

EFRAG SECRETARIAT ANALYSIS OF THE COMMENTS – Survey 2 – ESRS S3-S4

General Comments across), ESRS S3 (Affected communities) and ESRS S4 (Consumers and end-users)

ESRS S3 (Affected communities) – Q105: Please, rate to what extent do you think S3-1 – Policies related to affected communities – A-I

n.	Comment	Type	Already in TEG survey/ISSB alignment/GRI alignment	EFRAG Secretariat comments	EFRAG Secretariat conclusion (*)	Issue paper needed?
1	The key standard for alignment is ISSB and ISSB does not (yet) cover this topic.	Alignment with ISSB	No	There is no social standard yet under ISSB to take into account. The comment is more relevant for the discussion of higher alignment in CCS in SRB / SRT.	No action	No
2	Reporting information about the value chain could be very complex and burdensome, also with regard to costs, and lead to an information overload and unclarity.	Data accessibility (incl. value chain data)	NO	The CSRD provides for a longer timeframe to report on value chain issues and thus prepare for data collection. It is also important to note that ESRS S2-S3-S4 do not require the disclosure of quantitative KPIs; these will be included at a later stage in sector-specific standards. Sector-agnostic DRs provide for the disclosure of info on systems and processes set up by undertakings' themselves. Issue paper on reporting boundaries.	No action	No

n.	Comment	Type	Already in TEG survey/ISSB alignment/GRI alignment	EFRAG Secretariat comments	EFRAG Secretariat conclusion (*)	Issue paper needed?
3	<p>Reporting quality is questionable since only reporting on policies and providing summary is asked; lot of reporting efforts compared to the expected insights for communities. It is questionable if they require relevant insights - policy compared to effects in practice. Furthermore, it raises the question why only indigenous communities are highlighted (S3-1 13) and not other communities.</p>	Quality of information	No	<p>ESRS S3 focuses on qualitative disclosures given the company-specific nature of human rights due diligence. The level of granularity will correspond to the undertaking's centric IRO assessment.</p> <p>Reference is made to indigenous peoples specifically in line with the CSRD requirements and in light of specific rights of indigenous peoples.</p>	No action	No
3	<p>Paragraph 1 appears very broad and not aligned with the proportionality approach established in the CSRD final version (Art. 29b, par. 2b)</p> <p>ESRS S3 is much overly detailed compared to what is expected in CSRD. It does not introduce any notion of stakeholder prioritization. The undertaking should only report on the significant impacts/risks/opportunities, it is therefore necessary to specify the selection of these risks as a filter prior to the implementation of the disclosure requirements.</p>	Alignment with EU legislation - CSRD	No	<p>ESRS S3 is to be read in conjunction with cross-cutting standards. ESRS 1, Appendix C provides guidance in relation to due diligence and the issue of undertakings' involvement with identified potential and actual impacts. Issue paper on due diligence.</p>	No action	No

n.	Comment	Type	Already in TEG survey/ISSB alignment/GRI alignment	EFRAG Secretariat comments	EFRAG Secretariat conclusion (*)	Issue paper needed?
4	The SFDR-relevant data points of this DR should be prioritised	Alignment with EU legislation - SFDR (PAI)	No	SFDR PAIs not subject to rebuttable presumption.	No action	No
5	Add disclosure point on alignment with UNGC principles / OECD, preferably including all the alignment points required for EU Taxonomy (minimum social safeguards)	Alignment with EU legislation - EU Taxonomy	No	Table available in the ESRS S2 Basis for Conclusion (mapping of DRs against CSRD, SFDR, OECD Guidelines and UNGPs as well as other reporting frameworks such as GRI). Issue paper on due diligence addresses this further.	No action	No
6	Allow for information to be provided in table format to avoid fragmentation; companies could disclose if they have policies / grievance / complaint handling mechanisms to address violations in relation to the respective business codes etc. and in another column if breaches on the same have happened in the reporting year followed by a column indicating ongoing issues which started in another reporting period.	Format reporting	No	Tagging should address this concern	No action	No

