



EFRAG SECRETARIAT ANALYSIS OF THE INDIVIDUAL DRs

ESRS S4 – SUMMARY

DR	DR DESCRIPTION	Overall support rate (average across categories)	Key outcome of the consultation	Reference to the CSRD paragraph that requires it	ESRS 2 including AGs support a fair representation of the topic required by the CSRD in cl. characteristics of quality ?	Relevant for majority of undertaking across the sectors?	Promoting alignment with international standards?	Operational complexity ?	TO BE ALWAYS MATERIAL	POSSIBLE SIMPLIFICATION	PHASE IN RECOMENDATION
S4-1	Policies related to consumers and end-users	65	<p><b>Key Feedback</b></p> <ul style="list-style-type: none"> <li>- Alignment with EU and international frameworks /initiatives</li> <li>- Definition /rephrasing required</li> <li>- Reduce complexity</li> </ul> <p><b>Support from</b></p> <ul style="list-style-type: none"> <li>- AR/I</li> <li>- AFPP</li> <li>- CO</li> </ul> <p><b>Reservation from</b></p> <ul style="list-style-type: none"> <li>- FII</li> <li>- FIB</li> <li>- BA</li> </ul>		<p><b>69% RAR</b></p> <p>Opposition from</p> <ul style="list-style-type: none"> <li>- FIB</li> <li>- FII</li> <li>- BA</li> </ul>	<b>70% RAR</b>	<p><b>66% RAR</b></p> <p>Opposition from</p> <ul style="list-style-type: none"> <li>- FIB</li> <li>- FII</li> <li>- BA</li> </ul>	<p>1) Not fully in line with international due diligence standards</p> <p>2) Disclosing and summarising human rights policies that companies have in place in relation to material impacts, risks and opportunities is common practice. Normal operational burden expected.</p> <p>Fine-tuning of definitions and alignment with international instruments of DD.</p>	Yes	<p>Clarification rather than simplification</p> <p>Fully align with UNGP and OECD Due Diligence Guidance</p>	<p><b>6 No phase-in; CSRD already allows for longer timeframe in the case of missing value chain information.</b></p> <p><b>3% RAR</b></p> <p>Opposition from</p> <ul style="list-style-type: none"> <li>- FIB</li> <li>- UNFC</li> <li>- BA</li> </ul>
S4-2	Processes for engaging with consumers and end-users about impacts	66	<p><b>Key Feedback</b></p> <ul style="list-style-type: none"> <li>- Alignment with EU and international frameworks /initiatives</li> <li>- Quantitative indicators</li> <li>- Digitisation requirements</li> <li>- Definition /rephrasing required</li> <li>- Phasing-in / prioritization</li> </ul>		<p><b>68% RAR</b></p> <p>Opposition from</p> <ul style="list-style-type: none"> <li>- FIB</li> <li>- FII</li> <li>- NFC-On</li> </ul>	<b>74% RAR</b>	<p><b>65% RAR</b></p> <p>Opposition from</p> <ul style="list-style-type: none"> <li>- BA</li> <li>- FIB</li> <li>- FII</li> </ul>	<p>1) Not fully in line with international due diligence standards</p> <p>2) This is a critical step of an undertaking's human rights due diligence process. Engaging value chain workers might require additional efforts compared to engaging the undertaking's own</p>	Yes	<p>Clarification rather than simplification</p> <p>1) Fully align with UNGP and OECD Due Diligence Guidance</p> <p>2) Where possible, consider including additional practical examples in AG.</p>	<p><b>No phase-in; CSRD already allows for longer timeframe in the case of missing value chain information.</b></p> <p><b>58% RAR</b></p> <p>Opposition from</p> <ul style="list-style-type: none"> <li>- FIB</li> <li>- FII</li> <li>- UNFC</li> </ul>



