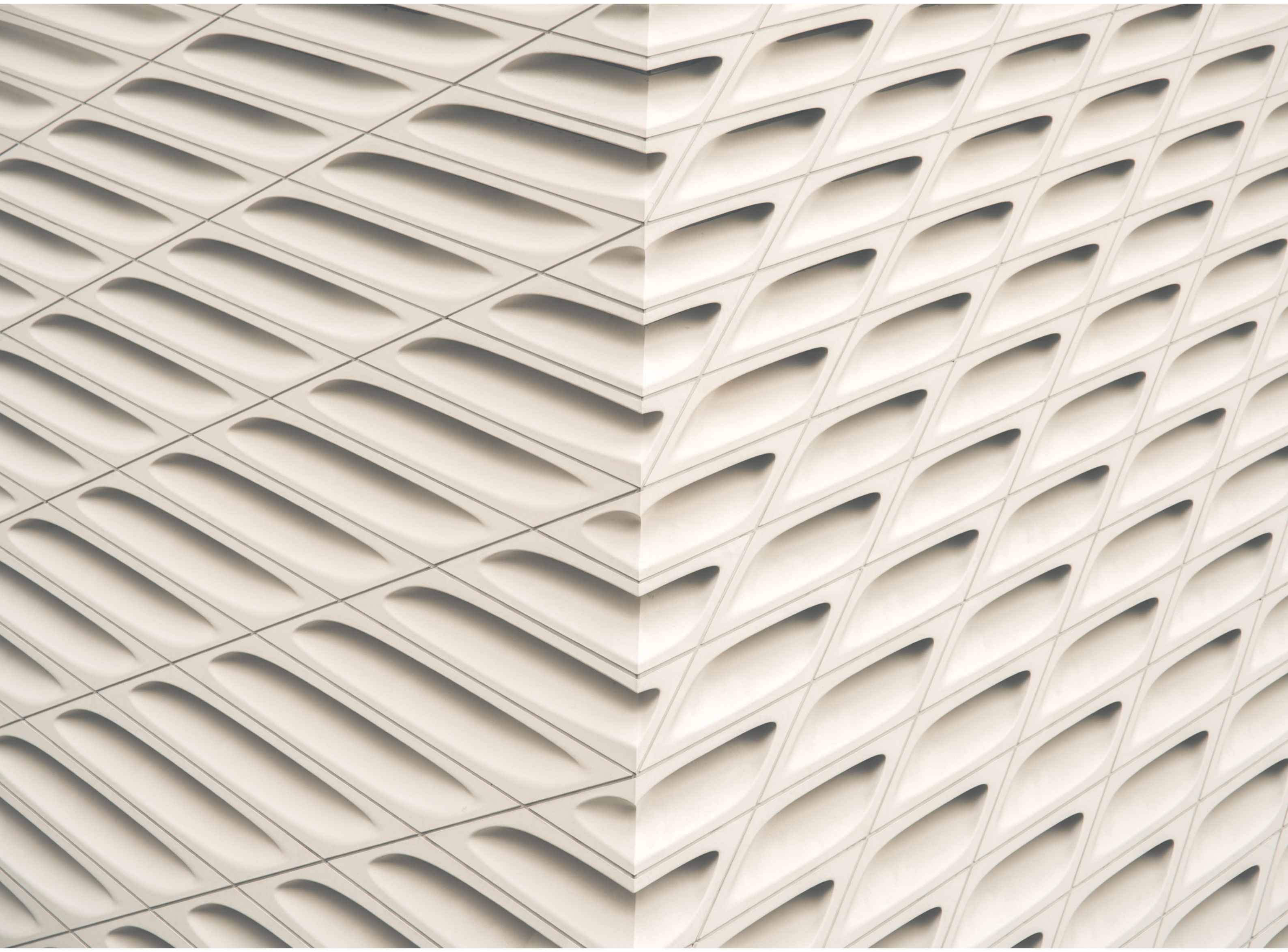
EFRAG
sustainability reporting

IFRS Foundation

ESRS–ISSB Standards

Interoperability Guidance



This document is provided as educational material. The content of this material does not override or adjust the requirements as set out in ESRS or ISSB Standards. In the event of apparent conflict, an entity must refer to the requirements in ESRS and ISSB Standards.

Contents

Introduction

The International Sustainability Standards Board (ISSB) and the European Commission services, together with EFRAG, have worked together during the development of the European Sustainability Reporting Standards (ESRS)[1] and the IFRS Sustainability Disclosure Standards (ISSB Standards) to achieve a high degree of alignment of the respective standards, with a specific focus on climate-related reporting. Consequently:

- the definition of financial materiality in ESRS is aligned with the definition of materiality in IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* (see Section 1.1 below);
- the two sets of standards include common defined terms; and
- there is a high degree of alignment of the climate-related disclosures in the two sets of standards and, in particular, almost all the disclosures in ISSB Standards related to climate are included in ESRS.

This joint interoperability guidance describes the alignment of disclosure requirements and information that an entity starting with each set of standards needs to know to enable compliance with both sets of standards, ensuring interoperability between them. Regardless of whether it starts with ESRS or ISSB Standards, an entity can comply with the climate requirements of both sets of standards by following the content of this interoperability guidance.

Section 1 addresses interoperability at the level of general reporting requirements including beyond climate. Sections 2, 3 and 4 address interoperability for climate-related disclosures from two perspectives:

- an entity applying ESRS that wants (1) to meet also all climate-related disclosure requirements in IFRS S2 *Climate-related Disclosures* and (2) to apply requirements in IFRS S1 that are necessary in order to apply IFRS S2 and provide climate-related disclosures; and
- an entity applying ISSB Standards that wants (1) to meet also all disclosure requirements on climate change in ESRS E1 and (2) to apply the requirements in ESRS 1 and ESRS 2 that are relevant to climate disclosure.

1 https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32023R2772.

The goal of this interoperability guidance is to increase efficiency for entities that report under both sets of standards. The structure and purpose of the document is:

Section 1. *Comments on general reporting requirements in ESRS and ISSB Standards*. This section explains how ESRS and ISSB Standards are interoperable with regards to materiality, presentation and disclosures for sustainability topics other than climate.

Section 2. *Common climate-related disclosures*. This section illustrates the high level of interoperability achieved in relation to climate between ESRS and the corresponding disclosure requirements in ISSB Standards. This section presents in a tabular form the paragraphs in ISSB Standards and the corresponding paragraphs in ESRS. As described, intersecting disclosure requirements in ESRS can be identical (common), or cover at least the disclosure requirements in IFRS S2, while providing also incremental disclosures.

Section 3. *ESRS to IFRS S2 (climate): information that an entity starting with ESRS needs to know when also applying ISSB Standards to enable compliance with both sets of standards*.

Section 4. *IFRS S2 (climate) to ESRS: information that an entity starting with ISSB Standards needs to know when also applying ESRS to enable compliance with both sets of standards*. This section includes in Section 4.2 the disclosures in ESRS E1 that do not have an equivalent requirement in IFRS S1, nor in IFRS S2 and the incremental requirements in ESRS E1 associated with common disclosure requirements.

The user of this document should also consider the following aspects when using this interoperability guidance:

1. this document must be read in conjunction with the relevant standards. An entity cannot rely on this guidance in isolation to meet the requirements in ESRS or ISSB Standards.
2. this document includes all disclosure requirements in IFRS S2 and ESRS E1. Whether a specific disclosure requirement must be provided by any specific entity will be subject to that entity's facts and circumstances and is subject to materiality (see Section 1).
3. this document does not include the non-mandatory disclosures (that is, 'may disclose') or non-mandatory calculation guidance in ESRS or ISSB Standards. It also does not map paragraphs in ISSB Standards stating the objectives of the disclosure requirements.
4. this document does not cover the general transition requirements in the respective set of standards, but may refer to a specific transition requirement where relevant for understanding a related requirement. An entity using the transition provisions in either set of standards needs to be aware that the specific requirements are different in ISSB Standards and ESRS.
5. this document was published on 2 May 2024. Future amendments to ESRS or ISSB Standards may change the analysis within.
6. this document is not a formal statement of equivalence. The latter is in the remit of public authorities.

Section 1. Comments on general requirements in ESRS and ISSB Standards

This section contains information relevant for entities applying both ESRS and ISSB Standards to enable interoperability.

1.1 Materiality

If an entity has determined that information must be provided about a sustainability matter, then both sets of standards require the disclosure of material information about that matter. This is valid for climate, as well as for the other sustainability topics under IFRS S1 and under ESRS.

The disclosures to be provided under ISSB Standards, including in relation to climate, are subject to materiality as defined in ISSB Standards. The disclosures to be provided under ESRS, also including in relation to climate, are subject to materiality as defined under ESRS, which covers also the impact materiality lens. An entity reporting under ESRS or ISSB Standards that also wants to meet the disclosure requirements of ISSB Standards or ESRS, will need to consider the relevant materiality requirements of ISSB Standards or ESRS respectively.

Under ISSB Standards, materiality is judged on the basis of whether omitting, misstating or obscuring that information could reasonably be expected to influence decisions of primary users of general purpose financial reports, which provide information about a specific reporting entity (see paragraphs 18 and B13 of IFRS S1).

Under ESRS, a sustainability matter is material when it meets the criteria defined for impact materiality or financial materiality, or both (see paragraph 28 of ESRS 1). On financial materiality, paragraph 48 of ESRS 1 states in particular that information is considered material for primary users of general purpose financial reports if omitting, misstating or obscuring that information could reasonably be expected to influence decisions that they make on the basis of the undertaking's sustainability statement. The financial materiality assessment in ESRS 1 corresponds to the identification of information that is material for primary users of general purpose financial reports in making decisions relating to providing resources to the entity (see paragraph 48 of ESRS 1 and paragraph 18 of IFRS S1). The definition of information that is considered material for users of general purpose financial reports is therefore aligned between the two sets of standards.

This alignment means that in assessing whether a particular disclosure is considered material in applying ISSB Standards, that assessment is aligned with the assessment of whether that disclosure is financially material in accordance with ESRS, and conversely. When an entity considers the climate disclosures set out in the standards, an entity that applies ESRS is expected to be able to identify the disclosures considered material in accordance with ISSB Standards using the outcome of its ESRS assessment of financial materiality and conversely an entity that applies ISSB Standards is expected to be able to identify the disclosures in relation to climate considered to be financially material in accordance with ESRS.

