2 Disclosure Requirement 2-SBM 3** – Interaction of impacts and the undertaking's strategy and business model.
	• **ESRS 2 Disclosure Requirement 2-SBM 4** – Interaction of risks and opportunities and the undertaking's strategy and business model.
	• **ESRS 2 Appendix B** Application Guidance, § AG 24 to AG 35.
	
	ESRS 1 provides disclosure requirements (as part of the General Requirements) that support the provision of contextual information.
	• **ESRS 1 Disclosure Requirement 2-GR 2** – Sector(s) of activity.
	• **ESRS 1 Disclosure Requirement 2-GR 3 -** Key features of the value chain.
	• **ESRS 1 Disclosure Requirement 2-GR 4** - Key drivers of the value creation.
	• **ESRS 1 Appendix B** Application Guidance, § AG 2 to AG 21.
		Both standards provide disclosure requirements to cover how sustainability matters are addressed at strategic level. 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 2 has application guidance related to strategy and business model.
		
		ESRS 1 has application guidance related to general requirements that requires to provide contextual information (such as the sectors of activity and the value chain) that support users' understanding of the overall exposure to impacts, risks and opportunities.

IFRS S1 § 16 b and 18 state that an entity shall disclose 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 § 83 and 84** define time intervals: one year for short-term; two to five years for medium-term; and more than five years for long-term. When identifying material impacts, risks and opportunities, the undertaking shall adopt time horizons that reflect the expected impacts on people or the environment or the expected financial effects, including an additional breakdown for the long-term when necessary. When defining action plans, the undertaking shall adopt time horizons that reflect its strategic planning horizons and resource allocation plans.	Both the standards provide provisions on how to define short, medium and long term.

IFRS S1 § 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. **IFRS S1 § 22** allows to provide qualitative information if an entity is unable to provide quantitative information. When providing quantitative information the entity can provide a single amount or a range. **IFRS S1 § 22 b** information about the sustainability-related risks and opportunities 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 1 § 55** addresses dependencies as part of financial materiality. Impacts are an explicit dimension of the disclosure content, next to risks and opportunities, due to the need to cover impact materiality.	Both standards consider impacts and dependencies, as sources of risks and opportunities. The role of impacts in IFRS S1 is limited to their potential financial effects. As required by the CSRD, impacts are in ESRS 1 a specific dimension of the materiality (impact materiality, one of the two components of double materiality). ESRS 1 doesn't have a provision that allows to provide qualitative information if an entity is unable to provide quantitative information. ESRS 1 doesn't require specifically to disclose sustainability-related risks and opportunities 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.

<table>
<tr><th>IFRS S1</th><th>ESRS 1 and 2</th><th rowspan="2">Comparison IFRS S1 vs. ESRS 1 and 2</th></tr>
<tr><th colspan="2">CORE CONTENT - RISK MANAGEMENT UNDER IFRS S1 (RISK MANAGEMENT ADDRESSED WITHIN ESRS 2 – DISCLOSURE REQUIREMENTS IRO, ESRS 1 DISCLOSURE PRINCIPLES)</th></tr>
<tr><td>IFRS S1 § 25
To enable users to understand the 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.
IFRS S1 § 26
Regarding sustainability-related risks and opportunities, an entity shall disclose the processes to:
(a) identify them;
(b) identify risks for risk management purposes;
(c) identify, assess and prioritise opportunities;
(d) monitor and manage them (including policies);
(e) for risks, integration of their identification, assessment and management into the entity's overall risk management;
(f) for opportunities, integration of their identification, assessment and management into the entity's overall management process.
Point (b) covers the following:
a) how the entity assesses the likelihood and effects associated with such risks (such as the qualitative factors, quantitative thresholds and other criteria used);
b) how it prioritises sustainability-related risks relative to other types of risks, including its use of risk-assessment tools;
c) the input parameters it uses (for example, data sources, the scope of operations covered and the detail used in assumptions); and
d) whether it has changed the processes used compared to the prior reporting period.</td><td>Disclosure Requirements IRO in ESRS 2 support undertakings in identifying material sustainability impacts, risks and opportunities (IRO).
• ESRS 2 Disclosure Requirement -IRO 1 - Description of the processes to identify material sustainability impacts, risks and opportunities (IRO).
• ESRS 2 Disclosure Requirement -IRO 2 - Outcome of the undertaking's assessment of material IRO as identified by reference to and in compliance with sector-agnostic and sector-specific level ESRS.
• ESRS 2 Disclosure Requirement -IRO 3 - Outcome of the undertaking's assessment of material IRO that are not covered by an ESRS (entity-specific level).
• ESRS 2 Appendix B Application Guidance AG 56 to AG 79.
Reference principles for implementation of policies, targets, actions, action plans and resources in ESRS 1 define the aspects that are to be described for the relevant policies in respect of each material sustainability matter identified.
• ESRS 1 Disclosure principle 1-1 – On policies adopted to manage material sustainability matters
• ESRS 1 Disclosure principle 1-2 – On targets, progress and tracking effectiveness
• Disclosure principle 1-3 – Actions, action plans and resources in relation to policies and targets
Disclosure Requirements ESRS 1 BSM 3 and 4 require (AG32 and 34) requires to describe initiatives to modify strategy and business model(s), to prevent and mitigate a negative material impact/risk or enhance a positive material impact/opportunity and explain how such impact have been identified out of the material IRO; § 53 and 61 of ESRS 2 require to disclose governance aspects of such initiatives.</td><td>Both standards provide disclosure requirements to cover identification, assessment and management of 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.
.</td></tr>
</table>

IFRS S1	ESRS 1 and 2	Comparison IFRS S1 vs. ESRS 1 and 2
CORE CONTENT UNDER IFRS S1 – METRICS AND TARGETS (TARGETS ARE ADDRESSED UNDER ESRS 1: DISCLOSURE PRINCIPLE ON TARGETS, PROGRESS AND TRACKING EFFECTIVENESS; THE RELATED APPLICATION GUIDANCE IS IN APPENDIX B)		
IFRS S1 § 27 to 35 To enable users of general purpose financial reporting to understand how an entity measures, monitors and manages its significant sustainability-related risks and opportunities. Metrics shall include those defined in any other applicable IFRS Sustainability Disclosure Standard, metrics identified from the other sources and metrics developed by an entity itself. 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. § 30 and 31 provide the principles for disclosing metrics. § 32 and 33 address targets. § 32 states that an entity shall disclose the targets it has set to assess progress towards achieving its strategic goals. § 33 states that 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.	Guidance on metrics and targets will be addressed within the ESRS sector specific standards. **ESRS 1** sets **Disclosure principles on implementation** • **Disclosure principle 1-2** – On targets, progress and tracking effectiveness • **Disclosure principle 1-3** – Actions, action plans and resources in relation to policies and targets **ESRS 1 Appendix B Disclosure principle 1-2** has application guidance on targets, progress and tracking effectiveness (§ AG 10 to AG 18).	Both standards provide principles for the preparation of disclosure on targets and assessing performance. ESRS 2 provides also application guidance. Additional guidance on metrics and targets will be addressed within sector specific standards under ESRS, which will be published at a later stage.