n.	Comment	Type	Already in TEG survey/ISSB alignment/GRI alignment	EFRAG Secretariat comments	EFRAG Secretariat conclusion (*)	Issue paper needed?
7	It will be essential to ensure an aligned use of terminology so that tagging of key words will be enabled and used in the digital reporting taxonomy. If tagging of all information is not required (yet) it is important to provide reference tables in the sustainability statements with anchored hyperlinks to facilitate access to information, avoid the loss of information, and support comparability of data.	Digital tagging	No	Issue addressed within EFRAG	No action	No
8	High volume of granular information about the policies carries the risk of information overload and is therefore questionable from the cost/benefit considerations. The focus should be on the summary of the content of the policies	Questionable cost-benefit ratio	No	Cost-benefit analysis in progress. In general, this will be considered in the context of discussions on reducing complexity, phasing-in and prioritisation. Moreover, the DR indeed requires a summary of the policy.	No action	No
9	Clarify how the CSRD and the proposal for the CS3D interact with each other.	Alignment with EU legislation - CS3D	No	CSRD explicitly requires the integration of UNGPs and EU standards are meant to provide framework for HREDD reporting. It is not foreseen to include disclosure requirements in ESRS that anticipate final legislative decisions.	No action	No

n.	Comment	Type	Already in TEG survey/ISSB alignment/GRI alignment	EFRAG Secretariat comments	EFRAG Secretariat conclusion (*)	Issue paper needed?
10	General requirements on communities should be minimal to concentrate on high community intense sectors	Sector-specific	No	Sector standards under development.	No action	No
11	<p>S3 draft is only risk / “affected” oriented and could also integrate positive approaches</p> <p>The focus of ESRS S3 is on presenting risks, not opportunities. Possible to include information about impact on local economic activity, for example in the area of employment.</p>	Include opportunities	No	One of the objectives of S3 is clearly defined as the disclosure of opportunities linked to affected communities. S3 includes a number of DRs where undertakings may disclose related opportunities (S3-4 targets and S3-6).	To be discussed	No
12	<p>Policies and actions leading to the development of a more inclusive society could be better underlined; The participation in bodies representing the profession could also usefully be added</p> <p>Relations with the entity's stakeholders such as international NGOs and academics are not considered in this reporting.</p>	Definition adjustment / rephrasing required	No	While not in S3-1, but in S3-2, the standard requests info on the engagement of affected communities as well as legitimate representatives and credible proxies.	No action	No

n.	Comment	Type	Already in TEG survey/ISSB alignment/GRI alignment	EFRAG Secretariat comments	EFRAG Secretariat conclusion (*)	Issue paper needed?
13	The definition is unclear and should be more precise. It mentions communities that can live near by the organization's operations and also those living at a distance. Hence, it is quite impossible for entities to figure out who are the affected communities.	Vague definition of the term affected communities	No	Fine-tune definition of affected communities. Issue paper on definitions.	To be discussed	Yes
14	It is also necessary to clarify the reporting obligations so that the undertaking reports only on what it does. Some impact assessments of the actions implemented will not be verifiable, it is necessary to limit the DR on the presentation of the policies and actions implemented. For those reasons, we consider that the topic should be addressed in ESRS 2 and in the governance standards.	Information is difficult to collect	No	S3 requests undertakings to report on processes and systems it has in place, if any. ESRS S3 should already be read in conjunction with ESRS 2.	No actions	No

n.	Comment	Type	Already in TEG survey/ISSB alignment/GRI alignment	EFRAG Secretariat comments	EFRAG Secretariat conclusion (*)	Issue paper needed?
15	Given the information that is requested, it does not seem necessary to have a dedicated standard to the affected communities. Specific information could be required in other parts of the reporting and be coupled with other specific stakeholders' information (e.g., customers and suppliers) in the part related to governance factors as it is requested in CSRD.	Restructure the standards	Yes (GRI.S3-1.P14a+c; GRI.S3-2; GRI.S3-3)	This reflects the structure of standards per affected stakeholder groups on social matters with cross-references to other ESRS where applicable.	No action	No