The requirements for assessing the materiality of information and therefore for supporting the identification of the information to be reported on a material matter (see paragraph 31 of ESRS 1) is expected, in most cases, to rely on decision-usefulness. Decision-usefulness is the basis for the definition used in IFRS S1 to identify the information to be reported as material (see paragraph 18 of IFRS S1). While in ESRS the double materiality assessment of what is decision-useful considers both investors and other stakeholders (including in relation to impact materiality), in ISSB Standards this assessment is focused on the information needs of investors. On financial materiality, the two assessments are expected to provide an aligned outcome.

1.2 Presentation

Paragraphs 111–117 of ESRS 1 require an entity to present sustainability information prepared in accordance with ESRS in a sustainability statement which is a dedicated section of the management report identified as such. ESRS 1 (see Appendices D, F and G of ESRS 1) provides additional details on how to structure and organise the sustainability statement. Subject to the use of certain provisions regarding the use of incorporation by reference (see paragraphs 119–122 of ESRS 1), the sustainability statement is therefore the unique location of sustainability disclosures prepared under ESRS.

IFRS S1 (see paragraphs 60–63) sets out the requirements for an entity in relation to the location of disclosures. Under an approach designed to be multi-jurisdictional, the standard explains that there are various possible locations in which an entity may disclose sustainability-related financial information, as long as the information is included in its general purpose financial reports.

The ESRS required location for disclosures meets the principles set by IFRS S1. However, on the basis of the requirements in ESRS that require a clear identification of the nature of reported information, an entity starting with ESRS that wishes to comply with ISSB Standards should pay particular attention, when preparing its human-readable sustainability statement, to the requirements in IFRS S1, in particular the requirements about additional information (see paragraph 62 of IFRS S1). It is expected that digital reporting processes will facilitate further such identification.

1.3 Disclosures for sustainability topics other than climate

ESRS set specific disclosure requirements on nine different sustainability topics beyond climate,[2] each of them covered by a dedicated reporting standard.

IFRS S1 requires an entity to disclose material information about the sustainability-related risks and opportunities that could reasonably be expected to affect the entity's prospects (see paragraph 17 of IFRS S1). At the date of publication of this document, the ISSB has prescribed disclosure requirements for climate-related risks and opportunities in IFRS S2. Sustainability topics other than climate are currently addressed in IFRS S1. IFRS S1 requires an entity to disclose material information to users of general purpose financial reports about its relevant sustainability-related risks and opportunities in accordance with the objectives of IFRS S1. An entity is expected to exercise appropriate judgement as to the identification of sustainability-related risks and opportunities and associated disclosures it provides those users in faithfully representing the sustainability-related risk or opportunity.

In this context, paragraph 57 of IFRS S1 states that, in the absence of an IFRS Sustainability Disclosure Standard that specifically applies to a sustainability matter and to the related risks or opportunities, an entity shall apply judgement to identify and prepare the information to be reported. IFRS S1 sets out the sources that can be used to identify the sustainability-related matters to report on and the sources that can be used to identify suitable disclosures. In identifying appropriate disclosures about an entity's sustainability-related risks and opportunities, IFRS S1 states that an entity may refer to and consider the applicability of ESRS (see paragraph C2(b) of IFRS S1) as a source of guidance, to the extent that ESRS assist the entity in meeting the objective of IFRS S1 and do not conflict with ISSB Standards.

2 ESRS E2 *Pollution*, ESRS E3 *Water and marine resources*, ESRS E4 *Biodiversity and ecosystems*, ESRS E5 *Resource use and circular economy*, ESRS S1 *Own workforce*, ESRS S2 *Workers in the value chain*, ESRS S3 *Affected communities*, ESRS S4 *Consumer and end-users*, and ESRS G5 *Business conduct*.

Paragraph 3 of IFRS S1 requires an entity to disclose information about all sustainability-related risks and opportunities that could reasonably be expected to affect the entity's prospects. At the time of publication of this document, for topics beyond climate, as ESRS are listed as a source of guidance in IFRS S1, an entity is able to utilise ESRS to provide the disclosures required by IFRS S1, if the requirements in paragraphs C1–C3 of IFRS S1 are also met.

ESRS also make reference to the IFRS industry-based guidance (which includes the *Industry-based Guidance on Implementing IFRS S2* and the SASB Standards) and enable an entity to use that guidance to complement its disclosures prepared applying ESRS to cover sustainability matters that are material for the undertaking in its sector(s) (see paragraph 131(b) of ESRS 1). Because of this, the entity using ISSB Standards that also wants to comply with ESRS will be able to leverage its disclosures prepared following the SASB industry-specific disclosure topics and metrics that entities applying ISSB Standards shall refer to and consider (see paragraph 55(a) of IFRS S1), to the extent that they meet the corresponding requirements in ESRS. An entity that is reporting under ISSB Standards that also wants to comply with ESRS will also need to apply the general disclosure requirements in ESRS 1, ESRS 2 and ESRS for topics beyond climate change.

1.4 Reliefs

Both sets of standards include relief clauses. Those clauses are listed in the Annex to this document. In order to comply with both sets of standards, when using one or more of the reliefs, entities have to check carefully if the reliefs meet the requirements in both sets of standards.

Section 2. Common climate-related disclosures

This section illustrates that there is a high degree of alignment of the climate-related disclosures in the two sets of standards. Table 2.1 illustrates that almost all the disclosures in ISSB Standards related to climate are included in ESRS.

Table 2.1 identifies corresponding disclosure requirements between IFRS S2 and ESRS that are aligned. The table is divided accordingly to the structure of IFRS S2. In this table, footnotes are used to highlight and explain the basis for alignment in specific areas of interoperability. Asterisks are used to indicate where a user of this document can find further information about reporting in compliance with both sets of standards:

- one asterisk (*****) is used to indicate that additional relevant information can be found in Section 3. *ESRS to IFRS S2 (climate): information that an entity starting with ESRS needs to know when also applying ISSB Standards to enable compliance with both sets of standards*; and
- two asterisks (******) are used to indicate that additional relevant information can be found in Section 4. *IFRS S2 (climate) to ESRS: information that an entity starting with ISSB Standards needs to know when also applying ESRS to enable compliance with both sets of standards*.

In addition, Section 4.2 provides further information about incremental requirements in ESRS for paragraphs listed in Table 2.1. Section 4.2 also includes a complete list of climate-related disclosures in ESRS that do not have corresponding requirements in ISSB Standards.

Sections 3.1 and 4.1 contain information that an entity starting with ESRS (or ISSB Standards) needs to know when applying ISSB Standards (or ESRS) to enable compliance with both sets of standards. Section 3.2 contains climate-related disclosures in ISSB Standards that do not have corresponding requirements in ESRS.

In this section disclosure requirements in IFRS S2 are mapped, along with specific relevant requirements in IFRS S1. Paragraphs of IFRS S2 connected to objectives of the disclosures are not included in this document. Paragraphs connected to reliefs are set out in the Annex to this document.

Table 2.1 – Corresponding climate-related disclosure requirements between ISSB Standards and ESRS that are aligned

ISSB Standards	ESRS
GOVERNANCE	
IFRS S2.6(a)	ESRS 2.22(a)
IFRS S2.6(a)(i)	ESRS 2.22(b)
IFRS S2.6(a)(ii)	ESRS 2.23
IFRS S2.6(a)(iii)	ESRS 2.26(a)
IFRS S2.6(a)(iv)	ESRS 2.26(b)
IFRS S2.6(a)(v) IFRS S1.21(b)	ESRS 2.22(d) ESRS 2.29(b)–(c) ESRS E1.13 ESRS 1.124
IFRS S2.6(b)	ESRS 2.22(c)
IFRS S2.6(b)(i)	ESRS 2.22(c)(i)
IFRS S2.6(b)(ii)	ESRS 2.22(c)(iii)

ISSB Standards	ESRS
STRATEGY	
Climate-related risks and opportunities	
IFRS S2.10(a)	ESRS 2.48(a)
IFRS S2.10(b)	ESRS E1.18
IFRS S2.10(c)[3]	ESRS 2.48(e)
IFRS S2.10(d)[4]	ESRS 1.77(a)–(c) ESRS 1.78 ESRS 1.80 ESRS E1.AR11(b) ESRS 2.9(a)–(b)
IFRS S2.12*	ESRS 1.10 ESRS 1.11 ESRS 1.30(a) ESRS 1.130 ESRS 1.131(b)
Business model and value chain	
IFRS S2.13(a)	ESRS 2.48(b)
IFRS S2.13(b)	ESRS 2.48(a)
Strategy and decision-making	
IFRS S2.14(a)(i)	ESRS 2.47 ESRS 2.48(b) ESRS E1.AR8(b)
IFRS S2.14(a)(ii)[5]	ESRS 2.68(b) ESRS E1.26 ESRS E1.28 ESRS E1.AR31
IFRS S2.14(a)(iii)[5]	ESRS 2.68(b) ESRS E1.26 ESRS E1.28 ESRS E1.AR31

3 Paragraph 10(c) of IFRS S2 requires disclosure of over which time horizons the risks and opportunities are expected to occur. Paragraph 48(e) of ESRS 2 requires disclosure of over which time horizons the anticipated financial effects of the risks and opportunities are expected to occur. Where these time horizons are the same, the disclosure is aligned. Where these time horizons are different, the entity will need to ensure that additional disclosure is provided.

4 Paragraph 10(d) of IFRS S2 does not provide a specific definition of time horizon but requires disclosure of how an entity defines short term, medium term and long term and how these definitions are linked to the planning horizons used for strategic decision making. Paragraphs 77–78 of ESRS 1 include standardised definitions of time horizons, but allow deviation when the use of the pre-defined medium- or long-term time horizons results in non-relevant information (see paragraph 80 of ESRS 1). Paragraph 9 of ESRS 2 mandates disclosure of an entity's definition of medium- or long-term time horizons if they differ from the standardised definitions and the reason for applying these definitions. Disclosure is aligned if default time horizons are used and the specific disclosure required by paragraph 10(d) of IFRS S2 is provided, or if alternative time horizons are used, if the disclosures required by both paragraph 10(d) of IFRS S2 and paragraph 9 of ESRS 2 are provided.