			<p><b>Support from</b></p> <ul style="list-style-type: none"> <li>- AR/I</li> <li>- BA</li> <li>- CO</li> </ul> <p><b>Reservation from</b></p> <ul style="list-style-type: none"> <li>- FIB</li> <li>- FII</li> <li>- BA</li> </ul>				<p>workforce. However, the requirement is to report on <i>general</i> processes, rather than overly detailed information. Normal operational burden expected.</p> <p>Fine-tuning of definitions and alignment with international instruments of DD.</p>				
S4-3	Channels for consumers and end-users to raise concerns	67	<p><b>Key Feedback</b></p> <ul style="list-style-type: none"> <li>- Definition /rephrasing required - Alignment with EU and international frameworks /initiatives</li> <li>- Quantitative indicators</li> <li>- Digitisation requirements</li> <li>- Architecture of Social standards</li> </ul> <p><b>Support from</b></p> <ul style="list-style-type: none"> <li>- ESG</li> <li>- RAA</li> <li>- TU</li> </ul> <p><b>Reservation from</b></p> <ul style="list-style-type: none"> <li>- FIB</li> <li>- FII</li> <li>- BA</li> </ul>		70% RAR	74% RAR	<p><b>62% RAR</b></p> <p>Opposition from</p> <ul style="list-style-type: none"> <li>- FIB</li> <li>- FII</li> <li>- Other</li> </ul>	<p>1) Not fully in line with international due diligence standards</p> <p>2) The DR asks undertakings to provide information on channels they have in place for value chain workers to raise concerns; it does not prescribe setting up such channels. Assessing value chain workers' trust in these processes might be challenging at times, but is aligned with due diligence.</p> <p>Fine-tuning of definitions and alignment with international instruments of DD.</p>	Yes	<p>Clarification rather than simplification</p> <p>Fully align with UNGP and OECD Due Diligence Guidance</p> <p>2) Where possible, include additional practical examples in AG.</p>	<p><b>No phase-in; CSRD already allows for longer timeframe in the case of missing value chain information.</b></p> <p><b>58% RAR</b></p> <p>Opposition from</p> <ul style="list-style-type: none"> <li>- FIB</li> <li>- FII</li> <li>- UNFC</li> </ul>
S4-4	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	65	<p><b>Key Feedback</b></p> <ul style="list-style-type: none"> <li>- Quantitative indicators</li> <li>- Definition /rephrasing required - Alignment with EU and international frameworks /initiatives</li> <li>- Digitisation requirements</li> <li>- Architecture of Social standards</li> </ul>		<p><b>69% RAR</b></p> <p>Opposition from</p> <ul style="list-style-type: none"> <li>- FIB</li> <li>- FII</li> <li>- NFC-On</li> </ul>	71% RAR	<p><b>62% RAR</b></p> <p>Opposition from</p> <ul style="list-style-type: none"> <li>- FIB</li> <li>- FII</li> <li>- Other</li> </ul>	<p>1) Not fully in line with international due diligence guidance</p> <p>2) The DR requires the disclosure of targets undertakings have in place, if any; it does not prescribe the disclosure of specific targets. The DR stems from the</p>	Yes	<p>Clarification rather than simplification</p> <p>1) Fully align with UNGP and OECD Due Diligence Guidance</p> <p>2) The DR should be read in connection with DP1-2 in ESRS</p> <p>1. Consider including clearer reference in AG to this,</p>	<p><b>No phase-in; CSRD already allows for longer timeframe in the case of missing value chain information.</b></p> <p><b>57% RAR</b></p> <p>Opposition from</p> <ul style="list-style-type: none"> <li>- BA</li> <li>- FIB</li> <li>- FII</li> </ul>



