



**European Banking Federation  
Response to the EFRAG consultation survey  
2. ESRS implementation  
Prioritisation / phasing-in**

*5 August 2022*

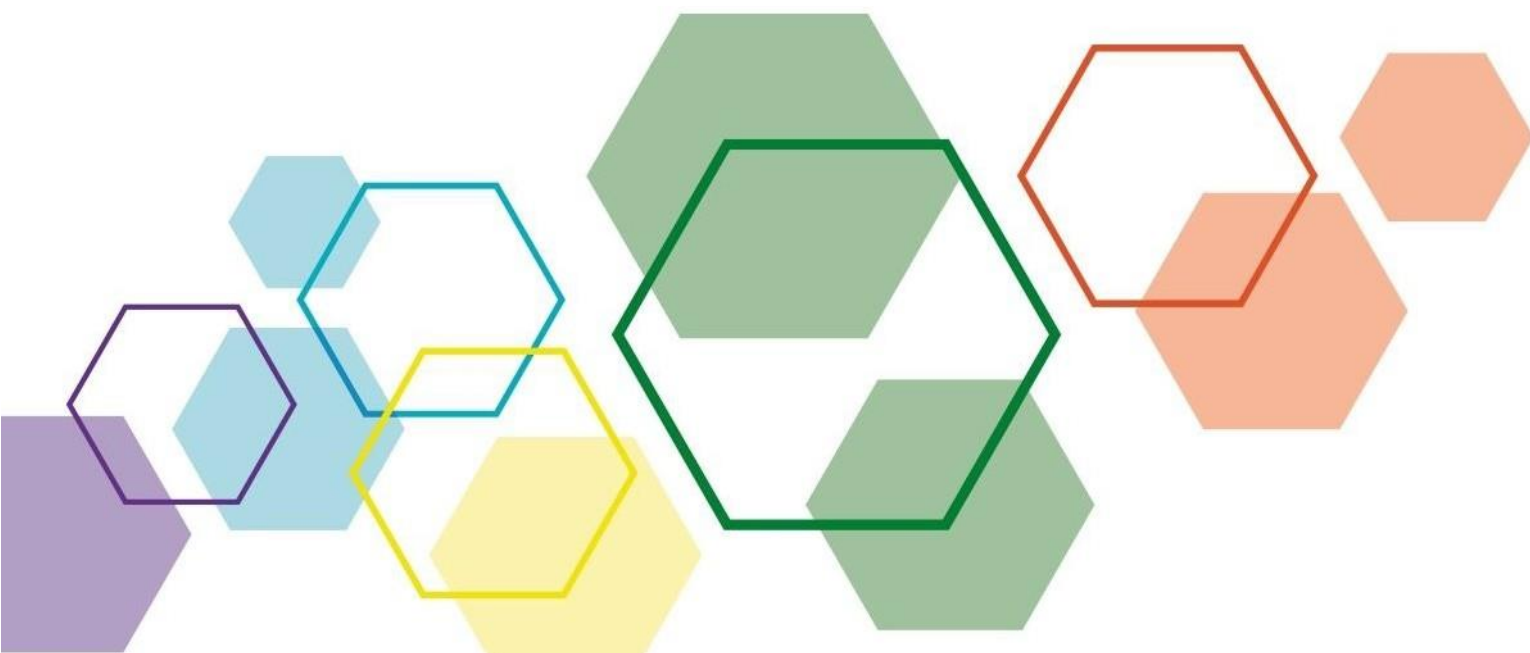
# CONSULTATION SURVEY

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## DRAFT EUROPEAN SUSTAINABILITY REPORTING STANDARDS

2. ESRS implementation prioritisation / phasing-in

April 2022



Open for comments until 8 August 2022

## 2. ESRS implementation prioritisation / phasing-in

### ***Application provisions***

In order to facilitate the first-time application of set 1, ESRS 1 includes two provisions:

Application Provision AP1 which exempts undertaking to reports comparatives for the first reporting period, and

Application Provision AP2 which proposes transitional measures for entity-specific disclosures which consists in allowing the undertaking to continue to use, for 2 years, disclosures it has consistently used in the past, providing certain conditions are met, as described in paragraph 154.

### **Q51: to what extent do you support the implementation of Application Provision AP1?**

1/ Not at all 2/ To a limited extent with strong reservations, 3/ To a large extent with some reservations **4/ Fully** 5/ No opinion

### **Q52: to what extent do you support the implementation of Application Provision AP2?**

1/ Not at all 2/ To a limited extent with strong reservations, 3/ To a large extent with some reservations **4/ Fully** 5/ No opinion

AP2 may be necessary for smaller undertakings that were not in the scope of the NFRD.

### **Q53: what other application provision facilitating first-time application would you suggest being considered?**

Financial institutions should start reporting with a one-year time lag compared to other reporting entities.

### **Please explain why**

Ensuring a one-year time lag between the reporting requirements for non-financial corporates and those for financial institutions is key, as banks depend on the data provided by their clients and need sufficient time to assess the data from their clients before submitting their own reports. Such one-year time lag should be considered regardless of the application date of the Directive.

### ***ESRS implementation prioritisation / phasing-in options***

Set 1 proposes a comprehensive set of standards aimed at achieving the objectives of the CSRD proposal, with the exception of the standards to be included in Set 2.

Acknowledging the fact that the proposed vision of a comprehensive sustainability reporting might be challenging to implement in year one for the new preparers and potentially to some of the large preparers as well, EFRAG will consider using some prioritisation / phasing-in levers to smoothen out the implementation of the first set of standards.

The following questions aim at informing EFRAG's and ultimately the European Commission's decision as to what disclosure requirements should be considered for phasing-in, based on implementation feasibility / challenges and potentially other criteria, and over what period of

time their implementation should be phased-in.

**Q54: for which one of the current ESRS disclosure requirements (see Appendix I) do you think implementation feasibility will prove challenging? and why?**

Given the critical importance of implementation prioritisation / phasing-in, please justify and illustrate your response

**Q55: over what period of time would you think the implementation of such “challenging” disclosure requirements should be phased-in? and why?**

Given the critical importance of implementation prioritisation / phasing-in, please justify and illustrate your response

**Q56: beyond feasibility of implementation, what other criteria for implementation prioritisation / phasing-in would recommend being considered? And why?**

Given the critical importance of implementation prioritisation / phasing-in, please justify and illustrate your response

There is concern regarding the number of standards being developed simultaneously, and we believe that a phased approach could be appropriate for the development and implementation of the standards. The focus should first be on the most urgent issues. Such an approach could reflect the ISSB standards, and therefore in a first phase cover general sustainability-related disclosure requirements and climate-related disclosure requirements. Such a prioritisation/phase-in for the development of the ESRS would foster increased alignment between the European and international standards during the initial phase, while allowing additional time to develop the other standards.

Contrary to other sectors, financial institutions already have to collect and disclose ESG information on their clients. These clients may not be required to produce information. In this matter, the CSRD will help fill the gap. It is then necessary that any other phase-in criteria also take into account this specificity.

Moreover, given the overlaps between ESRS 1, ESRS 2, and ESRS G1, we would suggest to either merge these or to remove those disclosure requirements which would result in repetitive disclosures.

**Q57: please share any other comments you might have regarding ESRS implementation prioritisation / phasing-in**