5 Paragraph 68(b) of ESRS 2 requires disclosure of the scope of key actions (that is, coverage in terms of activities, upstream and/or downstream *value chain*, geographies and, where applicable, affected stakeholder groups). The disclosure of upstream and/or downstream value chain applying ESRS corresponds to the disclosure of indirect actions applying ISSB Standards. Disclosure is aligned if the entity applying ESRS discloses the scope of key actions including coverage in terms of value chain and classifies its actions as direct (corresponding to the actions in own operations for ESRS) or indirect (corresponding to the actions in the value chain for ESRS, as suggested in paragraph AR31 of ESRS E1).

ISSB Standards	ESRS
IFRS S2.14(a)(iv)*	ESRS E1.14 ESRS E1.16(a)–(i) ESRS E1.AR2–AR5 ESRS 2.69(a)–(b)
IFRS S2.14(a)(v)	ESRS 2.68(a)–(e) ESRS 2.69(a)–(c) ESRS E1.26–27
IFRS S2.14(b)	ESRS 2.69(a)–(c) ESRS E1.26
IFRS S2.14(c)	ESRS E1.16(j) ESRS 2.68(e)
Financial position, financial performance and cash flows	
IFRS S2.15(a)	ESRS 2.48(d)
IFRS S2.16(a)	ESRS 2.48(d) ESRS Annex II, Table 2 (Terms defined in the ESRS): current financial effects
IFRS S2.15(b)	ESRS 2.48(e)
IFRS S2.16(b)	ESRS 2.48(d)
IFRS S2.16(c)(i)–(ii)	ESRS 2.48(e)
IFRS S2.16(d)	ESRS 2.48(e)
IFRS S2.17**	ESRS E1.AR70(a) ESRS E1.AR73(a) ESRS E1.AR74(a)
Climate resilience	
IFRS S2.22(a)	ESRS E1.19
IFRS S2.22(a)(i)	ESRS E1.19(c) ESRS E1.AR8
IFRS S2.22(a)(ii)	ESRS E1.19(c) ESRS E1.AR8(a)
IFRS S2.22(a)(iii)(1–3)	ESRSE1.19(c) ESRS E1.AR8(b)
IFRS S2.22(b)(i)*	ESRS E1.19(a)–(c) ESRS E1.AR13(d)
IFRS S2.22(b)(i)(1)	ESRS E1.AR13(a)
IFRS S2.22(b)(i)(2)*	ESRS E1.21 ESRS E1.AR11(d) ESRS E1.AR12(c)
IFRS S2.22(b)(i)(3)*	ESRS E1.21 ESRS E1.AR11(d) ESRS E1.AR12(c)

ISSB Standards	ESRS
IFRS S2.22(b)(i)(4)*	ESRS E1.20(c)(i) ESRS E1.AR12(c)
IFRS S2.22(b)(i)(5)	ESRS E1.AR13(b)
IFRS S2.22(b)(i)(6)	ESRS E1.AR13(b) ESRS E1.AR7(b)
IFRS S2.22(b)(i)(7)	ESRS E1.19(a) ESRS E1.AR13(d) ESRS E1.AR6
IFRS S2.22(b)(ii)*	ESRS E1.AR13(c)–(d)
IFRS S2.22(b)(iii)	ESRS E1.19(b)
IFRS S1.23 IFRS S1.B42(c)	ESRS E1.AR15 ESRS 1.90 ESRS 1.123–129
IFRS S2.23*	ESRS 1.131(b) ESRS 1.130 ESRS 1.11 ESRS 1.30(a)
RISK MANAGEMENT	
IFRS S2.25(a)	ESRS E1.20 ESRS E1.22 ESRS E1.23 ESRS E1.24
IFRS S2.25(a)(i)	ESRS 2.53(g)
IFRS S2.25(a)(ii)*	ESRS E1.21
IFRS S2.25(a)(iii)	ESRS 2.53(c)(ii)
IFRS S2.25(a)(iv)	ESRS 2.53(c)(iii)
IFRS S2.25(a)(v)	ESRS 2.53(e) ESRS 2.53(c) ESRS 2.65(a)
IFRS S2.25(a)(vi)	ESRS 2.53(h)
IFRS S2.25(b)*	ESRS 2.53(c) ESRS E1.20(c) ESRS E1.65(a) ESRS E1.19(b)–(c) ESRS E1.24
IFRS S2.25(c)	ESRS 2.53(e)–(f)
IFRS S2.26	ESRS 1.QC17 ESRS 1.115

ISSB Standards	ESRS
METRICS	
IFRS S2.29(a)(i)(1–2)**	ESRS E1.44(a)–(b)
IFRS S2.29(a)(i)(3)** IFRS S2.B38–B57	ESRS E1.44(c) ESRS 1.62–67 ESRS 1.QC5 ESRS 1.69[6] ESRS E1.AR39(b) ESRS E1.AR46(g)
IFRS S2.29(a)(ii)[7]	ESRS 1.62 ESRS E1.AR39(a)
IFRS S2.29(a)(iii)(1–3)	ESRS E1.AR39(b)[8] ESRS 2.77(a) ESRS 2.80(i)
IFRS S2.29(a)(iv)*	ESRS E1.50
IFRS S2.29(a)(v) IFRS S2.B30 IFRS S2.B31	ESRS E1.49 ESRS E1.49(a) ESRS E1.AR45(d)
IFRS S2.29(a)(vi)(1) IFRS S2.B32	ESRS E1.51 ESRS E1.AR45(c) ESRS E1.AR46(c) ESRS E1.AR46(i)
IFRS S2.29(a)(vi)(2)*	ESRS 1.131(b) ESRS E1.AR46(b)
IFRS S2.B19	ESRS E1.AR42
IFRS S2.B56(a)	ESRS E1.AR46(g)
IFRS S2.B56(b)[9]	ESRS E1.AR46

6 As part of the required Scope 3 measurement framework described in paragraphs B38–B57 of IFRS S2, paragraphs B43 and B47 of IFRS S2 require the entity to prioritise direct measurement of Scope 3 greenhouse gas emissions. Paragraph 69 of ESRS 1 requires an entity to first make a reasonable effort to collect value chain information before using estimates for value chain data. Both requirements in the standards result in a priority given to direct measurement.

7 Paragraph 29(a)(ii) of IFRS S2 requires an entity to measure its greenhouse gas emissions in accordance with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004, GHG Protocol), unless required by a jurisdictional authority or exchange on which the entity is listed to use a different method for measuring greenhouse gas emissions. ESRS E1 has been built incorporating in its text content from the GHG Protocol, and has specific requirements regarding organisational boundary (see Section 4.1(vii)). When additional guidance is needed, paragraph AR39(a) of ESRS E1 requires entities to consider the principles, requirements and guidance provided by the GHG Protocol and allows an entity to consider the requirements stipulated by ISO 14064-1:2018 or Commission Recommendation (EU) 2021/2279. Where ISO 14064-1 deviates from the GHG Protocol reporting rules, ESRS require reporting in accordance with ESRS E1, including requirements on organisational boundary (see Section 4.1(vii)) and the GHG Protocol. An entity that is required to apply ESRS E1 is expected to comply with the guidance of the GHG Protocol in disclosing the emissions of the consolidated group under the financial control approach (see paragraph 50(a) of ESRS E1). See also Section 4.2 for the emissions of entities, sites and assets under operational control.

8 In order to align, disclosure of approach, inputs and assumptions used to measure Scope 3 greenhouse gas emissions should also include information about the characteristics described in paragraph B40 of IFRS S2.

9 Paragraph B56(b) of IFRS S2 requires disclosure of the extent to which the entity's Scope 3 greenhouse gas emissions are measured using verified inputs. ESRS sustainability statements are mandatorily subject to assurance. An entity applying ESRS that wants to comply also with the disclosure requirements in IFRS S2, should specifically disclose the extent of verification provided by the performance of mandatory assurance.

ISSB Standards	ESRS
IFRS S2.B34	ESRS E1.AR46(f)
IFRS S2.29(b)**	ESRS E1.67(a) and (e)
IFRS S2.29(c)**	ESRS E1.66(a) and (d)
IFRS S2.29(d)*	ESRS E1.64(c)
IFRS S2.29(e)*	ESRS E1.16(c) and (e)–(f) ESRS E1.AR4
IFRS S2.29(f)	ESRS E1.62 ESRS E1.63(a) and (c)
IFRS S2.29(g)(i)	ESRS 2.29(c) ESRS E1.13
IFRS S2.29(g)(ii)	ESRS E1.13
IFRS S2.31 IFRS S2.B65(e) IFRS S1.21(b)	ESRS E1.AR78 ESRS 1.123–129
IFRS S1.50(c)	ESRS 2.77(b)
IFRS S2.32*	ESRS 1.131(b)
TARGETS	
IFRS S2.33	ESRS 2.79 ESRS 2.80 ESRS E1.30 ESRS E1.34
IFRS S2.33(a) IFRS S2.B67[10]	ESRS 2.79(a) ESRS 2.80(b)
IFRS S2.33(b)	ESRS 2.80(a) ESRS E1.33
IFRS S2.33(c)	ESRS 2.80(c)
IFRS S2.33(d)	ESRS 2.80(e) ESRS E1.34(d)
IFRS S2.33(e)	ESRS 2.80(d) ESRS E1.34(c) ESRS E1.AR25
IFRS S2.33(f)	ESRS 2.80(e)
IFRS S2.33(g)**	ESRS 2.80(b) ESRS E1.34(a) ESRS E1.AR23

10 If the metric has been developed by the entity, the disclosure requirements in paragraph 50 of IFRS S1 will apply.

ISSB Standards	ESRS
IFRS S2.33(h)	ESRS 2.80(f)[11] ESRS E1.34(e)
IFRS S2.34(a)[12]	ESRS E1.34(e)
IFRS S2.34(b)	ESRS 2.80(j)
IFRS S2.34(c)	ESRS 2.80(j)
IFRS S2.34(d)	ESRS 2.80(i)
IFRS S2.35	ESRS 2.80(j)
IFRS S2.36(a)	ESRS E1.34(b)* ESRS E1.AR24
IFRS S2.36(b)	ESRS E1.34(b) ESRS E1.AR24
IFRS S2.36(d)	ESRS E1.34(e)
IFRS S2.36(e)(i)	ESRS E1.59(b) ESRS E1.61
IFRS S2.36(e)(ii)**	ESRS E1.59(a)–(b) ESRS E1.61(c) ESRS E1.AR62(c) ESRS Annex II, Table 2 (Terms defined in the ESRS): carbon credit
IFRS S2.36(e)(iii)	ESRS E1.AR57(b) ESRS E1.AR62(b)
IFRS S2.36(e)(iv)*	ESRS E1.61(c)
IFRS S2.37*	ESRS 1.131(b)

11 Paragraph 80(f) of ESRS 2 requires disclosure of methodologies used to define targets including alignment of targets with international policy goals where applicable. For climate targets, international policy goals are deemed to be applicable in ESRS.