IFRS S1	ESRS 1 and 2	Comparison IFRS S1 vs ESRS 1 and 2
GENERAL FEATURE-REPORTING ENTITY UNDER IFRS S1 (ADDRESSED UNDER ESRS 1 APPLYING CSRD CONCEPTS - BOUNDARIES AND VALUE CHAIN)		
IFRS S1 § 37 to 41 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. Significant sustainability-related risks and opportunities to which the entity is exposed relate to activities, interactions and relationships and to the use of resources along its value chain. An entity shall disclose the financial statements to which the sustainability related financial disclosures relate. When currency is specified as the unit of measure, the entity shall use the presentation currency of its financial statements.	**ESRS 1 § 63 to 71** Reporting boundary for sustainability reporting is the one retained for financial statements, expanded to its upstream and downstream value chain, when this is necessary to allow users to understand material impacts and financial effects and to produce a set of complete information that meets the required qualitative characteristics. When collecting the information about value chain is be impracticable the undertakings should seek to approximate the missing information, by using all reasonable and supportable information, including internal and external information, such as peer groups or sector data. It shall also disclose: the relevant disclosure and indicators for which an approximation has been used, and the planned actions in order to reduce in the missing data in the future The undertaking's level of operational influence on entities involved in its value chain and the level of access to their sustainability-related information may vary, depending on the undertaking's position in the value chain and the contractual arrangements.	Both standards consider the scope of financial reporting as the starting point and, in addition: - ESRS 1 considers the boundary expanded to include upstream and downstream value chain, when necessary to allow understanding of material impacts, risks and opportunities; - IFRS S1 recognises that risks and opportunities relate to activities, interactions and relationships along the value chain.

IFRS S1	ESRS 1 and 2	Comparison IFRS S1 vs ESRS 1 and 2
GENERAL FEATURE-CONNECTED INFORMATION UNDER IFRS S1 (ADDRESSED UNDER ESRS 1 PROVIDING LINKAGE WITH OTHER PARTS OF CORPORATE REPORTING)		
IFRS S1 § 42 to 44 An entity shall provide information that enables users 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.	**ESRS 1- § 131 to 136** Cohesiveness between sustainability report and other public reports. Financial data and assumptions shall be consistent with the corresponding data and assumptions in the financial statements. When the sustainability report includes monetary amounts/quantitative data points that are directly presented in financial statements, the undertaking shall include a reference. When sustainability reporting includes monetary amounts/quantitative data points that are either an aggregation or a part of amounts in the financial statements, the undertaking shall explain how they relate to the most relevant amount(s) in the financial statements, including a reference. When a link cannot be made, the undertaking shall state where needed the consistency of data, assumptions and qualitative information with the corresponding items in the financial statements.	Both standards provide guidance to promote the preparation of connected information, including consistency with data and assumptions used in the financial statements.

<table>
<tr><th>IFRS S1</th><th>ESRS 1 and 2</th><th rowspan="2">Comparison IFRS S1 vs ESRS 1 and 2</th></tr>
<tr><th colspan="2">GENERAL FEATURE-FAIR REPRESENTATION UNDER IFRS S1 (ADDRESSED UNDER APPLYING CSRD CONCEPTS IN ESRS-CHARACTERISTICS OF INFORMATION QUALITY)</th></tr>
<tr><td>IFRS S1 § 45 to 55
Fair presentation requires the faithful representation of sustainability-related risks and opportunities in accordance with the principles set out in this [draft] Standard.
§ 47 states that a fair presentation also requires an entity
a) to disclose information that is relevant, representationally faithful, comparable, verifiable, timely and understandable;
b) to provide additional disclosures when compliance with the specific requirements with the specific 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 enterprise value.
In addition, § 3 of the Objective section of the draft Standard states that “An entity’s general purpose financial reporting shall include a complete, neutral and accurate depiction of its sustainability-related financial information.”
§ 49 provides principles of aggregation and disaggregation of information. Information shall not be aggregated if doing so would obscure information that is material. Information about sustainability related risks and opportunities might need to be disaggregated, such as by geographical location or in consideration of the geopolitical environment.</td><td>ESRS S1 § 25 to 41
Characteristics of information quality (relevance, faithful representation, comparability, verifiability and understandability). Faithful representation requires (i) complete, (ii) neutral and (iii) accurate information.
ESRS S1 § 72 to 77
When relevant for a proper understanding of its material impacts, risks and opportunities, a disaggregation shall be adopted:
(a) by country when material impacts, risks and opportunities are linked to laws, regulations or prevailing business practices in a country; or
(b) in relation to a significant site or a significant asset when relevant in relation to other EU regulations.
Where data from different levels, or multiple locations within a level, is aggregated, the undertaking shall ensure that this is done in a way that avoids obscuring the specificity and context necessary to interpret the information and that avoids aggregating material items with different natures.</td><td>Both standards consider relevance, faithful representation, comparability, verifiability and understandability as qualitative characteristics of the information.
Both standards provide principles of aggregation and disaggregation of information.</td></tr>
</table>

IFRS S1	ESRS 1 and 2	Comparison IFRS S1 vs ESRS 1 and 2
GENERAL FEATURE- IDENTIFYING SUSTAINABILITY-RELATED RISKS AND OPPORTUNITIES AND DISCLOSURES AND MATERIALITY UNDER IFRS S1 (ADDRESSED UNDER ESRS 1- APPLYING CSRD CONCEPTS - DOUBLE MATERIALITY AS A BASIS OF SUSTAINABILITY INFORMATION AND ESRS 2 MATERIALITY ASSESSMENT OF SUSTAINABILITY IMPACTS, RISKS AND OPPORTUNITIES)		
IFRS S1 § 50 to 55 To identify sustainability-related risks and opportunities an entity shall refer to IFRS Sustainability Disclosure Standards. In addition an entity shall consider topics in the industry-based SASB Standards; ISSB's non-mandatory guidance; pronouncements of other standard-setting bodies; the sustainability-related risks and opportunities identified by entities that operate in the same industries or geographies. To identify disclosures about a significant sustainability-related risk or opportunity, an entity shall refer to the relevant IFRS Sustainability Disclosure Standards. In the absence of an IFRS, management shall use its judgement in identifying disclosures that: are relevant; faithfully represent the entity's risks and opportunities and are neutral. 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 § 3 to 13** The undertaking shall disclose sustainability-related information following standardised disclosures prescribed by ESRS and when relevant through entity-specific disclosures. Sector-agnostic standards define disclosures that are considered relevant across all sectors. The undertaking shall also follow disclosure requirements specific to its sector mandated by sector-specific standards, to address impacts, risks and opportunities not covered, or not sufficiently covered, by sector-agnostic sustainability disclosure requirements. For material IRO not covered by topical standards, the undertaking shall develop entity-specific disclosures that meet the characteristics of information quality. **ESRS S1 § 153 and 154** Sector-specific standards will be developed in the next phase. As a result the undertaking is allowed when defining its entity-specific disclosures to adopt transitional measures for their preparation in the first two annual sustainability reports. It shall as a priority: (a) introduce disclosures that have been reported on in prior periods if they meet the characteristics of quality; (b) limit the entity-specific disclosures to facts and circumstances that are unique to its activities and, as such, will likely be needed in the future, after the incorporation of additional sector-agnostic and sector-specific disclosure requirements in future sets of standards; and (c) in addition, consider the available best practices and/or frameworks to complement, in an appropriate manner, its sustainability reporting with a reasonable set of well prioritised disclosures additional to the ones covered by ESRS.	Both standards provide a principle for information materiality assessment (i.e. to identify which information about a material sustainability matter to be included in the report) based on the information needs of the stakeholders/users. Both require starting from the information mandated in the standards and require integrating the mandated information with disclosures that meet the qualitative characteristics (identified in ESRS 1 as entity-specific). IFRS S1 refer to the SASB sector-specific guidance; ESRS sector-specific standards will be developed at a later stage and an application provision allows in the first two reporting periods to refer to previous practices and available best practices/frameworks (thus including sector guidance).