ESRS S3 (Affected communities) – Q106: Please, rate to what extent do you think S3-2 – Processes for engaging with affected communities about impacts – A-I

n.	Comment	Type	Already in TEG survey/ISSB alignment/GRI alignment	EFRAG Secretariat comments	EFRAG Secretariat conclusion (*)	Issue paper needed?
1	The key standard for alignment is ISSB and ISSB does not (yet) cover this topic.	Alignment with ISSB	No	There is no social standard yet under ISSB to take into account. The comment is more relevant for the discussion of higher alignment in CCS in SRB / SRT.	No action	No

n.	Comment	Type	Already in TEG survey/ISSB alignment/GRI alignment	EFRAG Secretariat comments	EFRAG Secretariat conclusion (*)	Issue paper needed?
2	Reporting quality is questionable since only reporting on general processes is required	Quality of information	No	DRs are based on UNGPs and OECD Guidelines. At sector-agnostic level, it is not possible to require more specific quantitative DRs for affected communities. Sector-specific DRs will include quantitative KPIs.	No action	No
3	It will be essential to ensure an aligned use of terminology so that tagging of key words will be enabled and used in the digital reporting taxonomy. If tagging of all information is not required (yet) it is important to provide reference tables in the sustainability statements with anchored hyperlinks to facilitate access to information, avoid the loss of information, and support comparability of data.	Digital tagging	No	Issue addressed within EFRAG	Ongoing	No
4	Standard is too narrative	Quality of information	No	DRs are based on UNGPs and OECD Guidelines. At sector-agnostic level, it is not possible to require more specific quantitative DRs for affected communities. Sector-specific DRs will include quantitative KPIs.	No action	No

ESRS S3 (Affected communities) – Q107: Please, rate to what extent do you think S3-3 – Channels for affected communities to raise concerns – A-I

n.	Comment	Type	Already in TEG survey/ISSB alignment/GRI alignment	EFRAG Secretariat comments	EFRAG Secretariat conclusion (*)	Issue paper needed?
1	The key standard for alignment is ISSB and ISSB does not (yet) cover this topic.	Alignment with ISSB	No	There is no social standard yet under ISSB to take into account. The comment is more relevant for the discussion of higher alignment in CCS in SRB / SRT.	No action	No
2	Include disclosure about whistleblowing systems for external people regarding situations that are contrary to the company's code of conduct in order to identify granular risks in the value chain	Definition adjustment / Rephrasing required	Yes	This is covered under the Governance standards mirroring the structure of the CSRD where such matter is covered under governance.	No action	No
3	It will be essential to ensure an aligned use of terminology so that tagging of key words will be enabled and used in the digital reporting taxonomy. If tagging of all information is not required (yet) it is important to provide reference tables in the sustainability statements with anchored hyperlinks to facilitate access to information, avoid the loss of information, and support comparability of data.	Digital tagging	No	Issue addressed within EFRAG	To be aligned	No

4	Less narrative will be welcomed. Points 3-2 and 3-3 could be consolidated.	Consolidation of requirements	Yes (GRI.S4-1.P13a+c; GRI.S4-2; GRI.S4-3)	This reflects the structure of standards per stakeholder group with cross-references to other ESRS where applicable.	No action	No
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ESRS S3 (Affected communities) – Q108: Please, rate to what extent do you think S3-4 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities – A-I

n.	Comment	Type	Already in TEG survey/ISSB alignment/GRI alignment	EFRAG Secretariat comments	EFRAG Secretariat conclusion (*)	Issue paper needed?
1	Suggestion to make S3-4, S3-5 and S3-6 only optional for the first application.	Consider phase-in of disclosure requirements	No	Discussion on phasing-in / prioritization in TEG and Board is taking place to strike a balance between user needs and preparers' concerns.	To be discussed	No