12 Paragraph 34(a) of IFRS S2 requires disclosure of whether the target and methodology for setting the target has been validated by a third party. Paragraph BC149 of the Basis for Conclusions on IFRS S2 provides additional explanation on the requirement, clarifying that 'validation' in IFRS S2 is only in reference to whether and how a climate-related target has been tested and confirmed by a third party in relation to the latest climate science. Paragraph 34(e) of ESRS E1 requires disclosure of whether the targets have been externally assured. Entities applying IFRS S2 and ESRS should ensure to provide disclosures in this area that meet the requirements of both sets of standards. In ESRS E1 targets are defined as supporting the objectives of the Paris Agreement. Sustainability statements prepared applying ESRS are mandatorily assured. For entities applying ESRS the validation of the methodology and its consistency with the latest climate science would be considered as part of the assurance process of the target itself.

Section 3. ESRS to IFRS S2 (climate): information that an entity starting with ESRS needs to know when also applying ISSB Standards to enable compliance with both sets of standards

The standards have a high degree of alignment. There are a limited number of specific requirements when an entity starting with ESRS has to consider additional information when also complying with ISSB Standards.

This section covers areas that need consideration when entities start with ESRS. It highlights areas in which ISSB Standards have additional information, which an entity applying ESRS will need to consider in order to also report in compliance with ISSB Standards.

Section 3 should be read in conjunction with ESRS and ISSB Standards. The tables in Sections 3.1 and 3.2 include the following content:

- topic: title briefly explaining the area of disclosure that is addressed;
- explanation: description of the requirements in both sets of standards and explanation of their interaction; and
- points to consider: highlights areas an entity applying ESRS will need to consider in order to also report in compliance with ISSB Standards.

Section 3.1 addresses points to consider by an entity starting with ESRS E1. Section 3.2 addresses additional requirements in IFRS S2 for which there are no corresponding disclosure requirements in ESRS.

3.1 Information that an entity starting with ESRS needs to know when also applying ISSB Standards to enable compliance with both sets of standards

Topic	*(i) Transition plan assumptions*
Explanation	Paragraph 14(a)(iv) of IFRS S2 requires disclosure of any climate-related transition plan the entity has, including information about key assumptions used in developing its transition plan, and dependencies on which the entity's transition plan relies. ESRS require an entity to disclose its transition plan for climate change mitigation (see paragraph 14 of ESRS E1) and list detailed information that should be included (see paragraph 16(a)–(g) of ESRS E1) as well as refer to greenhouse gas emission reduction targets, actions and resources allocated to that plan. In addition, paragraph 34(e) of ESRS E1 and paragraph 21 of ESRS 1 also refer to critical assumptions used. In case the entity does not have a transition plan in place, it shall indicate whether and, if so, when it will adopt a transition plan (see paragraph 17 of ESRS E1).
Points to consider	*An entity applying ESRS that also wants to comply with IFRS S2 should ensure that any key assumptions and dependencies that are not already captured through the disclosure required by ESRS E1 are included in the disclosure in order to meet the requirement in paragraph 14(a)(iv) of IFRS S2.*

Topic	*(ii) Scenario analysis*
Explanation	Both sets of standards address the use of scenario analysis. However, under certain circumstances a difference with respect to scenario analysis may occur as explained below. *Preparation of scenario analysis* In order to provide information about climate resilience, paragraph 22 of IFRS S2 requires an entity to use climate-related scenario analysis using an approach that is commensurate with the entity's circumstances (see paragraphs B1–B18 of IFRS S2) to assess its climate resilience. Paragraph B18 of IFRS S2 requires that an entity at a minimum update its climate-related scenario analysis in line with its strategic planning cycle. Paragraphs 25(a)(ii) and 25(b) of IFRS S2 require disclosure of whether and how the entity uses scenario analysis to inform the identification of risks and opportunities. ESRS E1 does not mandate the use of scenario analysis but requires disclosing how an entity has used climate-related scenario analysis to inform the identification and assessment of physical and transition risks and opportunities over the short-, medium- and long-term (see paragraph 21 of ESRS E1). ESRS E1 requires an undertaking to explain how it has used climate-related scenario analysis (see paragraphs AR13–AR15 of ESRS E1): 1 – to inform the identification and assessment of physical risks and transition risks and opportunities over the short-, medium- and long-term (see paragraph 21 of ESRS E1); 2 – to conduct the resilience analysis (see paragraph 19(b) of ESRS E1); 3 – to support the assessment of anticipated financial effects (see paragraphs 65 and AR11–AR15 of ESRS E1); and 4 – to detect relevant environmental-, societal-, technology-, market- and policy-related developments and determine its decarbonisation levers for setting targets (see paragraph AR30(c) of ESRS E1). *Disclosure of inputs to scenario analysis* Paragraph 22(b)(i)(2–4) of IFRS S2 requires disclosure of whether the scenario analysis covers a diverse range of scenarios, whether scenarios are associated with physical or transition risks, and whether the entity has used a scenario aligned with the latest international agreement on climate change. Paragraph AR11(d) of ESRS E1 requires disclosure of whether and how the identification of climate-related hazards is informed by high emissions climate scenarios. Paragraph AR12(c) of ESRS E1 requires disclosure of whether and how the assessment of transition risks and opportunities takes into consideration at least a scenario consistent with the Paris Agreement. It does not prohibit the use and disclosure of other scenarios for transition risk assessment. *Disclosure of key assumptions in scenario analysis* Paragraph 22(b)(ii)(1–5) of IFRS S2 requires disclosure of key assumptions the entity has made in its scenario analysis and includes a list of key assumptions requiring disclosure. Paragraph AR13(c)–(d) of ESRS E1 requires disclosure of how the entity has used its scenario analysis to inform identification of risks and opportunities including as examples: key forces, drivers, inputs and constraints.

Topic	*(ii) Scenario analysis*
Points to consider	*An entity applying ESRS that wants to comply also with IFRS S2 should perform a scenario analysis commensurate with the entity's circumstances (applying paragraphs B1–B18 of IFRS S2) to assess its climate resilience.* *With regards to disclosure, the entity should ensure that the specific disclosure requirements in paragraph 22(b)(i)(2–3) and (b)(ii)(1–5) of IFRS S2 are complied with.* *In doing so, it should be noted that ESRS require the undertaking to explain whether and how high-emission scenarios are used for physical risk and a scenario aligned with 1.5°C degrees is used for transition risk. Using these scenarios is relevant in considering whether a diverse range of scenarios for transition and physical risk have been used. To comply with ISSB Standards, entities should explicitly state, according to paragraph 22(b)(i)(2–3) of IFRS S2, whether the analysis included a diverse range of climate-related scenarios and whether the climate-related scenarios used for the analysis are associated with climate-related transition risks or climate-related physical risks. Paragraph AR12(c) of ESRS E1 requires provision of the same information as paragraph 22(b)(i)(4) of IFRS S2.* *The entity needs to ensure that when it applies paragraph AR13(c)–(d) of ESRS E1 it includes disclosure about key assumptions made in the scenario analysis that meet the requirements in both sets of standards.* *See also Section 4.1(i).*

Topic	*(iii) Industry-based metrics*
Explanation	Both sets of standards require provision of industry-based (or sector-specific) information when material. IFRS S2 specifically requires that an entity shall refer to and consider the *Industry-based Guidance on Implementing IFRS S2* for: identifying climate-related risks and opportunities that could reasonably be expected to affect the entity's prospects (see paragraph 12 of IFRS S2), preparing disclosures to meet disclosure requirements in paragraphs 13–22 of IFRS S2 (see paragraph 23 of IFRS S2), determining industry-based metrics to disclose (see paragraph 32 of IFRS S2) and identifying and disclosing metrics used to set and monitor targets (see paragraph 37 of IFRS S2). As sector-specific standards are not available in ESRS, entities shall report entity-specific information regarding material matters that correspond to their specific situation, while also considering the transition provision in ESRS 1 (see paragraph 131(b) of ESRS 1). When an entity provides entity-specific disclosures applying ESRS, it shall consider ISSB Standards as a possible source of additional disclosures (see paragraph AR4 of ESRS 1). In this case, the entity should consider IFRS sector-specific material when preparing entity-specific disclosures, in line with the above mentioned transition provision in ESRS 1.
Points to consider	*So long as ESRS sector-specific standards relevant to the entity are not in place: an entity using ESRS E1 that also wants to comply with IFRS S2 is required to refer to and consider the climate-related disclosure topics and metrics of the* Industry-based Guidance on Implementing IFRS S2 *in the instances described above, in line with the transition provision in paragraph 131(b) of ESRS 1. Following the issuance of ESRS sector-specific standards, different interoperability considerations will apply.*

Topic	*(iv) Greenhouse gas emissions: disaggregation*
Explanation	Paragraph 29(a)(iv) of IFRS S2 requires that an entity disaggregate Scope 1 and Scope 2 greenhouse gas emissions between: (1) the consolidated accounting group (for example, for an entity applying IFRS Accounting Standards, this group would comprise the parent and its consolidated subsidiaries); and (2) other investees excluded from the consolidated accounting group (for example, for an entity applying IFRS Accounting Standards, these investees would include associates, joint ventures and unconsolidated subsidiaries). Paragraph 50 of ESRS E1 requires the entity to disaggregate Scope 1 and Scope 2 greenhouse gas emissions between: (1) the consolidated accounting group (the parent and subsidiaries); and (2) investees such as associates, joint ventures, or unconsolidated entities that are not fully consolidated in the financial statements of the consolidated accounting group, as well as contractual arrangements that are joint arrangements not structured through a legal entity (that is, jointly controlled operations and assets), for which it has operational control.
Points to consider	*If the entity has operations that result in ESRS E1 and IFRS S2 requiring different disaggregations of emissions, then to comply with both sets of standards, two different disaggregations would need to be provided. See also Section 4.1(ii) and Table 4.2.2.*