			<p>- Phasing-in / prioritization</p> <p><b>Support from</b></p> <ul style="list-style-type: none"> <li>- AR/I</li> <li>- RAA</li> <li>- TU</li> </ul> <p><b>Reservation from</b></p> <ul style="list-style-type: none"> <li>- FIB</li> <li>- FII</li> <li>- BA</li> </ul>				<p>CSRD, which requires undertakings to report on targets related to sustainability matters. Normal operational burden expected.</p> <p>Fine-tuning of definitions and alignment with international instruments of DD.</p>			- UNFC	
S4-5	Taking action on material impacts on consumers and end-users and effectiveness of those actions	67	<p><b>Key Feedback</b></p> <ul style="list-style-type: none"> <li>- Definition /rephrasing required</li> <li>- Alignment with EU and international frameworks /initiatives</li> <li>- Digitisation requirements</li> <li>- Questionable cost-benefit ratio</li> <li>- Ensuring assurability</li> <li>- Architecture of Social standards</li> </ul> <p><b>Support from</b></p> <ul style="list-style-type: none"> <li>- CO</li> <li>- ESG</li> <li>- NGO</li> </ul> <p><b>Reservation from</b></p> <ul style="list-style-type: none"> <li>- FIB</li> <li>- FII</li> <li>- BA</li> </ul>		70% RAR	75% RAR	<p>66% RAR</p> <p>Opposition from</p> <ul style="list-style-type: none"> <li>- FIB</li> <li>- FII</li> <li>- BA</li> </ul>	1) Not fully in line with international due diligence standards	Yes	<p>Clarification and simplification</p> <p>1) Align fully with UNGP and OECD Due Diligence Guidance</p>	<p>No phase-in; CSRD already allows for longer timeframe in the case of missing value chain information.</p> <p>56% RAR</p> <p>Opposition from</p> <ul style="list-style-type: none"> <li>- BA</li> <li>- FIB</li> <li>- FII</li> <li>- UNFC</li> </ul>
S4-6	Approaches to mitigating material risks and pursuing material opportunities related to consumers and end-users	66	<p><b>Key Feedback</b></p> <ul style="list-style-type: none"> <li>- Definition /rephrasing required</li> <li>- Alignment with EU and international frameworks /initiatives</li> <li>- Digitisation requirements</li> <li>- Architecture of Social standards</li> </ul>		70% RAR	73% RAR	<p>62% RAR</p> <p>Opposition from</p> <ul style="list-style-type: none"> <li>- FIB</li> <li>- FII</li> <li>- Other</li> </ul>	<p>1) Not fully in alignment with international due diligence standards</p> <p>2) The DR requires the disclosure of the actions of an undertaking to mitigate risks and advance opportunities. It does not prescribe the implementation</p>	Yes	No further actions	<p>No phase-in; CSRD already allows for longer timeframe in the case of missing value chain information.</p> <p>53% RAR</p> <p>Opposition from</p> <ul style="list-style-type: none"> <li>- BA</li> </ul>



			<b>Support from</b> - AR/I - CO - ESG  <b>Reservation from</b> - FIB - FII - BA - Other				of specific actions. Normal operational complexity expected.  This is a financial materiality disclosure with no equivalent international frameworks. No further actions.			- FIB - FII - Other - UNFC
--	--	--	--	--	--	--	--	--	--	-------------------------------------

ESRS 2 – DETAILED NOTES TO THE TABLE

Abbreviation Responders	Original
AR/I	Academic / research institution
AFPF	Audit firm, assurance provider and/or accounting firm
BA	Business association
CO	Consumer organization
ESG	ESG reporting initiatives
EUC	EU Citizen
FIB	Financial institution (Bank)
FII	Financial institution (Insurance)
FIO	Financial institution (Other financial Market participant, including pension funds and other asset managers)
NaSaSe	National Standard Setter
NFC-On	Non-financial corporation with securities listed on EU regulated markets
NFC-Out	Non-financial corporation with securities listed outside EU regulated markets
NGO	Non governmental organization
Other	
PARS	Public authority/regulator/supervisor



RAA	Rating agency and analyst
TU	Trade union or other workers representatives
UNFC	Unlisted non-financial corporations

Abbreviation Questions	Context
A	Requires relevant information about the sustainability matter covered
B	Requires information that is relevant for all sectors (sector-agnostic only information)
C	Can be verified / assured
D	Meets the other objectives of the CSRD in term of quality of information
E	Reaches a reasonable cost / benefit balance
F	Is sufficiently consistent with relevant EU policies and other EU legislation
G	Is as aligned as possible to international sustainability standards given the CSRD requirements
H	Represent information that must be prioritised in first year of implementation
I	Is well suited to be transformed in a digital reporting taxonomy that will avoid creating misunderstandings or practical complexities