IFRS S1 § 56 to 62 § 56 states that 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. 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. 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. .	**ESRS 1 § 43 (information materiality)** states that materiality is the criterion for inclusion of specific information in sustainability reports. It reflects (i) the significance of the information in relation to the phenomenon it purports to depict or explain, as well as (ii) its capacity to meet the needs of the stakeholders of the undertaking, allowing for proper decision-making, and more generally (iii) the needs for transparency corresponding to the European public good. The implementation of materiality may imply the use of thresholds and/or criteria. **ESRS 1 § 57 to 62** state that all mandatory disclosure requirements established by ESRS shall be presumed to be material. Such a presumption is rebuttable based on reasonable and supportable evidence. The undertaking shall establish explicit thresholds and/or criteria to determine when a disclosure is complied with through a statement “not material for the undertaking”. The presumption shall be rebutted for all of the mandatory disclosures of an entire ESRS, or a group of disclosure requirements related to a specific aspect covered by an ESRS and is not applicable to the disclosure requirements related to Disclosure requirements ESRS 2-SBM, ESRS 2-GOV and ESRS 2-IRO. An individual disclosure requirement, or an individual datapoint that is below materiality criteria / thresholds and that is not part of an ESRS or a group of disclosure requirements for which the presumption has been rebutted may be omitted and therefore considered implicitly disclosed as “not material for the undertaking. **ESRS E1 § 46 to 56** Double materiality is a concept which provides criteria for determination of whether a sustainability matter has to be included in the undertaking’s sustainability report. A sustainability matter meets the criteria of double materiality if it is material from the impact perspective or from the financial perspective or from both perspectives. A sustainability matter is material from an impact perspective if the undertaking is connected to actual or potential significant impacts on people or the environment over the short-, medium- or long-term. This includes impacts directly caused or contributed to by the undertaking in its own operations, products or services and impacts which are otherwise directly linked to the undertaking’s upstream and downstream value chain, not limited to contractual relationships. A sustainability matter is material from a financial perspective if it generates or may generate significant risks or opportunities that influence or are likely to influence the future cash flows and therefore the enterprise value of the undertaking in the short-, medium- or long-term, but it is not captured or not yet fully captured by financial reporting at the reporting date.	Both standards consider financial materiality. Impacts are considered in IFRS S1, as source of potential financial effects. ESRS materiality explicitly encompasses impact materiality next to financial materiality. 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.

IFRS S1	ESRS 1 and 2	Comparison IFRS S1 vs ESRS 1 and 2
GENERAL FEATURE- COMPARATIVE INFORMATION UNDER IFRS S1 (ADDRESSED UNDER ESRS 1 BASIS FOR PREPARING AND PRESENTING SUSTAINABILITY INFORMATION) AND GENERAL FEATURE- FREQUENCY OF REPORTING UNDER IFRS S1		
IFRS S1 § 63/65 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 for narrative and descriptive sustainability related financial disclosures.	**ESRS S1 § 110 and 111** The undertaking shall present comparative information for the previous period for all amounts including metrics and key performance indicators reported in the actual period. Comparative information shall also be disclosed for narrative and descriptive information when relevant to the understanding of the current period's information.	Both standards require to present comparative information.
IFRS S1 § 66/71 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.	Covered by EU regulation and not the ESRS	There are no specific requirements for the frequency of reporting in ESRS, as this aspect is covered in the EU regulation.

<table>
<tr><th>IFRS S1</th><th>ESRS 1 and 2</th><th rowspan="2">Comparison IFRS S1 vs ESRS 1 and 2</th></tr>
<tr><th colspan="2">GENERAL FEATURE- LOCATION OF INFORMATION UNDER IFRS S1 (ADDRESSED UNDER ESRS 1-STRUCTURE OF SUSTAINABILITY STATEMENTS)</th></tr>
<tr>
<td>IFRS S1 § 72 to 78

An entity is required to disclose information required by IFRS Sustainability Disclosure Standards as part of its general purpose financial reporting.

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.

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 (b) the cross-reference shall be to a precisely specified part of that location.</td>
<td>ESRS 1 § 135

Incorporation by reference to another section of the management report, provided that it is separate and clearly identified as addressing the relevant ESRS requirement.

ESRS 1 § 144 to 152, Application Guidance Appendix E

The undertaking shall report all the applicable disclosures (sector-agnostic, sector-specific and entity-specific) required by ESRS within identifiable parts of the management report constituting the “Sustainability Statements”.

§ 148 states that Sector-agnostic disclosures, undertakings may

a) reporting the disclosures within a single separately identifiable section of the management report;

b) aggregating the disclosures into four separately identifiable parts of the management report:

i.general information;

ii.environmental information;

iii.social information; and

iv.governance information; or

c) aggregating the disclosures required by each ESRS and reporting them as non-separable blocks in identifiable parts of the management report “on a standard-by-standard basis”.

§ 149 states that Option 148 a) is the preferred option. Any undertaking that elects to apply the options laid down in 147 (b) or (c) shall report a location table within the management report using a tabular format allowing to identify where the sector-agnostic disclosures are presented in the management report.</td>
<td>IFRS S1 requires to locate the information in the general purpose financial reporting, without other specifications.

ESRS sustainability disclosures have to be presented within an identifiable part of the management report, as set by the CSRD.

IFRS S1 is silent regarding the presentation of sustainability statements, while ESRS 1 has three options for sector-agnostic disclosures with a preference for reporting the disclosures within a single separately identifiable section of the management report. If the other two options are applied, a location table is required.

ESRS 1 has also application guidance on the structure of sustainability statements.