Topic	*(v) Climate-related opportunities*
Explanation	Paragraph 29(d) of IFRS S2 requires disclosure of the amount and percentage of business activities aligned with climate-related opportunities. Paragraph 64(c) of ESRS E1 requires disclosure of potential to benefit from material climate-related opportunities, with paragraph 69 of ESRS E1 requiring the entity to consider cost savings and potential market size or changes to net revenue from low-carbon products and services or adaptation solutions to which the entity has or may have access as part of this disclosure.
Points to consider	*The 'potential market size or expected changes to net revenue' in ESRS E1 corresponds to the 'amount and percentage of business activities' in IFRS S2. An entity using ESRS E1 who wants to comply with IFRS S2 should ensure that disclosures provided applying paragraph 64(c) of ESRS E1 also comply with the requirements in paragraph 29(d) of IFRS S2.*

Topic	*(vi) Capital deployment*
Explanation	Paragraph 29(e) of IFRS S2 requires disclosure of the amount of capital expenditure, financing or investment deployed towards climate-related risks and opportunities. This disclosure is not limited to mitigation actions. Paragraph 16(c) and (e)–(f) of ESRS E1 includes disclosure requirements explaining the funding and investments supporting the implementation of an entity's transition plan, and paragraph 29(c) of ESRS E1 requires disclosure of significant amounts of Capex or Opex to implement actions taken or planned to be taken. The disclosure requirements in ESRS in relation to resources to achieve climate-related objectives and actions, including transition plans, correspond to the disclosure requirements in IFRS S2 about capital deployment.
Points to consider	*An entity applying ESRS that also wants to comply with IFRS S2 should ensure that disclosures provided applying ESRS E1 also comply with the requirements in paragraph 29(e) of IFRS S2.*

Topic	*(vii) Carbon credits: any other factors*
Explanation	Paragraph 36(e)(iv) of IFRS S2 requires disclosure of any other factors necessary to understand the credibility and integrity of the carbon credits that an entity plans to use, and paragraph 36(e)(ii) of IFRS S2 requires disclosure of which schemes will verify or certify the credits. Annex II to ESRS 'Terms defined in the ESRS' defines carbon credits as instruments that are 'issued and verified according to recognised quality standards'. Furthermore, ESRS E1-7 has additional requirements about the characteristics of carbon credits, including information about credits in relation to public statements made about carbon neutrality (see paragraphs 61 and AR61–AR62 of ESRS E1). In particular paragraph 61(c) of ESRS E1 refers to the credibility and integrity of the carbon credits used, including reference to recognised quality standards.
Points to consider	*An entity applying ESRS E1 that also wants to comply with IFRS S2 should ensure that its disclosures about the characteristics of carbon credits meet the requirements in IFRS S2.* *See also Section 4.1(iii).*

3.2 Incremental and additional requirements in IFRS S2

IFRS S2 requires additional climate-related disclosures on financed emissions for which there are no corresponding disclosure requirements in ESRS E1.

Topic	*(i) Financed emissions*
Explanation	Both sets of standards include requirements related to the disclosure of the amount of financed emissions (that is, both require disclosure of the amount of Category 15 Scope 3 emissions). Paragraphs 29(a)(vi)(2) and B58–B63 of IFRS S2 have specific additional disclosure requirements regarding Scope 3 Category 15 greenhouse gas emissions that apply to entities with the following types of business activities: asset management, commercial banking or insurance. So long as ESRS sector-specific standards are not in place, if Scope 3 Category 15 greenhouse gas emissions are material, the entity is expected to use the transition provision in paragraph 131(b) of ESRS 1 to identify relevant sector-specific disclosures in relation to those emissions, using available guidance, including IFRS S2. Paragraph AR46 of ESRS E1 requires financial institutions to consider the GHG Accounting and Reporting Standard for the Financial Industry from the Partnership for Carbon Accounting (PCAF), specifically part A, 'Financed Emissions'.
Points to consider	*An entity applying ESRS E1 that has asset management, commercial banking or insurance activities and that also wants to comply with IFRS S2 should provide information in accordance with paragraphs 29(a)(vi)(2) and B58–B63 of IFRS S2.*

Section 4. IFRS S2 (climate) to ESRS: information that an entity starting with ISSB Standards needs to know when also applying ESRS to enable compliance with both sets of standards

This section covers areas that entities starting with ISSB Standards will need to consider to also report in compliance with ESRS. Section 4 should be read in conjunction with ESRS and ISSB Standards.

Section 4.1 addresses points to consider by an entity starting with ISSB Standards. Section 4.2 addresses incremental requirements[13] in ESRS and additional[14] climate-related disclosures for which there are no corresponding disclosure requirements in IFRS S2 or IFRS S1.

4.1 Choices to be made for an entity starting with ISSB Standards

The table in Section 4.1 covers areas that need consideration when entities start with ISSB Standards. The table includes the following content:

- topic: title briefly explaining the area of disclosure that is addressed;
- explanation: description of the requirements in both standards and explanation of their interaction; and
- points to consider: highlights areas an entity starting with ISSB Standards will need to consider in order to also report in compliance with ESRS.

Topic	*(i) Scenario analysis*
Explanation	Both sets of standards address the use of scenario analysis. However, under certain circumstances a difference with respect to scenario analysis may occur as explained below. *Preparation of scenario analysis* Paragraph 22 of IFRS S2 requires an entity to use climate-related scenario analysis, using an approach that is commensurate with the entity's circumstances (see paragraphs B1–B18 of IFRS S2) to assess its climate resilience. Paragraphs 25(a)(ii) and 25(b) of IFRS S2 require disclosure of whether and how the entity uses scenario analysis to inform the identification of risks and opportunities. ESRS E1 does not mandate the use of scenario analysis but requires disclosing how an entity has used climate-related scenario analysis to inform the identification and assessment of physical and transition risks and opportunities over the short-, medium- and long-term (see paragraph 21 of ESRS E1). ESRS E1 requires an undertaking to explain how it has used climate-related scenario analysis (see paragraphs AR13–AR15 of ESRS E1): 1 – to inform the identification and assessment of physical risks and transition risks and opportunities over the short-, medium- and long-term (see paragraph 21 of ESRS E1); 2 – to conduct the resilience analysis (see paragraph 19(b) of ESRS E1); 3 – to support the assessment of anticipated financial effects (see paragraphs 65 and AR11–AR15 of ESRS E1); and 4 – to detect relevant environmental-, societal-, technology-, market- and policy-related developments and determine its decarbonisation levers for setting targets (see paragraph AR30(c) of ESRS E1). *continued...*

13 Incremental requirements are requirements in a paragraph in ESRS that also contains aligned requirements described in Section 3.

14 Additional requirements are paragraphs in ESRS that have no corresponding paragraph or requirement in IFRS S2.

Topic	*(i) Scenario analysis*
	Use of scenarios consistent with the Paris Agreement Paragraph 22(b)(i)(2–4) of IFRS S2 requires disclosure of whether the scenario analysis covers a diverse range of scenarios, whether scenarios are associated with physical or transition risks, and whether the entity has used a scenario aligned with the latest international agreement on climate change. Paragraph AR11(d) of ESRS E1 requires disclosure of whether and how the identification of climate-related hazards is informed by high emissions climate scenarios. Paragraph AR12(c) of ESRS E1 requires disclosure of whether and how the assessment of transition risks and opportunities takes into consideration at least a scenario consistent with the Paris Agreement. It does not prohibit the use and disclosure of other scenarios for transition risk assessment.
Points to consider	*An entity applying IFRS S2 that also wants to comply with ESRS will need to use the results of its scenario analysis to inform the assessment of risks, opportunities and describe the entity's resilience in relation to climate change. The entity must also disclose whether and how it has considered at least a scenario consistent with the Paris Agreement (see paragraph AR12(c) of ESRS E1).* *See also Section 3.1(ii).*

Topic	*(ii) Greenhouse gas emissions: disaggregation*
Explanation	Paragraph 29(a)(iv) of IFRS S2 requires that an entity disaggregate Scope 1 and Scope 2 greenhouse gas emissions between: (1) the consolidated accounting group (for example, for an entity applying IFRS Accounting Standards, this group would comprise the parent and its consolidated subsidiaries); and (2) other investees excluded from the consolidated accounting group (for example, for an entity applying IFRS Accounting Standards, these investees would include associates, joint ventures and unconsolidated subsidiaries). Paragraph 50 of ESRS E1 requires the entity to disaggregate Scope 1 and Scope 2 greenhouse gas emissions between: (1) the consolidated accounting group (the parent and subsidiaries); and (2) investees such as associates, joint ventures, or unconsolidated entities that are not fully consolidated in the financial statements of the consolidated accounting group, as well as contractual arrangements that are joint arrangements not structured through a legal entity (that is, jointly controlled operations and assets), for which it has operational control.
Points to consider	*If the entity has operations that result in ESRS E1 and IFRS S2 requiring different disaggregations of emissions, then to comply with both sets of standards, two different disaggregations would need to be provided. See also Section 3.1(iv), Section 4.1(vii) and Table 4.2.2.*

Topic	*(iii) Carbon credits*
Explanation	*Definition of carbon credit* Paragraph 36(e) of IFRS S2 requires an entity to disclose the planned use of carbon credits to offset greenhouse gas emissions to achieve any net greenhouse gas emissions targets. Paragraph 36(e)(ii) of IFRS S2 requires an entity to disclose which third-party scheme will verify or certify the carbon credits. ESRS define carbon credits as instruments that are 'issued and verified according to recognised quality standards'. Carbon credits that are not verified according to recognised quality standards (defined in Annex II to ESRS) do not meet the definition of 'carbon credits' and cannot be reported applying ESRS. Paragraph 59(a) of ESRS E1 requires disclosure of the total amount of carbon credits that are verified against recognised quality standards and cancelled in the reporting period. ESRS E1 also defines carbon credits as only relating to reductions or removals outside the entity's value chain (see paragraph 56(b) of ESRS E1) and has separate disclosure requirements for removal of greenhouse gas and storage projects inside the value chain. IFRS S2 does not make a distinction between carbon credits arising from within or outside the value chain. When public claims of greenhouse gas neutrality involve the use of carbon credits, paragraph 61(c) of ESRS E1 requires an explanation about the credibility and integrity of the carbon credits used, including by reference to recognised quality standards. *Use of carbon credits* Paragraph 36(e) of IFRS S2 requires an entity to disclose the planned use of carbon credits to offset greenhouse gas emissions to achieve any net greenhouse gas emissions targets. Paragraph 59(a)–(b) of ESRS E1 requires an entity to disclose the total amount of carbon credits cancelled in the reporting period and the total amount of carbon credits to be cancelled in the future and whether they are based on existing contractual agreements or not. Paragraph 34(b) of ESRS E1 does not allow an entity to use carbon credits to claim the achievement of greenhouse gas emission targets.
Points to consider	*An entity applying IFRS S2 that also wants to comply with ESRS E1 should be aware that non-verified or carbon credits verified under schemes not recognised as quality standards, or carbon credits that arise from within the value chain cannot be disclosed as 'carbon credits' applying ESRS, and therefore these are excluded applying ESRS. In addition, applying ESRS an entity can only report the carbon credits cancelled in the reporting period. In addition to the planned use of carbon credits, applying ESRS, an entity also has to report the carbon credits cancelled in the reporting period (see Table 4.2.2).* *An entity applying IFRS S2 that wants to comply with ESRS should ensure that disclosures about carbon credits – including their credibility and integrity – meet the requirements in ESRS E1.* *Because IFRS S2 may require disclosure about carbon credits used by an entity that are excluded from ESRS reporting under E1-7, an entity may need to disaggregate the information provided about carbon credits in order to meet the requirements of both ESRS and IFRS S2.* *An entity must not use carbon credits to claim achievement of greenhouse gas emissions targets applying ESRS E1 (see Section 4.1(vi)) greenhouse gas emission reduction targets). See also Section 3.1(vii).*