n.	Comment	Type	Already in TEG survey/ISSB alignment/GRI alignment	EFRAG Secretariat comments	EFRAG Secretariat conclusion (*)	Issue paper needed?
2	The DR does not provide for any parameter for the definition of targets and plans. In particular, how to define targets in the absence of performance indicators should be indicated.	Definition adjustment / Rephrasing required	No	<p>ESRS Cross-Cutting standards provide guidance on target-setting. Refer to Disclosure Principle 1-2 under ESRS 1 for guidance on how undertakings should define targets.</p> <p>It is not possible to mandate the disclosure of a specific target for human rights in S3 due to company and industry-specific considerations that do not allow relevant sector-agnostic target setting in this regard.</p>	No action	No
3	The key standard for alignment is ISSB and ISSB does not (yet) cover this topic.	Alignment with ISSB	No	<p>There is no social standard yet under ISSB to take into account. The comment is more relevant for the discussion of higher alignment in CCS in SRB / SRT.</p>	No action	No

n.	Comment	Type	Already in TEG survey/ISSB alignment/GRI alignment	EFRAG Secretariat comments	EFRAG Secretariat conclusion (*)	Issue paper needed?
4	Not all targets measurable in this DR. It is less likely to have measurable targets for communities at a consolidated level. Suggestion not to ask for targets but rather the detail of qualitative objectives of the policies. In addition, we would suggest only keeping the target on reducing the number of hot spots (human risks in affected communities).	KPI adjustment	No	<p>The DR is meant to be read in conjunction with DP 1-2 of ESRS 1, as well as with DR S3-4 Application Guidance. Both provide indications of how undertakings can set meaningful outcome-oriented targets for people; the requirement does not oblige setting targets, but only reporting those that are in place.</p> <p>Moreover, the CSRD requires the disclosure of targets for undertakings' sustainability matters.</p>	No action	No
5	Compared to the title of the DR the words 'material' are lacking in 26a and 26b creating an administrative burden since a materiality check doesn't seem to be applicable resulting in a broad scope of the DR.	Definition adjustment / Rephrasing required	No	The DR requires the disclosure of targets a company has in place; materiality is built in the standard itself.	No action	No

n.	Comment	Type	Already in TEG survey/ISSB alignment/GRI alignment	EFRAG Secretariat comments	EFRAG Secretariat conclusion (*)	Issue paper needed?
6	It will be essential to ensure an aligned use of terminology so that tagging of key words will be enabled and used in the digital reporting taxonomy. If tagging of all information is not required (yet) it is important to provide reference tables in the sustainability statements with anchored hyperlinks to facilitate access to information, avoid the loss of information, and support comparability of data.	Digital tagging	No	Issue addressed within EFRAG	To be discussed	No
7	All information relating to the material risks should be quantified with metrics that can be evaluated by risk management frameworks like operational risks in the Basel or Solvency EU regulations.	KPI adjustment	Yes	Due to the context-specificity of human rights, it would be counter effective to request the disclosure of given KPIs to all companies under the CSRD.	No action	No

ESRS S3 (Affected communities) – Q109: Please, rate to what extent do you think S3-5 – Taking action on material impacts on affected communities and effectiveness of those actions – A-I

n.	Comment	Type	Already in TEG survey/ISSB alignment/GRI alignment	EFRAG Secretariat comments	EFRAG Secretariat conclusion (*)	Issue paper needed?
1	The key standard for alignment is ISSB and ISSB does not (yet) cover this topic.	Alignment with ISSB	No	There is no social standard yet under ISSB to take into account. The comment is more relevant for the discussion of higher alignment in CCS in SRB / SRT.	No action	No
2	Rename DR S3-5 and S3-6 to clarify that DR S3-5 is about the risks and opportunities arising from the undertaking's operations on affected communities, while DR S3-6 is about the risks and opportunities arising for the undertaking due to affected communities.	Definition adjustment / Rephrasing required	No	DR S3-5 is about impacts on affected communities; it would be confusing and inconsistent with the rest of the standards to speak about risks on affected communities. Wording reflects focus on people of the S standards.	No action	No
3	Not clear how this requirement is in line with the information quality criteria	Quality of information	No	No specific recommendation on how to improve the standard. S3 has been developed in connection to S1, S2 and S4, all of which have been drafted against the quality criteria set for the standards.	No action	No