IFRS S1 allows incorporation by reference from other documents available on the same time and terms of its general purpose financial reporting. ESRS 1 allows incorporation by reference to other sections of the management report.</td>
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</table>

IFRS S1	ESRS 1 and 2	Comparison IFRS S1 vs ESRS 1 and 2
GENERAL FEATURE- SOURCES OF ESTIMATION AND OUTCOME UNCERTAINTY UNDER IFRS S1 (ADDRESSED UNDER ESRS 1- BASIS FOR PREPARING AND PRESENTING SUSTAINABILITY INFORMATION)		
IFRS S1 § 78 to 83 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. § 81 states that 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. § 82 states that 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. § 71 addresses transactions, events and other conditions that occur after the reporting date.	**ESRS 1 § 112– 116** The use of reasonable estimates is necessary and unavoidable when preparing sustainability-related information. In order not to compromise the usefulness of sustainability information material estimates shall be clearly and accurately described and explained. The undertaking shall consider when determining estimates regarding possible future events: (a) their effect on risks or opportunities that influence or are likely to influence the future cash flows and therefore the enterprise value of the undertaking, (b) their effect on actual or potential significant impacts on people or the environment, (c) the full range of possible outcomes considering all relevant facts and circumstances, and (d) the likelihood of the possible outcomes within that range including low-probability and high-impact outcomes, which when aggregated, could become material. § 114 to 116 Updating disclosures about events after the end of the reporting period address the related requirements	Both standards include provisions regarding estimation uncertainties and events after the reporting period.

IFRS	ESRS	Comparison IFRS vs ESRS
GENERAL FEATURE- ERRORS UNDER IFRS S1 (ADDRESSED UNDER ESRS 1- BASIS FOR PREPARING AND PRESENTING SUSTAINABILITY INFORMATION)		
IFRS S1 § 84 to 90 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 § 117 – 122** The undertaking shall correct material prior period errors in the first management report approved for issuance after their discovery by retrospectively restating the comparative amounts for the prior period(s) presented in which the error occurred except to the extent that it is impracticable to determine either the period-specific effects or the cumulative effect of the error. § 121 of ESRS 1 prohibits the use of hindsight.	Both standards include provisions regarding errors. IFRS S1 contains examples of possible errors (§ 86) and disclosures related to material errors (§ 90).

IFRS S1	ESRS 1 and 2	Comparison IFRS S1 vs ESRS 1 and 2
GENERAL FEATURE- STATEMENT OF COMPLIANCE UNDER IFRS S1 (ADDRESSED UNDER ESRS 2- GENERAL DISCLOSURE REQUIREMENTS)		
IFRS S1 § 91 and 92 A 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.	**ESRS 2 § 28 to 30** ESRS 2 requires a statement of compliance with ESRS. It shall include for entity specific disclosures an acknowledgement of the characteristics of information quality and a description of specific steps, if any, taken to define the disclosures.	Both standards require a statement of compliance.

IFRS S1	ESRS 1 and 2	Comparison IFRS S1 vs ESRS 1 and 2
APPENDICES C- QUALITATIVE CHARACTERISTICS OF USEFUL SUSTAINABILITY-RELATED FINANCIAL INFORMATION UNDER IFRS S1 (ADDRESSED UNDER ESRS 1- CHARACTERISTICS OF INFORMATION QUALITY; DOUBLE MATERIALITY AS A BASIS FOR SUSTAINABILITY DISCLOSURES)		
Fundamental qualitative characteristics including: Relevance in § C4; Materiality in § C8; Faithful representation in § C9; Enhancing qualitative characteristics including: Comparability in § C17; Verifiability in § C21; Timeliness in § C25; Understandability in § C26	Information quality covered under Chapter 2 application of CSRD principles. Section 2.1 § 25 to 41 address characteristics of information quality (relevance, faithful representation, comparability, verifiability and understandability). And Section 2.2- double materiality as a basis for sustainability disclosures.	Both standards refer to the quality characteristics. Timeliness is not included in ESRS, as the timing is covered by the first level of regulation.

IFRS S1	ESRS 1 and 2	Comparison IFRS S1 vs ESRS 1 and 2
ILLUSTRATIVE GUIDANCE (IFRS S1)/APPLICATION GUIDANCE (ESRS) / INTERACTION WITH OTHER SUSTAINABILITY REPORTING FRAMEWORKS		
IFRS S1 non mandatory Illustrative Guidance is on a) implementing materiality judgments (§ IG 1 to IG 8) with subsections on: Meeting primary users' information needs; Interaction between an entity's disclosure and its materiality assessment; Use of publicly available information; and Interaction with local laws and regulation; and b) selecting sustainability-related financial disclosures (§ IG 14 to IG 24) with subsections on: Industry-based SASB Standards; and CDSB framework application guidance for water-and biodiversity-related disclosures. Nevertheless, local laws and regulations may specify requirements for the entity to provide information in the general purpose financial reporting. In such circumstances, providing information to meet local legal or regulatory requirements is permitted by IFRS Sustainability Disclosure Standards, even if that information would not meet the definition of material information. However, such information shall not obscure information that is material according to IFRS Sustainability Disclosure Standards.	ESRS do not have non-mandatory guidance. They have Application Guidance (see above) which is mandatory. **ESRS 1 § 130, 147 and 40** In addition to preparing its sustainability statements in accordance with ESRS, the undertaking may decide to report under sustainability reporting pronouncements of other standard setting bodies/non-mandatory guidance including sector specific. The undertaking may include in its sustainability statements additional disclosures (stemming from local legislation, generally accepted sustainability reporting pronouncements of other standard setting bodies and non-mandatory guidance including sector specific), provided that they avoid obscuring material information. Such disclosures shall be clearly identified with an appropriate reference to the related pronouncement or guidance and shall complement ESRS disclosure requirement.	IFRS S1 outlines non mandatory application guidance based SASB standards. ESRS sector standards will be issued at a later stage. As illustrated above, application provisions for the first two years allow to refer to best practices and other frameworks (including sector guidance). Both standards require to prepare sustainability information according to IFRS S/ESRS standards respectively. Both standards allow to incorporate information stemming from other frameworks, subject to certain conditions.