Topic	*(iv) Quantitative information: single amount or range*
Explanation	Paragraph 17 of IFRS S2 permits an entity to provide either a single amount or a range when disclosing quantitative financial information about current and anticipated financial effects. ESRS E1 only permits disclosure of anticipated financial effects as a range in specific circumstances (see paragraphs AR70(a), AR73(a) and AR74(a) of ESRS E1).
Points to consider	*An entity applying IFRS S2 that also wants to comply with ESRS E1 should only provide a range in circumstances when permitted applying ESRS E1. In all other cases, it shall provide a single amount.*

Topic	*(v) Climate-related physical and transition risks*
Explanation	Paragraph 29(b)–(c) of IFRS S2 requires disclosure of the amount and percentage of assets or business activities vulnerable to climate-related physical and transition risks. IFRS S2 does not explicitly state this is before or after considering adaptation or mitigation actions. Paragraphs 66(a) and 67(a) of ESRS E1 require the disclosure of monetary amount and percentage of assets at material physical risk (see paragraph 66(a) of ESRS E1) and material transition risk (see paragraph 67(a) of ESRS E1) before considering climate mitigation or adaptation actions. Paragraphs 66(b) and 67(b) of ESRS E1 require the disclosure of monetary amount at material physical risk (see paragraph 66(b) of ESRS E1) and material transition risk (see paragraph 67(b) of ESRS E1) addressed by the climate change actions. Paragraphs 66(d) and 67(e) of ESRS E1 require the disclosure of monetary amount and percentage of net revenue from business activities subject to material physical and transition risks.
Points to consider	*An entity applying IFRS S2 that also wants to comply with ESRS E1 and discloses the amount and percentage of assets, and the amount and percentage of net revenue from business activities that are vulnerable to climate-related risks after the mitigation or adaptation actions, will need to make sure it discloses: (i) percentage of assets at material physical risk (see paragraph 66(b) of ESRS E1) and material transition risk (see paragraph 67(b) of ESRS E1) addressed by the climate change actions and (ii) the monetary amount and percentage of assets at material physical risk (see paragraph 66(a) of ESRS E1) and material transition risk (see paragraph 67(a) of ESRS E1) before considering climate mitigation or adaptation actions (that is, 'gross').*

Topic	*(vi) Greenhouse gas emission reduction targets*
Explanation	IFRS S2 refers to greenhouse gas emission targets, but not to greenhouse gas emission reduction targets. In addition, IFRS S2 does not specifically define greenhouse gas emission targets as gross only – both gross and net targets may be disclosed as a greenhouse gas emission reduction target – however if the entity discloses a net target, it must also separately disclose the associated gross greenhouse gas emission target (see paragraphs 36(c) and B68–B69 of IFRS S2). There is no requirement to always disclose an absolute target, however the entity must disclose whether the target is absolute or intensity based (see paragraph 33(g) of IFRS S2). Greenhouse gas emission reduction targets are defined in Annex II to ESRS 'Terms defined in the ESRS' as gross greenhouse gas targets – and may be disclosed in absolute or intensity values, although if an intensity target is disclosed, an absolute target must also be disclosed (see paragraph AR23 of ESRS E1). Annex II to ESRS also includes a specific definition of 'net zero'. The entity should ensure that any target described as 'net zero' complies with the definition in Annex II to ESRS. If an entity discloses a net greenhouse gas emission reduction target, this may not be disclosed as a 'greenhouse gas emission reduction target' applying paragraph 34(a) of ESRS E1.
Points to consider	*In order to comply with both sets of standards, the entity should disclose gross reduction targets and disclose in absolute value, and may choose to also disclose an intensity value if relevant. An entity should also ensure that disclosures of 'net zero targets' are those that meet the ESRS definition given to this term, and that a net greenhouse gas emission reduction target is not disclosed as a 'greenhouse gas emission reduction target' under paragraph 34(a) of ESRS E1.*

Topic	*(vii) Greenhouse gas emissions: organisational boundary*
Explanation	Paragraph 29(a)(ii) of IFRS S2 requires an entity to measure its greenhouse gas emissions in accordance with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004, GHG Protocol), unless required by a jurisdictional authority or exchange on which the entity is listed to use a different method for measuring greenhouse gas emissions. Consistent with the GHG Protocol, paragraph B27 of IFRS S2 permits an entity to choose the equity share or control approach when measuring its greenhouse gas emissions. If an entity is required by a jurisdiction to use a different method to measure greenhouse gas emissions, the entity is permitted to use that method in accordance with paragraph 29(a)(ii) of IFRS S2. IFRS S2 requires an entity to disclose the measurement approach it uses to measure greenhouse gas emissions including the measurement approach used when applying the GHG Protocol or the applicable method used (see paragraphs 29(a)(iii) and B26 of IFRS S2). ESRS E1 requires the organisational boundary when measuring greenhouse gas emissions to be consistent with paragraph 62 of ESRS 1, and, in addition, requires the inclusion in Scope 1 and Scope 2 the emissions of entities, sites and assets under operational control, that are not included in the consolidated financial statements. In this context, paragraph 46 of ESRS E1 also requires an entity to include emissions from the operational control of associates, joint ventures, unconsolidated subsidiaries (investment entities) and contractual arrangements that are joint arrangements not structured through an entity (that is, jointly controlled operations and assets), when reporting greenhouse gas emissions.
Points to consider	*An entity starting from IFRS S2 that is required or wants to comply with ESRS E1, when measuring its greenhouse gas emissions for the consolidated group (see paragraph 50(a) of ESRS E1), could elect to retain the financial control option as described by the GHG Protocol. An entity that starts by applying IFRS S2 that is required or wants to comply with ESRS E1 must apply the measurement method required by ESRS and therefore in addition include the greenhouse gas emissions covered by paragraph 50(b) of ESRS E1. For the implementation of paragraph 50(b) of ESRS E1, see Table 4.2.2.*

4.2 Incremental and additional requirements in ESRS

ESRS require climate-related disclosures for which there are no corresponding disclosure requirements in IFRS S2 or IFRS S1. These are:

- 'incremental' disclosures, that is, both sets of standards include a common overall disclosure objective, but ESRS include specific incremental datapoints; or
- 'additional' disclosures, when ESRS include disclosures that are not covered in ISSB Standards.

The disclosure requirements in ESRS are based on the legal mandate of the Corporate Sustainability Reporting Directive (CSRD).

As explained in the introduction to this document on page 2, the entity does not necessarily have to report all the disclosures in Tables 4.2.1 and 4.2.2, but only those that are applicable and material to the entity.

The incremental disclosure requirements mainly relate to impacts as a separate reporting objective and to the entity's climate change mitigation performance.

Tables 4.2.1 and 4.2.2 list the climate-related disclosure requirements in ESRS 2 and ESRS E1 that are not included in ISSB Standards and therefore need to be covered by an entity applying ISSB Standards that also intends to comply with climate-related reporting in ESRS.

Introduction to Table 4.2.1 – ESRS 2

Table 4.2.1 lists disclosure requirements in ESRS 2 that do not have a corresponding requirement in ISSB Standards. Disclosures pertaining to the pillars Governance and Strategy, which in the architecture of ESRS are primarily located in ESRS 2, are required to be applied in conjunction with ESRS E1. For reporting on climate change disclosure requirements for governance and strategy are not repeated in ESRS E1. In particular:

- for governance, ESRS 2 has incremental and additional disclosures that will help entities fulfil the disclosure objective in ESRS, hence reducing the need of entity-specific disclosures; and
- for strategy, ESRS 2 has incremental and additional disclosures that support the understanding of the context for the identification of potential material sustainability matters and on the role and involvement of stakeholders in defining the strategy and business model, reflecting due diligence principles and impact materiality.

ESRS E1 has climate-related topical specifications to IRO 1 and SBM 3 of ESRS2, which are included in Table 4.2.2.

In the table, items highlighted in grey refer to incremental datapoints in ESRS beyond those identified as common disclosure requirements.