n.	Comment	Type	Already in TEG survey/ISSB alignment/GRI alignment	EFRAG Secretariat comments	EFRAG Secretariat conclusion (*)	Issue paper needed?
4	DR seems to search for completeness (wording as 'any additional') which is burdensome and does not necessarily lead to meaningful information	Definition adjustment / Rephrasing required	No	“Any additional” refers to the requirement for undertakings to report on social investments or other development programmes in place with the primary purpose of contributing to local communities’ needs – over and above the requirement to report on what action is planned or underway to prevent, mitigate or remedy material negative impacts on affected communities that are connected to the undertaking’s operations, products or services. Deleting ‘any additional’ does not appear to change meaning of the DR.	No action	No
5	It will be essential to ensure an aligned use of terminology so that tagging of key words will be enabled and used in the digital reporting taxonomy. If tagging of all information is not required (yet) it is important to provide reference tables in the sustainability statements with anchored hyperlinks to facilitate access to information, avoid the loss of	Digital tagging	No	Issue addressed within EFRAG	Ongoing	No

n.	Comment	Type	Already in TEG survey/ISSB alignment/GRI alignment	EFRAG Secretariat comments	EFRAG Secretariat conclusion (*)	Issue paper needed?
	information, and support comparability of data					
6	DR too specific to a reduced number of sectors.	Sector-specific standards	No	ESRS S3 has been drafted to ensure applicability at sector-agnostic level. Sector-specific standards to address sector-specific considerations.	No action	No

ESRS S3 (Affected communities) – Q110: Please, rate to what extent do you think S3-6 – Approaches to mitigating material risks and pursuing material opportunities related to affected communities – A-I

n.	Comment	Type	Already in TEG survey/ISSB alignment/GRI alignment	EFRAG Secretariat comments	EFRAG Secretariat conclusion (*)	Issue paper needed?
1	The key standard for alignment is ISSB and ISSB does not (yet) cover this topic.	Alignment with ISSB	No	There is no social standard yet under ISSB to take into account. The comment is more relevant for the discussion of higher alignment in CCS in SRB / SRT.	No action	No

n.	Comment	Type	Already in TEG survey/ISSB alignment/GRI alignment	EFRAG Secretariat comments	EFRAG Secretariat conclusion (*)	Issue paper needed?
2	Rename DR S3-5 and S3-6 to clarify that DR S3-5 is about the risks and opportunities arising from the undertaking's operations on affected communities, while DR S3-6 is about the risks and opportunities arising for the undertaking due to affected communities.	Definition adjustment / Rephrasing required	No	DR S3-5 is about impacts on affected communities; it would be confusing and inconsistent with the rest of the standards to speak about risks on affected communities. Unclear what concern with current wording is.	No action	No
3	clarification is needed on what is expected on the pursuance of material opportunities	Include opportunities	No	AG provides guidance for opportunities-related DRs. It is important to note that opportunities related to consumers are very much context and industry specific.	No action	No
4	It will be essential to ensure an aligned use of terminology so that tagging of key words will be enabled and used in the digital reporting taxonomy. If tagging of all information is not required (yet) it is important to provide reference tables in the sustainability statements with anchored hyperlinks to facilitate access to information, avoid the loss of information, and support comparability of data.	Digital tagging	No	Issue addressed within EFRAG	Ongoing	No

ESRS S4 (Consumers and end-users) – Q111: Please, rate to what extent do you think S4-1 – Policies related to consumers and end-users – A-I

n.	Comment	Type	Already in TEG survey/ISSB alignment/GRI alignment	EFRAG Secretariat comments	EFRAG Secretariat conclusion (*)	Issue paper needed?
1	Consumers and end-users are key stakeholders. The draft S4 should be further enriched with key KPIs.	KPI adjustment	No	Sector-specific standards will include quantitative KPIs; quantitative KPIs for S2-S4 are not appropriate at sector-agnostic level given the company and industry-specific nature of human rights IROs.	No action	No
2		Excessive granularity	Yes (OR.S4.Objective)	Level of granularity to be discussed at SRB/SRT level.	To be discussed	No