ESRS ADDITIONAL INFORMATION NOT COVERED UNDER IFRS S1
Other ESRS 1 information not included in IFRS S1 (and not already covered above): • Optional disclosures- § 127 states that the ESRS may provide guidance on optional disclosures. If an undertaking provides optional disclosures, it shall follow the ESRS guidance; • Consolidated reporting and subsidiary exemption- § 123 states that when an undertaking is reporting at consolidated level and one or more of its subsidiaries is using the subsidiary exemption of the CSRD, the undertaking shall perform its assessment of material impacts, risks and opportunities for the entire consolidated group, regardless of its group structure, making sure that all subsidiaries are covered in a way that allows for the unbiased identification of material impacts, risks and opportunities. Other ESRS 2 disclosure requirements not included in IFRS S1 (and not already covered above): • Disclosure Requirements GR 1 and from 5 to 9, which set general requirements of disclosure;

PART 4: ESRS E1 VERSUS IFRS S2

As noted earlier, the following are the elements of mapping ESRS E1 and IFRS S2 based on the structure of ESRS 1:

- General, strategy, governance and materiality assessment
- Policies, targets, action plans and resources
- Performance measurement

EXPOSURE DRAFT ESRS E1	EXPOSURE DRAFT IFRS S2	Comparison ESRS E1 vs IFRS S2
GENERAL, STRATEGY, GOVERNANCE AND MATERIALITY ASSESSMENT		
DR E1-1– **Transition plan** for climate change mitigation AG 1 to AG 6	➔ IFRS S2 §8 (c) – [Strategy] Effects of significant climate-related risks and opportunities on the strategy and decision-making, incl. the transition plans ➔ IFRS S2 §13 – [Strategy and decision-making] How the entity is responding to significant climate-related risks and opportunities; information regarding climate-related targets for these plans; and quantitative and qualitative information about the progress	**All IFRS S2 disclosures are covered in ESRS E1.** **Additions in ESRS E1 are:** • Clearer reference to alignment with limiting global warming to 1.5°C (i.e., transition plan) • Locked-in emissions more developed than corresponding concept of legacy assets in IFRS S2 §13 (a) and related stranded assets • Taxonomy KPIs • Specific target on GHG emission reduction and remuneration tied to this target in ESRS • Compatibility between internal carbon prices and those used in financial statements and financial planning; location difference between Governance (ESRS) and Metrics (IFRS S2) • 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 §AG 17 and 18
Climate-related specific Application Guidance on DR ESRS 2-SBM 4 (§ 47 (d)) on the **resilience** of the strategy and business model AG 7	➔ IFRS S2 §8 (e) – [Strategy] Climate resilience of the strategy (incl. the business model) to significant physical and transition risks ➔ IFRS S2 §15 – [Climate resilience] The results of the analysis of climate resilience; and how the analysis has been conducted	
Climate-related specific Application Guidance on DR ESRS 2-GOV 4 (§ 64 (a) and (b)) for **climate-related remuneration** AG 8 to AG 9	➔ IFRS S2 §5 (f) – [Governance] How the body considers climate-related risks and opportunities when overseeing the entity's strategy, decisions on major transactions, and risk management policies ➔ IFRS S2 §21 (g) – [Metrics and targets] Percentage of executive management remuneration linked to climate-related considerations	

Climate-related specific Application Guidance on DR ESRS 2-GOV 4 (§ 64 (c)) for **internal carbon pricing schemes** AG 10 to AG 13	➔ IFRS S2 §21 (f) – [Metrics and targets] Price for each metric tonne of GHG emissions to assess the costs of its emissions	
Climate-related specific Application Guidance on DRs ESRS 2-IRO 1 and ESRS 2-IRO 2 on **materiality assessment** AG 14 to AG 22	➔ IFRS S2 §8 (a) – [Strategy] Significant climate-related risks and opportunities that the entity reasonably expects could affect its business model, strategy and cash flows, access to finance and cost of capital, in the future ➔ IFRS S2 §9 – [Climate-related risks and opportunities] Description of significant climate-related risks and opportunities; how the entity defines short, medium and long term; and whether the risks identified are physical or transition risks ➔ IFRS S2 §12 – [Climate-related risks and opportunities] Description of the current and anticipated effects of significant climate-related risks and opportunities on the value chain; and description of where in the value chain they are concentrated ➔ IFRS S2 §16 [Risk management] Objective of climate-related financial disclosures on risk management ➔ IFRS S2 §17 [Risk management] Process(es) to identify climate-related risks and opportunities; to assess and prioritise opportunities; to monitor and manage risks and opportunities; integration into the overall management process	

<table>
<tr><th>EXPOSURE DRAFT ESRS E1</th><th>EXPOSURE DRAFT IFRS S2</th><th rowspan="2">Comparison ESRS E1 vs IFRS S2</th></tr>
<tr><th colspan="2">POLICIES, TARGETS, ACTION PLANS AND RESOURCES</th></tr>
<tr><td>DR E1-2 – Policies implemented to manage climate change mitigation and adaptation

AG 23 to AG 26</td><td>➔ IFRS S2 §7 and 8 (c) – [Strategy] Effects of significant climate-related risks and opportunities on the strategy and decision-making, incl. the transition plans

➔ IFRS S2 §13 (a) – [Strategy and decision-making] How the entity is responding to significant climate related risks and opportunities

➔ IFRS S2 §17 (d) – [Risk management] Process(es) the entity uses to monitor and manage the climate-related risks and opportunities incl. related policies</td><td rowspan="2">All IFRS S2 disclosures are covered in ESRS 1.

Additions in ESRS E1 are:

• ESRS uses policy rather than strategy as it covers all ESG topics that are not necessarily all of strategic importance.
• Distinction of three levels of targets: general climate-related targets, GHG emission reduction targets, and net zero targets and other neutrality claims
• Scope of the target specified
• Target values aligned with 2030 and 2050 and preferably set over five years rolling periods
• 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
• Taxonomy-alignment ratios (Green CapEx and OpEx) and consistency of resources with figures from Taxonomy Regulation</td></tr>
<tr><td>DR E1-3 – Measurable targets for climate change mitigation and adaptation

AG 27 to AG 31</td><td>➔ IFRS S2 §13 – [Strategy and decision-making] Effects of significant climate-related risks and opportunities on the strategy and decision-making, incl. the transition plans

➔ IFRS S2 §17 (d) – [Risk management] Process(es) to monitor and manage the climate-related risks and opportunities incl. related policies

➔ IFRS S2 §20 (d) – [Metrics and targets] Targets set by the entity to mitigate or adapt to climate-related risks or maximise climate-related opportunities</td></tr>
</table>

	➔ IFRS S2 §23 – [Metrics and targets] Details of climate-related targets	
DR E1-4 – Climate change mitigation and adaptation **action plans and resources** AG 32 to AG 35	➔ IFRS S2 §13 (a) – [Strategy and decision-making] How the entity is responding to significant climate related risks and opportunities ➔ IFRS S2 §17 (d) – [Risk management] Process(es) to monitor and manage the climate-related risks and opportunities incl. related policies ➔ IFRS S2 §21 (e) – [Metrics and targets] Amount of CapEx, financing or investment deployed towards climate-related risks and opportunities ➔ IFRS S2 §22 (b) – [Metrics and targets] Relationship with financial statements	