TABLE 4.2.1		
ESRS 2	**Reference to IFRS S1 or IFRS S2**	**Requirements not explicitly covered by IFRS S1 or IFRS S2**
Governance		
ESRS 2.21(a)–(b) and (d)–(e)	NA	Composition and diversity of governance bodies (executive/non-executive, gender, etc.)
ESRS 2.21(c) ESRS 2.23(a)–(b)	IFRS S1.27(a)(ii) IFRS S2.6(a)(ii)	Experience relevant to the sectors, products and geographic locations of the undertaking. Leverage of collective expertise through access to experts or training. How skills and expertise relate to material matters.
ESRS 2.22(c)(ii)	IFRS S1.27(b)(i)–(ii) IFRS S2.6(b)(i)–(ii)	Information about reporting lines to the administrative, management and supervisory bodies (AMSB).
ESRS 2.26(a)	IFRS S1.27(a)(iii) IFRS S2.6(a)(iii)	Whether and by whom the AMSB are informed as well as describing the AMSB being informed about additional items.
ESRS 2.26(c)	IFRS S1.26–27 IFRS S2.5–6	Material IROs addressed during the reporting period.
ESRS 2.29(a)–(e) and AR7	NA	Details of incentive schemes.
ESRS 2.30–33 and AR8–AR10	NA	Due diligence mapping.
ESRS 2.34–36	NA	Risk management and internal controls over sustainability reporting.
Strategy		
SBM-1 (ESRS 2.38–42 and AR12–AR15)	IFRS S1.28–33 IFRS S2.8–14	Climate-related impacts on the undertaking's strategy and business model.
		Disclosures that support the understanding of the context for the identification of potential material matters: • significant products or services, significant markets or customers, headcount of employees by geographical area, breakdown of total revenue by significant ESRS sectors; • statement on revenues related to fossil fuel, chemical production; • controversial weapons; • relationships with stakeholders; and • main features on up and downstream value chain and main business actors such as key suppliers, customers, distribution channels.
SBM – 2 (ESRS 2.43–45 and AR16)	NA	Role and involvement of affected stakeholders.
SBM – 3 (ESRS 2.46–49 and AR17–AR18)	NA	Structured disclosures on material impacts and their description.
Risk management		
ESRS 2.53(c)(ii)–(iii)	IFRS S2.25(a)(iii)–(iv)	Disclosures on how the undertaking assesses the likelihood, magnitude, and nature of effects of the identified risk and opportunities, and how the undertaking prioritises sustainability-related risks relative to other types of risks, including its use of risk-assessment tools.
ESRS 2.53(a), (d) and (h)	NA	Description of methodologies, assumptions, decision-making process, related internal control procedures as well as timing of modification of the process and future revision dates of the materiality assessment.

Introduction to Table 4.2.2 – ESRS E1

Table 4.2.2 lists disclosure requirements in ESRS E1 that do not have an equivalent in IFRS S1 or IFRS S2. In the table, items highlighted in grey refer to incremental datapoints in ESRS E1 beyond those identified as common disclosure requirements.

TABLE 4.2.2

ESRS E1 disclosure requirements ('DRs') and related application requirements ('ARs')	Reference to IFRS S2	Requirements not covered by IFRS S2
DR related to ESRS 2 GOV-3 – Integration of sustainability-related performance in incentive schemes		
ESRS E1.13	IFRS S2.29(g)	If performance has been assessed against the greenhouse gas emission reduction targets, and percentage of the remuneration recognised in the current period that is linked to climate-related considerations, with an explanation of what the climate considerations are.
DR related to ESRS 2 SBM-3 – Material IROs and their interaction with strategy and business model		
ESRS E1.19(a) and AR6	IFRS S2.22(a)(i)–(ii) and (b)(i) IFRS S2.14 (a)(iii)	Which parts of the up and downstream value chain or material physical or transition risks were excluded from the resilience analysis.
ESRS E1.19(b) and AR7	IFRS S2.22(b)(i) and (iii) IFRS S2.14(a)(i)	Explain how anticipated financial effects from material physical risk and transition risks were considered (see paragraph AR7(c) of ESRS E1).
ESRS E1.19(c) and AR8	IFRS S2.22(a) and (b)(i) IFRS S2.14(a)(ii)	Extent to which the assets and business activities at risk are considered within the definition of the undertaking's strategy, investment decisions, and current and planned mitigation actions (see paragraph AR8 of ESRS E1). Access to finance at an affordable cost of capital (see paragraph AR8 of ESRS E1).
DR related to ESRS IRO-1 – Description of the process to identify and assess climate-related IROs		
ESRS E1.20(a) and AR9–AR10	IFRS S2.25(a)	How the undertaking has screened activities and plans to identify actual and potential future greenhouse gas emissions and drivers for other climate-related impacts (see paragraph AR9(a) of ESRS E1). Assessed its actual and potential impacts on climate change (that is, its total greenhouse gas emissions) (see paragraph AR9(b) of ESRS E1).
ESRS E1.20(b) and AR11		Identification of climate-related hazards and the use of high-emission scenarios.
ESRS E1.20(c) and AR12		Transition events, using at least a scenario in line with limiting global warming to 1.5°C with no or limited overshoot.
ESRS E1.21, AR13 and AR15		Key drivers and the alignment of scenarios a) with state-of-the-art science, b) why the scenarios cover plausible risks and uncertainties, c) the forces and drivers taken into account in the scenarios, and d) the key inputs and constraints of the scenarios (see paragraph AR13 of ESRS E1). Explain how the climate scenarios used are compatible with those used in the financial statements (see paragraph AR15 of ESRS E1).

TABLE 4.2.2		
ESRS E1 disclosure requirements ('DRs') and related application requirements ('ARs')	**Reference to IFRS S2**	**Requirements not covered by IFRS S2**
ESRS E1-1 Transition plan for climate change mitigation		
ESRS E1.16(a) and AR2	IFRS S2. 14(a)(iv)	Explanation of how greenhouse gas emission reduction targets are compatible with 1.5°C.
ESRS E1.16(b)		Explanation of which decarbonisation levers are used and key actions planned by reference to greenhouse gas reduction targets and climate change mitigation actions.
ESRS E1.16(c)		Explanation and quantification of investments and funding supporting the transition plan (mitigation of greenhouse gas emissions).
ESRS E1.16(d) and AR3		Qualitative disclosure of potential locked-in emissions in key assets or products.
ESRS E1.16(e) and AR4		EU specific disclosure requirement on alignment of economic activities with the EU taxonomy on green activities.
ESRS E1.16(f) and AR5		Capital expenditure CapEX on coal, oil and gas related economic activities.
ESRS E1.16(g)		Exclusion from the EU Paris-aligned Benchmarks (Benchmark Regulation).
ESRS E1.16(h)		Alignment of transition plan with strategy and business model.
ESRS E1.16(i)		Whether the transition plan is approved by the management and governance bodies.
ESRS E1.16(j)	NA	Progress towards implementation of the transition plan.
ESRS E1.17	NA	Whether and when the undertaking will adopt a transition plan in case the undertaking does not have one.
DR E1-2 Policies related to climate change mitigation and adaptation		
ESRS E1.24	IFRS S2.25(a)	Description of the key content of policies.
ESRS E1.25	NA	Policies addressing: climate change mitigation; climate change adaptation; energy efficiency; renewable energy deployment.
DR E1-3 Actions and resources in relation to climate change		
ESRS E1.26, 28 and AR19–22	IFRS S2.14(a) (ii)–(iii) and (v) IFRS S2.14(b)	Linkage of actions and resources to mitigation and adaptation efforts.
ESRS E1.29(a) and AR19	NA	Key mitigation action by decarbonisation lever (such as energy efficiency, or use of renewable energy, products change). Outcome of climate change mitigation actions including achieved and expected greenhouse gas emissions reductions.
ESRS E1.29(b) and AR19	NA	Outcome of climate change mitigation actions including achieved and expected greenhouse gas emissions reductions. Measurable impacts for key mitigation actions, disaggregated by decarbonisation lever (see paragraph AR19 of ESRS E1).
ESRS E1.29(c) and AR20–AR22	IFRS S2.14(b) IFRS S2.21(b)	Financial resources for key actions to the line items in the financial statements, key performance indicators and CapEx plan. Extent to which ability to implement actions depends on availability and allocations of resources (see paragraph AR21 of ESRS E1).
DR E1-4 Targets related to climate change mitigation and adaption		
ESRS E1.34(b) and AR24	IFRS S2.36(a)–(c)	Requirement on use of Scope 2 location-based or market-based method (see paragraph AR24 of ESRS E1). Consistency between greenhouse gas reduction targets and the greenhouse gas inventory boundaries (see paragraph AR24 of ESRS E1). Extension of the requirements to subsidiaries (see paragraph AR24 of ESRS E1).

TABLE 4.2.2		
ESRS E1 disclosure requirements ('DRs') and related application requirements ('ARs')	**Reference to IFRS S2**	**Requirements not covered by IFRS S2**
ESRS E1.34(c) and AR25	IFRS S2.33(e)	Baseline value for the greenhouse gas emission reduction target and how it represents its activities and external influences (see paragraph AR25(a) of ESRS E1). Update of base year and baseline value every five years after 2023 (see paragraph AR25(c) of ESRS E1).
ESRS E1.34(d)	IFRS S2.33(d)	Greenhouse gas emissions reduction target value for 2030.
ESRS E1.34(e) and AR26–AR29	IFRS S2.33(h) IFRS S2.34(a)	Underlying policy and climate scenarios and whether they have been externally assured.
ESRS E1.34(f) and AR30–AR31	NA	Decarbonisation levers and their overall quantitative contributions to greenhouse gas emissions reduction targets broken down by Scope 1, Scope 2 and Scope 3 greenhouse gas emissions. Role of planned new technologies in greenhouse gas emission reduction achievement, and the climate scenarios considered (included at least one compatible with 1.5°C limit to global warming) to detect the developments that would determine the decarbonisation levers.
DR E1–5 Energy consumption and mix		
ESRS E1.35 and AR32	NA	Energy consumption and mix (perimeter, energy purposes, unit of measurement, final energy consumption, no offset, purchased energy, steam, heat, cooling, H2, etc.).
ESRS E1.37 and AR33–AR35		Energy consumption in MWh related to own operations by energy consumption from fossil sources (for high impact sectors), nuclear sources, and renewable sources disaggregated by consumption from: renewable sources, purchased energy from renewable sources, self-generated renewable energy.
ESRS E1.38 and AR33		Disaggregation of energy consumption from fossil sources by coal, oil, natural gas, other fossil sources for entities with operations in high climate impact sectors.
ESRS E1.39		Own energy production (renewable and non-renewable).
ESRS E1.40–42		Energy intensity per net turnover for activities in high climate impact sectors, high climate impact sectors used to determine the energy intensity.
ESRS E1.43 and AR36		Reconciliation of the net revenue denominator of the energy intensity ratio to the financial statements.
DR E1–6 Gross scopes 1, 2, 3 and total GHG emissions		
ESRS E1.44, AR39 and AR41–AR42	IFRS S2.29(a)(i)(1–3)	Reasons of choice of the emission factors (see paragraph AR39 of ESRS E1). Reference or link to calculation tools used (see paragraph AR39 of ESRS E1). Disaggregation of Scope 1, Scope 2 and Scope 3, or total greenhouse gas emissions (for example, by country, operating segment, economic activity, or source) (see paragraph AR41 of ESRS E1).
ESRS E1.47		Changes in the definition of reporting undertaking and effect on the year-to-year comparability.
ESRS E1.48 and AR43–AR44	IFRS S2.29(a)(i)(1)	Scope 1 greenhouse gas emission from regulated trading schemes (see paragraph 48(b) of ESRS E1). Provision to follow EU ETS methodology in reporting about activities that fall under its scope (see paragraph AR43 of ESRS E1). Provisions and formula to calculate the share of Scope 1 greenhouse gas emissions under ETS (see paragraph AR44 of ESRS E1). Reporting CO_2 biogenic emissions separately from Scope 1 greenhouse gas emissions (see paragraph AR43 of ESRS E1).