n.	Comment	Type	Already in TEG survey/ISSB alignment/GRI alignment	EFRAG Secretariat comments	EFRAG Secretariat conclusion (*)	Issue paper needed?
3	<p>High volume of granular information about the policies carries the risk of information overload and is therefore questionable from the cost/benefit considerations; focus should be on the summary of the content of the policies</p> <p>Quite a lot of reporting efforts (listing policies and commitments to policies, summarizing, providing input on communication lines, possibility of adding references) compared to the expected insights for consumers and end-users. It is questionable if they result in relevant insights for stakeholders - policy compared to effects in practice</p>	Questionable cost-benefit ratio	No	<p>Cost-benefit analysis in progress. In general, this will be considered in the context of discussions on reducing complexity, phasing-in and prioritisation.</p>	Ongoing	No

n.	Comment	Type	Already in TEG survey/ISSB alignment/GRI alignment	EFRAG Secretariat comments	EFRAG Secretariat conclusion (*)	Issue paper needed?
4	<p>AG 9 appears very broad and not aligned with the proportionality approach established in the CSRD final version (Art. 29b, par. 2b)</p> <p>Consumers and end-users are not mentioned at any point of the final version of the CSRD. There is however a mention of the customers in the CSRD in Article 1, Article 29b defining the sustainability reporting standards and specifically focused on the management and the quality of relationships with customers. The draft ESRS S4 is much overly detailed compared to what is expected in CSRD. The DRs should be limited to the management and the quality of relationships with customers, as requested on CSRD, and could be merged to other DR related to the management and the quality of relationships with stakeholders mentioned in the directive (suppliers and communities affected)</p>	Alignment with EU legislation - CSRD	No	CSRD requires disclosure of impacts along the undertaking's value chain; and requires standards to specify disclosures for a given list of international frameworks/conventions. One of these, the Charter of Fundamental Rights of the European Union, includes consumer protection under Art. 38.	No action	No

n.	Comment	Type	Already in TEG survey/ISSB alignment/GRI alignment	EFRAG Secretariat comments	EFRAG Secretariat conclusion (*)	Issue paper needed?
5	Requirements of the ESRS should be aligned with the requirements of the proposal for a CS3D (COM(2022) 71 final); it should be further clarified how the CSRD and the CS3D interact with each other.	Alignment with EU legislation – CS3D	No	It is not foreseen to include disclosure requirements in ESRS that anticipate final legislative decisions. However, the ESRS should be adjusted as appropriate after law comes into force.	No action	No
6	Standard would duplicate many regulations on consumer information (e.g.: digital passport, etc.). Given the information that is requested in CSRD, it does not seem necessary to have a dedicated standard to the customers	Alignment with EU legislation		CSRD requires disclosure of impacts along the undertaking's value chain; and requires standards to specify disclosures for a given list of international frameworks/conventions. One of these, the Charter of Fundamental Rights of the European Union, includes consumer protection under Art. 38.	No action	No

n.	Comment	Type	Already in TEG survey/ISSB alignment/GRI alignment	EFRAG Secretariat comments	EFRAG Secretariat conclusion (*)	Issue paper needed?
7	<p>Delete reference to stakeholders in para. 13(a) and (c) and to only refer to the category of “consumers and end-users” to avoid confusion</p> <p>Distinction between consumer/end-user and customer is important, since the undertaking has less leverage on consumers/end-users than on customers</p> <p>DR is missing criteria on Health and Safety, which are more a customer/end-user issue. Environment could also have been added more explicitly.</p> <p>Paragraph 13 sometimes refers to consumers and end-users, and sometimes to ‘all stakeholders’. This is a lack of clarity that should be remedied by stating clearly that this paragraph only refers to human rights commitments that are relevant to consumers and end-users.</p>	Definition adjustment / rephrasing required	Yes (TEG.S4-2.P18b; TEG.S4-4.P24)	<p>Fine-tune definitions. Issue paper on definitions.</p> <p>Sector-specific standards will address specific sub-topics in more detailed.</p> <p>Proposal to update paragraph 13 with “human rights commitments that are relevant to consumers and end-users”.</p>	<p>To be discussed</p> <p>No action</p> <p>To be aligned</p>	<p>Yes</p> <p>No</p> <p>No</p>
8	The key standard for alignment is ISSB and ISSB does not (yet) cover this topic.	Alignment with ISSB	No	There is no social standard yet under ISSB to take into account. The comment is more relevant for the discussion of higher alignment in CCS in SRB / SRT.	No action	No