EXPOSURE DRAFT ESRS E1	EXPOSURE DRAFT IFRS S2	Comparison ESRS E1 vs IFRS S2
PERFORMANCE MEASUREMENT		
DR E1-5 – **Energy consumption & mix** AG 36 to AG 39	➔ IFRS S2 §11 – [Climate-related risks and opportunities] Applicability of cross-industry metric categories and industry-based metrics associated with disclosure topics ➔ IFRS S2 Appendix B	**All IFRS S2 disclosures are covered in ESRS 1.** **Temporary difference on sectoral approach:** • Energy consumption and mix covered on a sectoral basis in IFRS S2 Appendix B **Additions in ESRS E1 are:** • Energy consumption and mix and energy intensity per revenue required by SFDR in ESRS E1 • More details on GHG emissions (share of Scope 1 emissions under EU ETS, Scope 2 emissions in market-based and location-based, calculation and presentation requirements en scope 3) • GHG intensity per revenue required by SFDR in ESRS E1 • Distinction between removals, offsets and avoided emissions from products and their potential use for achieving reduction targets in ESRS E1 • EU Taxonomy in ESRS E1 • ESRS E1 considers that the effects of material climate-related risks on the current financial position and performance (IFRS S2 §14 (a)) should already be covered in the financial statements if material and are classified under Connectivity Requirements (reconciliation between sustainability and financial statements) • 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))
DR E1-6 – **Energy intensity per net turnover** AG 40 to AG 42	➔ Not covered in IFRS S2 Appendix B	
DR E1-7 – **Scope 1 GHG emissions** AG 43 to AG 46	➔ IFRS S2 §20 (a) – [Metrics and targets] Information relevant to the cross-industry metric categories ➔ IFRS S2 §21 (a) – [Metrics and targets] GHG emissions	
DR E1-8 – **Scope 2 GHG emissions** AG 43 to AG 44 AG 47	➔ IFRS S2 §20 (a) – [Metrics and targets] Information relevant to the cross-industry metric categories ➔ IFRS S2 §21 (a) – [Metrics and targets] GHG emissions	
DR E1-9 – **Scope 3 GHG emissions** AG 43 to AG 44 AG 48 AG 51	➔ IFRS S2 §20 (a) – [Metrics and targets] Information relevant to the cross-industry metric categories ➔ IFRS S2 §21 (a) – [Metrics and targets] GHG emissions	

DR E1-10 – **Total GHG emissions** AG 43 to AG 44 AG 49 to AG 50 AG 52 to AG 54	➔ IFRS S2 §20 (a) – [Metrics and targets] Information relevant to the cross-industry metric categories ➔ IFRS S2 §21 (a) (i) – [Metrics and targets] GHG emissions in absolute terms for Scope 1, 2 and 3 ➔ IFRS S2 §11 – [Climate-related risks and opportunities] Applicability of cross-industry metric categories and industry-based metrics associated	• ESRS E1 provides examples of potential assets/liabilities for instance relating to stranded assets, EU ETS • 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) • Taxonomy-alignment ratio (Green Turnover) and more details on opportunities (cost savings and market size for low carbon products and services) in ESRS E1
DR E1-11 – **GHG intensity per net turnover** AG 55 to AG 57	➔ Partially covered in IFRS S2 §21 (a) (ii) – [Metrics and targets] GHG emissions in intensity terms (“metric tonnes of CO2 equivalent per unit of physical or economic output”)	
DR E1-12 – **GHG removals** in own operations and the value chain AG 58 to AG 62	➔ Not directly covered in IFRS S2 ➔ IFRS S2 §13 (b) – [Strategy and decision-making] Information regarding climate-related targets for these plans, incl. the intended use of carbon offsets in achieving emissions targets, incl. the extent to which the targets rely on the use of carbon offsets, whether the offsets will be subject to a third-party offset, and the type of carbon offset	
DR E1-13 – GHG mitigation projects financed through **carbon credits** AG 63 to AG 66	➔ Not directly covered in IFRS S2 ➔ IFRS S2 §13 (b) – [Strategy and decision-making] Information regarding climate-related targets for these plans, incl. the intended use of carbon offsets in achieving emissions targets, incl. the extent to which the targets rely on the use of	

	carbon offsets, whether the offsets will be subject to a third-party offset, and the type of carbon offset	
Optional DR E1-14 – **Avoided GHG emissions** from products and services AG 67 to AG 69	➔ Not covered in IFRS S2	
Taxonomy DRs - **Taxonomy Regulation** for climate change mitigation and climate change adaptation	➔ Not covered in IFRS S2, green CapEx partially covered under IFRS S2 §21 (e) – [Metrics and targets] Amount of CapEx, financing or investment deployed towards climate-related risks and opportunities	
DR E1-15 – Potential **financial effects** from material physical risks AG 70 to AG 78	➔ IFRS S2 §8 (d) – [Metrics and targets] Effects of significant climate-related risks and opportunities on the financial position, financial performance and cash flows, and anticipated effects in the future ➔ IFRS S2 §14 (b), (c), (d), (e) – [Financial position, financial performance and cash flows] Financial effects from significant climate-related risks within the next financial year; effects on the financial position over time; effects on the financial performance over time ➔ IFRS S2 §20 (a) – [Metrics and targets] Information relevant to the cross-industry metric categories ➔ IFRS S2 §21 (c) – [Metrics and targets] Amount and percentage of assets or business activities vulnerable to physical risks	

DR E1-16 – Potential **financial effects** from material transition risks AG 79 to AG 90	➔ IFRS S2 §8 (d) – [Metrics and targets] Effects of significant climate-related risks and opportunities on the financial position, financial performance and cash flows, and anticipated effects over the short, medium and long term ➔ IFRS S2 §14 (b), (c), (d), (e)) – [Financial position, financial performance and cash flows] Financial effects from significant climate-related risks within the next financial year; effects on the financial position over time; effects on the financial performance over time ➔ IFRS S2 §20 (a) – [Metrics and targets] Information relevant to the cross-industry metric categories ➔ IFRS S2 §21 (b) – [Metrics and targets] Amount and percentage of assets or business activities vulnerable to transition risks	
DR E1-17 – Potential **financial effects** from climate-related opportunities AG 91 to AG 92	➔ IFRS S2 §8 (d) – [Metrics and targets] Effects of significant climate-related risks and opportunities on the financial position, financial performance and cash flows, and anticipated effects over the short, medium and long term ➔ IFRS S2 §14 (b), (c), (d), (e)) – [Financial position, financial performance and cash flows] Financial effects from significant climate-related risks within the next financial year; effects on the financial	

	position over time; effects on the financial performance over time ➔ IFRS S2 §20 (a) – [Metrics and targets] Information relevant to the cross-industry metric categories ➔ IFRS S2 §21 (d) – [Metrics and targets] Amount and percentage of assets or business activities aligned with climate-related opportunities	

PART 5: IFRS S2 VERSUS ESRS E1

The following are the elements of mapping IFRS S2 and ESRS E1 based on the structure of IFRS S2:

- Governance
- Strategy
- Risk management
- Metrics and targets

EXPOSURE DRAFT IFRS S2 CLIMATE-RELATED DISCLOSURES	ESRS E1	Comparison ESRS E1 vs IFRS S2
GOVERNANCE		
Based on Exposure Draft IFRS S2 Climate-related Disclosures §5	➔ ESRS 2 DR 2-GOV 1, GOV 2, -GOV 4, and SBM 4 ➔ ESRS 1 GP 2.1	**All IFRS S2 disclosures are covered in ESRS E1.**
(a) [the identity of the body or individual within a body responsible for oversight of climate-related risks & opportunities;	➔ ESRS 2 DR GOV 1 §50	
(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 DR GOV 1 §52 (a) and (e)	
(c) how the body ensures that appropriate skills and competencies are available;	➔ ESRS 2 DR GOV 1 §52 (b) and (c)	
(d) how and how often the body and its committees are informed about climate-related risks and opportunities;	➔ ESRS 2 DR GOV 2 §54	
(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 DR SBM 4 §47 (c), DR GOV 3 §61	
(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 DR GOV 1 §53	
(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 DR GOV 1 §52 (e)	
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 GP 2.1 §40	

EXPOSURE DRAFT IFRS S2 CLIMATE-RELATED DISCLOSURES	ESRS E1	COMPARISON EFRAG vs IFRS
STRATEGY		
Based on Exposure Draft IFRS S2 Climate-related Disclosures §8	➔ ESRS 1 GP 2.4	

	➔ ESRS 2 DR GR 3, DR SBM 4, DR IRO 1, IRO 2 and IRO 3 ➔ ESRS E1, DR 1 to 17, and Climate-related specific AG on DR IRO 1, IRO 2 and IRO 3 of ESRS 2 on materiality assessment	**All IFRS S2 disclosures are covered in ESRS E1. Additions in ESRS E1 are:** • Clearer reference to alignment with limiting global warming to 1.5°C (i.e. transition plan); concept of policies more developed • Locked-in emissions more developed than corresponding concept of legacy assets in IFRS S2 §13 (a) and related 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 provides examples of potential assets/liabilities for instance relating to stranded assets, EU ETS • 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) • More details on potential financial effects and opportunities (business activities at risks, market size for low carbon solutions)
(a) [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 DR SBM 4, and DR IRO 1, IRO 2 and IRO 3 ➔ ESRS E1 Climate-related specific application guidance on DR IRO 1, IRO 2 and IRO 3 of ESRS 2 on materiality assessment	
• §9 (a): a description of significant climate-related risks and opportunities and the time horizon;	➔ ESRS 2 DR IRO 2 §75 and 77 (a) ➔ ESRS 2 DR IRO 3 §78 and 80 (a) ➔ ESRS 1 GP 2.4	
• §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 GP 2.4 ➔ ESRS 2 DR SBM 4 §45 and 47 (b) and (c)	
• §9 (c): whether the risks identified are physical risks or transition risks;	➔ ESRS E1 Climate-related specific application guidance on DR IRO 1, IRO 2 and IRO 3 of ESRS 2 §AG 14 (b) and (c)	
• §10: reference to the disclosure topics defined in Appendix B;	➔ Set 2 of sector-specific standards	
• §11: reference and consideration of the applicability of cross-industry metric categories and the industry-based metrics associated with disclosure topics as described in §20]	➔ ESRS E1 DR 5 to 17	
(b) [the effects of significant climate-related risks and opportunities on its business model and value chain	➔ ESRS 2 DR IRO 2 and IRO 3 ➔ ESRS E1 Climate-related specific application guidance on DR IRO 1 to IRO 3 of ESRS 2 on materiality assessment	
• §12 (a): a description of the current and anticipated effects of significant climate-related risks and opportunities on its value chain;	➔ ESRS E1 Climate-related specific application guidance on DR IRO 1 to IRO 3 of ESRS 2 §AG14 (b) and (c) ➔ ESRS 2, DR 2-IRO 2 §77 and §80	

• §12 (b): a description of where in its value chain significant climate-related risks and opportunities are concentrated]	➔ ESRS E1 Climate-related specific application guidance on DR IRO 1 to IRO 3 of ESRS 2 §AG22	
(c) [the effects of significant risks and opportunities on its strategy and decision-making, including its transition plans	➔ ESRS 2 DR SBM 4 ➔ ESRS E1 DR 1 to 4 and 13	
• §13 (a): how it is responding to significant climate related risks and opportunities incl. how it plans to achieve any climate-related target is has set, incl.: (i) information about current and anticipated changes to its business model, incl. (1) changes in strategy and resource allocation (e.g., CapEx, R&D, legacy assets), (2) direct adaptation and mitigation efforts, (3) indirect adaptation and mitigation efforts; (ii) how these plans will be resourced;	➔ ESRS 2 DR SBM 4 §47 (c) ➔ ESRS E1 DR 1 §13 ➔ ESRS E1 DR 2 §16 ➔ ESRS E1 DR 3 §20 ➔ ESRS E1 DR 4 §28	
• §13 (b): information regarding climate-related targets for these plans incl.: (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, incl.: (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 schemes; (3) the type of carbon offset; (4) any other significant factors;	➔ ESRS E1 DR 3 §24 (a) and (g), §25 and §26 ➔ ESRS E1 DR 13 §56 and §58	
• §13 (c): quantitative and qualitative information about the progress of plans disclosed related to § 13 (a) and (b)]	➔ ESRS E1 DR 1 §15 (g) ➔ ESRS E1 DR 3 §24 (g)	
(d) [the effects of significant climate-related risks and opportunities on its financial position, financial performance and cash flows	➔ ESRS 2 DR IRO 2 ➔ ESRS E1 DR 15, 16 and 1 §15 (f)	
• §14 (a): how significant climate-related risks and opportunities have affected its most recently reported financial position, financial performance and cash flows;	➔ Financial statements ➔ ESRS 2 DR IRO 2 §77 (a) (ii) (1)	
• §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 DR IRO 2 §77 (a) (ii) (2) ➔ ESRS E1 DR 15 §67 (a) ➔ ESRS E1 DR 16 §71 (a)	

• §14 (c): how it expects its financial position to change over time, given its strategy to address significant climate-related risks and opportunities, reflecting: (i) its current and committed investment plans and their anticipated effects on its financial position; (ii) its planned sources of funding to implement its strategy;	➔ ESRS 2 DR IRO 2 §77 (a) (ii) (2) ➔ ESRS E1 DR 15 §67 (a) ➔ ESRS E1 DR 16 §71 (a)	
• §14 (d): how it expects its financial performance to change over time, given its strategy to address significant climate-related risks and opportunities;	➔ ESRS 2 DR IRO 2 §77 (a) (ii) (2) ➔ ESRS E1 DR 15 §67 (b) ➔ ESRS E1 DR 16 §71 (b)	
• §14 (e): if the entity is unable to disclose quantitative information for § 14(a)-(d), an explanation of why that is the case]	➔ ESRS E1 DR 15 §AG 74 ➔ ESRS E1 DR16 §AG 85	
(e) [the climate resilience of its strategy (incl. its business model) to significant physical and transition risks	➔ ESRS 2 DR SBM 4 ➔ ESRS E1 Climate-related specific application guidance on DR SBM 4 of ESRS 2 on the resilience of the strategy and business model	
• §15 (a): the results of the analysis of climate resilience: (i) the implications of the entity's findings for its strategy; (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, (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 DR SBM 4 §47 (d) ➔ ESRS E1 Climate-related specific application guidance on DR SBM 4 of ESRS 2 §AG 7 (c)	
• §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)	➔ ESRS 2 DR SBM 4 §47 (d) ➔ ESRS E1 Climate-related specific application guidance on DR SBM 4 of ESRS 2 §AG 7 (b)	

