

## Cover Note

### ESRS S1 – list of comments and changes to the draft

#### Background

- 1 EFRAG ran a public consultation on 13 ESRS Exposure Drafts (EDs) from the end of April 2022 to the 8 of August 2022.
- 2 The comments received are available at the following link:  
[News - EFRAG](#).
- 3 EFRAG run a number of outreach events with different stakeholders from different countries in June and July 2022.
- 4 The consultation was structured in two different Surveys:
  - (a) Survey 1 covers the general approach to the standards, contents of ESRS 1 and prioritisation/phasing-in and it also includes one question per each of the other 12 ESRS EDs;
  - (b) Survey 2 covers the detailed content of 12 ESRS EDs (excluding ESRS 1), with a number of sub-questions covering different aspects per each disclosure requirement.
- 5 EFRAG SRB received a presentation of the comments received in a joint meeting with the EFRAG SR TEG on 8 September. The document used for this presentation can be found at the link below:  
<https://www.efrag.org/Assets/Download?assetUrl=%2Fsites%2Fwebpublishing%2FMeeting%20Documents%2F2208191316296134%2F02-01%20-%20Survey%201%20results.pdf>
- 6 EFRAG has outsourced the analysis of comments received in the public consultation to an external consultant. Their report will be made publicly available in due course. A draft of the report for Survey 1 has been made available the EFRAG Secretariat to allow to progress in the subsequent analysis.

#### Purpose of this session

- 7 To discuss and approve the proposed detailed course of action to address the comments from the public consultation, including identification of topics that need to be further discussed (with the support of issue papers and SR TEG discussions) before a specific change to the standard is actually defined and agreed upon.

#### **EFRAG Secretariat assessment and recommended course of actions per each question in Survey 1 and Survey 2**

- 8 The EFRAG Secretariat has conducted an assessment of the comments received in the public consultation. **Agenda Paper 06-02 and 06-03** presents the outcome of this assessment. Per each comment the papers document the proposed course of action, with the following wording conventions:
  - (a) No action: the EFRAG Secretariat acknowledges the comment, however does not consider necessary or appropriate to propose a change to the standards in order to accommodate the comment/reservation/suggestion. The reasons for this are explained in the column 'EFRAG Secretariat comments'.

- (b) To be discussed: the EFRAG Secretariat considers that, due to different views that exist between different categories of stakeholders or due to the low support rate of this question in the statistics from the consultation or due to the complexity of the topic, a dedicated technical discussion is needed before a change to the draft standards can be defined in detail and agreed upon. In this case the column 'Issue paper needed?' shows in which Issue paper the topic will be covered. The issue papers will be presented at future SR TEG/SRB meetings (some of them have been already discussed in SR TEG/SRB at this stage).
- (c) To be aligned: the EFRAG Secretariat proposes to modify the text of the standard as illustrated in the column 'EFRAG Secretariat comments'.
- (d) To be considered: the EFRAG Secretariat proposes to consider this suggestion when finalizing the standard (differently from 'to be aligned', here the comment doesn't allow to immediately identify the change but further consideration is needed, without triggering a SRB discussion as the point is not as complex or controversial as it would be for the 'To be discussed').
- (e) Ongoing: the assessment/change to the standards is in progress.

9 Agenda Paper from 06-04 presents the outcome of the EFRAG Secretariat assessment.

#### **EFRAG Secretariat assessment and recommended course of actions per each disclosure requirement**

- 10 The EFRAG Secretariat has conducted an assessment of the individual disclosure requirements for each standard based on the feedback received to date, including the results of the public consultation. **Agenda Paper 06-04** presents the outcome of this assessment together with recommendations on the categorisation of the disclosure requirements for aspects such as sector-specificity and phase- in together with possible recommendations or operational complexity. The template includes a column 'Always material'. This is a preliminary assessment of whether the DR could be considered eligible (and on which basis) for a list of mandatory items, should the SRB finally decide that the materiality approach should include a list of mandatory items per each standard.

**Questions to SR TEG members and observers**

- 11 **Employee turnover** is not explicitly covered in ESRS S1 and, as per public consultation, this is a financial materiality performance measure that is useful for investors. Do you support adding employee turnover (per GRI Disclosure 401-1 New employees and employee turnover) to S1-7 (Characteristics of the Undertaking's Employees) per alignment with GRI and requests in the public consultation?
- 12 Do you support **GRI's suggestion for greater alignment** by moving S1-7 (Characteristics of the Undertaking's Employees), S1-8 (Characteristics of Non-employee Workers in the Undertaking's Own Workforce) and S1-22 (Collective Bargaining Coverage) to ESRS 2?
- 13 For Disclosure Requirement S1-9 – **Training and Skills Development**: do you consider para 57c “average expenses on training per full-time equivalent (FTE) for the reporting year” to be an essential indicator for financial materiality that should remain? Should equal weight be given to internal and external training efforts? Should a gender breakdown for DP 57a performance and career development reviews be included for closer alignment with GRI?
- 14 Do you consider the sustainability matter “**working time**” in CSRD 29b adequately covered by S1-7 (which reports on full/part/zero time contracts) and the development of sector-specific standards focusing on specific aspects of working time (seasonal work, night work, long shifts, etc.)?
- 15 Currently **the scope of S1-13 (Work-Life Balance)** only includes family-related leave, whereas there are other aspects to Work-Life Balance. How can we include other aspects of work-life balance while striking a balance with preparers' concerns? Should these enhancements be sector-specific?
- 16 Do you agree on **streamlining S1-15 (Social security eligibility coverage) and S1-20 (Differences in the provision of benefits to employees with different employment contract types)** to focus on access of workers to basic levels of social security?
- 17 Do you agree on **combining S1-18 – Discrimination incidents related to equal opportunities and S1-21 – Grievances and complaints related to other work-related rights in one DR?**
- 18 How do we best draft provisions that indicate that preparers are not requested to provide **sustainability information** in breach of national privacy laws? Should these provisions sit in ESRS S1 or CCS? (e.g. persons with disabilities)
- 19 With regard to **presentation of information**, do you agree with the proposal to consider an appendix within the sustainability statements to disclose the information required by S1-7 para 51 a)?
- 20 Do you have any other comments or suggestions on the ESRS S1 assessment analysis performed by EFRAG Secretariat?