TABLE 4.2.2		
ESRS E1 disclosure requirements ('DRs') and related application requirements ('ARs')	**Reference to IFRS S2**	**Requirements not covered by IFRS S2**
ESRS E1.49 and AR45	IFRS S2.29(a)(i)(2)	Requirement to report market-based gross Scope 2 greenhouse gas emissions (paragraph B31 of IFRS S2 makes it optional, although disclosure of contractual instruments s required). Reporting indirect biogenic CO_2 emissions from purchased or acquired electricity, steam, heat and cooling separately from Scope 2 greenhouse gas emissions (see paragraph AR45 of ESRS E1). Report if CH_4 and N_2O emissions are not reported in the Scope 2 greenhouse gas emissions (see paragraph AR45 of ESRS E1).
ESRS E1.50(b)	IFRS S2.29(a)(i) (1–2)	Scope 1 and Scope 2 greenhouse emissions of sites, entities and assets under operational control whose assets are not included in the consolidated financial statements.
ESRS E1.51 and AR46	IFRS S2.29(a)(i)(3)	List of Scope 3 greenhouse gas emissions categories included in and excluded from the inventory with a justification for excluded Scope 3 categories. Reporting other indirect biogenic CO_2 emissions that occur in the upstream and downstream value chain separately from Scope 3 greenhouse gas emissions (see paragraph AR46 of ESRS E1).
ESRS E1.52 and AR47–AR52	NA	Total gross emissions, both location-based and market-based. Presentation requirement on table structure breaking down total greenhouse gas emission by scope (see paragraph AR48 of ESRS E1). Requirement to breakdown Scope 3 greenhouse gas emissions from cloud computing and data centre services, if material (see paragraph of AR51 of ESRS E1).
ESRS E1.53–55 and AR53–AR55	NA	Intensity of total greenhouse gas emissions in relation to net revenue.
Disclosure requirement ESRS E1 – GHG removals and GHG mitigation projects financed through carbon credits		
Greenhouse gas removals		
ESRS E1.58(a) and AR56–AR60	IFRS S2.36(e)(iii)	Greenhouse gas removals and storage in tonnes of CO_2eq in own operations or contributed to in its upstream and downstream value chain. Greenhouse gas removals and storage breakdown into: a) own operations, upstream and downstream in value chain; b) type of removal; c) type of greenhouse gas; d) type of storage (see paragraph AR57 of ESRS E1). If the removal activity qualifies as nature-based solution (see paragraph AR57 of ESRS E1). How the risk of non-permanence is managed, including determining and monitoring leakage and reversal events (see paragraph AR57 of ESRS E1). Calculation and presentation guidance (see paragraphs AR58–AR60 of ESRS E1).
ESRS E1.60 and Glossary of Terms used in ESRS	NA	Concept of net-zero target (Annex II to ESRS 'Terms defined in the ESRS') (linked to removals in own operations or value chain and after approximately 90–95%. reduction has been achieved, with no possibility of using carbon credits as in paragraph 36(e)(i) of IFRS S2). Explanation of scope, methodologies and frameworks applied if disclosing a net-zero target. How residual greenhouse gas emissions are intended to be neutralised by greenhouse gas removals.

TABLE 4.2.2

ESRS E1 disclosure requirements ('DRs') and related application requirements ('ARs')	Reference to IFRS S2	Requirements not covered by IFRS S2
Carbon credits		
ESRS E1.59 and AR61–AR63	IFRS S2.36(e)(i)–(iv)	Amount of carbon credits purchased from outside value chain and cancelled in the reporting period. Carbon credits include only those verified against recognised quality standards. Whether planned carbon credits purchases are based on existing contractual agreements or not. Whether use of carbon credits is separate from greenhouse gas emissions (not net accounting) and greenhouse gas emission reduction (not net targets) (see paragraph AR61 of ESRS E1). Share of greenhouse gas reduction and removal projects (outside value chain, linked to carbon credits) (see paragraph AR62 of ESRS E1). Share of projects in the EU (see paragraph AR62 of ESRS E1). Share qualifying as a corresponding adjustment (Art.6 Paris Agreement) (see paragraph AR62 of ESRS S1). Calculation and presentation guidance (see paragraph AR63 of ESRS E1).
ESRS E1.61		Whether and how greenhouse gas neutrality claims are accompanied by a greenhouse gas emission reduction target. Whether and how neutrality claims and use of carbon credits reduce achievement of greenhouse gas target. The credibility and integrity of carbon credits, by reference to recognised quality standards.
Disclosure requirement ESRS E1-8 – Internal Carbon Pricing		
ESRS E1.63(a)	IFRS S2.29(f)	Disclosure of type of carbon pricing scheme.
ESRS E1.63(b)	NA	Detailed disclosure of the scope of application.
ESRS E1.63(c) and AR65	IFRS S2.29(f) IFRS S1.21(b)(ii)	Disclosure of the critical assumption in determination of internal carbon prices. Consistency between internal carbon prices with prices used in the financial statements (see paragraph AR65 of ESRS E1).
ESRS E1.63(d)		Gross Scope 1, Scope 2 and Scope 3 greenhouse gas emission volumes covered by internal carbon pricing schemes and their relative share of the undertaking's total greenhouse gas emissions.
Disclosure requirement ESRS E1-9 – Anticipated financial effects from material physical and transition risks and potential climate-related opportunities		
ESRS E1.66(a) and AR69–AR70	IFRS S2.29(c)	Disaggregation between acute and chronic physical risk.
ESRS E1.66(b) and AR67	NA	Percentage of assets covered by climate change adaptation actions.
ESRS E1.66(c), AR67 and AR69	NA	Location of significant assets at material physical risk.
ESRS E1.66(d), AR67 and AR71	IFRS S2.29(b)–(c)	Impact on 'net revenue' (in IFRS S2 this is 'business activities', undefined term). Split between short, medium and long term.
ESRS E1.67(a) and AR72–AR73	IFRS S2.29(b)	Estimated amounts and percentage of stranded assets (assets with significant locked-in emissions) (see paragraph AR73(a) of ESRS E1). Breakdown of the carrying value of its real estate assets, including rights-of-use assets, by energy efficiency classes (see paragraph AR73(b) of ESRS E1).
ESRS E1.67(b) and AR73	IFRS S2.29(b)–(c)	Proportion of assets at material transition risks covered by climate change adaptation actions.
ESRS E1.67(c)	NA	Breakdown of the carrying value of real estate assets by energy efficiency classes.

TABLE 4.2.2		
ESRS E1 disclosure requirements ('DRs') and related application requirements ('ARs')	**Reference to IFRS S2**	**Requirements not covered by IFRS S2**
ESRS E1.67(d) and AR74	NA	Potential liabilities due to material transition risks.
ESRS E1.67(e)	NA	Relevant net revenue from customers in coal, oil and gas.
ESRS E1.68	IFRS S2.29(b)–(c) IFRS S1.21(b)(ii)	Reconciliation to financial statements of asset and net revenue at physical risk, and also liabilities at transition risk.
ESRS E1.69(a) and AR80	NA	Expected cost savings from climate change mitigation and adaptation actions. Nature of cost savings (see paragraph AR80 of ESRS E1).

ANNEX – Reliefs in ISSB Standards and in ESRS

Reliefs in ISSB Standards for climate-related information

Undue cost and effort

There are several instances in which ISSB Standards include a relief based on 'reasonable and supportable information that is available to the entity without undue cost or effort':

1. identification of climate-related risks and opportunities that could reasonably be expected to affect the entity's prospects (paragraph 11 of IFRS S2 and paragraph B6(a) of IFRS S1);
2. determination of the scope of the value chain (paragraph B36 of IFRS S2 and paragraph B6(b) of IFRS S1);
3. preparation of information about the anticipated financial effects of a climate-related risk or opportunity (paragraph 18 of IFRS S2);
4. preparation of information about climate-related transition risks, physical risks and opportunities (paragraph 30 of IFRS S2); and
5. selection of measurement approach, inputs and assumptions in measuring Scope 3 greenhouse gas emissions (paragraph B39 of IFRS S2).

Current and anticipated financial effects

Paragraphs 18–21 of IFRS S2 contain reliefs available to an entity for disclosing quantitative information about current and anticipated financial effects of climate-related risks or opportunities. When applicable, these reliefs allow the entity to provide only qualitative information about current and anticipated financial effects.

Scope 3 greenhouse gas emissions

Paragraph B57 of IFRS S2 contains a disclosure requirement which applies in the case that an entity determines that it is impracticable to estimate its Scope 3 greenhouse gas emissions (required in paragraph 29(a)(vi)(1) of IFRS S2). ESRS do not contain a relief from providing Scope 3 greenhouse gas emissions when impracticable, and therefore do not contain an equivalent disclosure requirement.

Reliefs in ESRS

1. *Reasonable effort in reporting value chain information (including Scope 3 greenhouse gas emissions)*

   Paragraph 69 of ESRS 1 identifies circumstances where the undertaking cannot collect the information about its upstream and downstream value chain as required by paragraph 63 of ESRS 1 after making reasonable efforts to do so. In these circumstances, the undertaking shall estimate the information to be reported about its upstream and downstream value chain, by using all reasonable and supportable information, such as sector-average data and other proxies.

   This relief is also applicable to the preparation of Scope 3 greenhouse gas emissions.

2. *Undue cost and effort in reporting value chain information*

   Paragraph AR17 of ESRS 1 further clarifies that when the undertaking develops estimates (see point 1 *Reasonable effort in reporting value chain information* above), the undertaking shall estimate the information to be reported using all reasonable and supportable information that is available to the undertaking at the reporting date without undue cost or effort. This includes, but is not limited to, internal and external information, such as data from indirect sources, sector-average data, sample analyses, market and peer groups data, other proxies or spend-based data.

3. *Quantification of financial effects for opportunities*

   Paragraph 70 of ESRS 1 contains a relief available to the entity for disclosing quantitative information about financial effects of climate-related opportunities. A quantification of the financial effects that arise from opportunities is not required if such a disclosure does not meet the qualitative characteristics of useful information included under Appendix B of ESRS 1.