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]		

EXPOSURE DRAFT IFRS S2 CLIMATE-RELATED DISCLOSURES	ESRS E1	COMPARISON EFRAG vs IFRS
RISK MANAGEMENT		
Based on Exposure Draft IFRS S2 Climate-related Disclosures §17	➔ ESRS 2 DR IRO 1 ➔ ESRS E1 DR 2 to 4, and Climate-related specific AG on DR IRO 1 of ESRS 2 on materiality assessment ➔ ESRS 1 GP 2.1	**All IFRS S2 disclosures are covered in ESRS E1. 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 §AG 17 and 18
(a) [the process, or processes, it uses to identify climate-related: (i) risks; (ii) opportunities]	➔ ESRS 2 DR IRO 1 §71 ➔ ESRS E1 Climate-related specific AG on DR 2-IRO 1§AG 14 (b) and (c)	
(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; (ii) how it prioritizes climate-related risks; (iii) the input parameters it uses; (iv) whether it has changed the processes used]	➔ ESRS 2 DR IRO 1 §74 and §AG 67 ➔ ESRS E1 Climate-related specific §AG 17 and 18 on DR IRO 1 of ESRS 2	

(c) [the process, or processes, it uses to identify, assess and prioritize climate-related opportunities]	➔ ESRS 2 DR IRO 1 §74 and §AG 67 ➔ ESRS E1 Climate-related specific AG on DR IRO 1 §AG 18	
(d) [the process, or processes, it uses to monitor and manage the climate-related: (i) risks, incl. related policies; (ii) opportunities, incl. related policies]	➔ ESRS E1 DR 2 §16 ➔ ESRS E1 DR 3 §20 ➔ ESRS E1 DR 4 §28	
(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 G1	
(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 G1	
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 GP 2.1 §40	

EXPOSURE DRAFT IFRS S2 CLIMATE-RELATED DISCLOSURES	ESRS E1	COMPARISON EFRAG vs IFRS
METRICS AND TARGETS		
Based on Exposure Draft IFRS S2 Climate-related Disclosures §20	➔ ESRS E1 DR 3, 7 to 11, 15 to 17, and Climate-related specific AG on GOV 4 of ESRS 2 on climate-related remuneration and internal carbon pricing schemes ➔ ESRS 2 DR GOV 4	**All IFRS S2 disclosures are covered in ESRS E1.** **Temporary difference on sectoral approach:** • Sector-specific standards to be developed at a later stage **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, offsets and avoided emissions • 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 • Scope of the target specified
(a) [cross-industry metrics §21	➔ ESRS E1 DR 7 to 11, 15 to 17, and Climate-related specific AG on DR GOV 4 of ESRS 2 on climate-related remuneration and internal carbon pricing schemes	
• §21 (a): GHG emissions: (i) absolute gross GHG emissions: (1) Scope 1, (2) Scope 3, (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; (2) associates, joint ventures, unconsolidated subsidiaries or affiliates; (iv) the approach used to include emissions for the entities included in §21 (a)(iii)(1); (v) the reason(s) for the entity's choice of approach in §21 (a)(iv); (vi) for Scope 3 emissions disclosed in §21 (a)(i)(3): (1) inclusion of upstream and downstream emissions; (2) categories included; (3) when inclusion of information provided by entities in the value chain, explanation of the basis for that measurement; (4) if exclusion of those GHG emissions in §21 (a)(vi)(3), reason for omitting them;	➔ ESRS E1 DR 7 §38 ➔ ERSR E1 DR 8 §41 ➔ ESRS E1 DR 9 §44 ➔ ESRS E1 DR 10 §47 ➔ ESRS E1 DR 11 §50	

• §21 (b): transition risks — the amount and percentage of assets or business activities vulnerable to transition risks;	➔ ESRS E1 DR 16 §69	• Target values aligned with 2030 and 2050 and preferably set over five years rolling periods • 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
• §21 (c): physical risks—the amount and percentage of assets or business activities vulnerable to physical risks;	➔ ESRS E1 DR 15 §65	
• §21 (d): climate-related opportunities—the amount and percentage of assets or business activities aligned with climate-related opportunities;	➔ ESRS E1 DR 17 §73	
• §21 (e): capital deployment—the amount of capital expenditure, financing or investment deployed towards climate-related risks and opportunities;	➔ ESRS E1 DR 4 §28 and 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 2 DR GOV 4 §62 ➔ ESRS E1 Climate-related specific AG on DR GOV 4 of ESRS 2 on internal carbon pricing schemes §AG 10 and 11	
• §21 (g): remuneration: (i) the percentage of executive management remuneration recognised in the current period that is linked to climate-related considerations; • (ii) a description of how climate-related considerations are factored into executive remuneration;	➔ ESRS 2 DR GOV 4 §62 ➔ ESRS E1 Climate-related specific AG on DR GOV 4 of ESRS 2 on climate-related remuneration §AG 8	
• §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;	➔ Set 2 of 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 DR 4 §30 (b) ➔ ESRS E1 Climate-related specific AG on DR GOV 4 of ESRS 2 on internal carbon pricing schemes §AG 12 ➔ ESRS E1 DR 15 §68	

	➔ ESRS E1 DR 16 §72	
(b) [industry-based metrics in Appendix B]	➔ Set 2 of sector-specific standards	
(c) [other metrics to measure progress towards the targets identified in §20 (d)]	➔ Entity-specific layer	
(d) [targets §15	➔ ESRS E1 DR 3	
• §23 (a): metrics used to assess progress;	➔ ESRS E1 DR 3 §24 (g)	
• §23 (b): the specific target the entity has set;	➔ ESRS E1 DR 3 §24 (a)	
• §23 (c): whether this target is an absolute or intensity target;	➔ ESRS E1 DR 3 §24 (a)	
• §23 (d): the objective of the target;	➔ ESRS E1 DR 3 §24 (a)	
• §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 DR 3 §24 (e) ➔ Covered by the mandatory assurance	
• §23 (f) whether the target was derived using a sectoral decarbonization approach;	➔ ESRS E1 DR 3 AG 30 (b)	
• §23 (g) the period over which the target applies;	➔ ESRS E1 DR 3 §24 (d)	
• §23 (h) the base period from which progress is measured;	➔ ESRS E1 DR 3 §24 (c)	
• §23 (i) any milestones or interim targets;	➔ ESRS E1 DR 3 §24 (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]	➔ Set 2 of sector-specific standards	

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