n.	Comment	Type	Already in TEG survey/ISSB alignment/GRI alignment	EFRAG Secretariat comments	EFRAG Secretariat conclusion (*)	Issue paper needed?
9	Add disclosure point on alignment with UNGC principles / OECD, preferably including all the alignment points required for EU Taxonomy (minimum social safeguards)	Alignment with EU legislation – EU Taxonomy	No	Table available in the ESRS S2 Basis for Conclusion (mapping of DRs against CSRD, SFDR, OECD Guidelines and UNGPs as well as other reporting frameworks such as GRI).	No action	No
10	It will be essential to ensure an aligned use of terminology so that tagging of key words will be enabled and used in the digital reporting taxonomy. If tagging of all information is not required (yet) it is important to provide reference tables in the sustainability statements with anchored hyperlinks to facilitate access to information, avoid the loss of information, and support comparability of data.	Digital tagging	No	Issue addressed within EFRAG	Ongoing	No

n.	Comment	Type	Already in TEG survey/ISSB alignment/GRI alignment	EFRAG Secretariat comments	EFRAG Secretariat conclusion (*)	Issue paper needed?
11	The DRs that are part of ESRS S4 is already incorporated and connected with other standards, for instance pollution is already reported for the supply chain etc. This means that the added value of ESRS S4 is limited with the exception of DR ESRS S4-3 which is the possibility of consumers and end users to flag concerns. Suggest skipping the DRs in ESRS S4, except for S4-3. Possibly the information that is part of ESRS S4 could be integrated in sector-specific standards.	Architecture of social standards	Yes (GRI.S4-1.P13a+c; GRI.S4-2; GRI.S4-3)	This reflects the structure of standards per stakeholder group with cross-references to other ESRS where applicable. Discussions on amending the CCS/due diligence via issue paper on due diligence. Discussion are going on at SRT and SRB.	To be discussed	No

ESRS S4 (Consumers and end-users) – Q112: Please, rate to what extent do you think S4-2 – Processes for engaging with consumers and end-users about impacts– A-I

n.	Comment	Type	Already in TEG survey/ISSB alignment/GRI alignment	EFRAG Secretariat comments	EFRAG Secretariat conclusion (*)	Issue paper needed?
1	Both requirements make mandatory an information requirement that is only optional in international standards; suggest a strong simplification of this requirement	Alignment with international standards	No	The DR is aligned with due diligence. The CSRD requires disclosure of impacts along the undertaking's value chain; and requires standards to specify disclosures for a given list of international frameworks/conventions. One of these, the Charter of Fundamental Rights of the European Union, includes consumer protection under Art. 38.	No action	No
2	The key standard for alignment is ISSB and ISSB does not (yet) cover this topic.	Alignment with ISSB	No	There is no social standard yet under ISSB to take into account. The comment is more relevant for the discussion of higher alignment in CCS in SRB / SRT.	No action	No

3	<p>In terms of wording, “monitoring customer satisfaction” might be more relevant than engaging with customers or channels to raise concern (in S4-2 and S4-3). Since the role of an undertaking is to respond to customers’ needs, they are engaging and listening to them</p> <p>The wording 'potential material risks' could be too broad</p>	Definition adjustment / rephrasing required	No	<p>It is unclear how the suggestion would improve current draft.</p> <p>This is to ensure alignment with due diligence, which requires assessing both potential and actual impacts.</p>	<p>No action</p> <p>No action</p>	<p>No</p> <p>No</p>
4	<p>Disclosures about stakeholder engagement should be integrated into ESRS 2, DR 2-SBM 2, so that they become mandatory for all reporting companies. This would also be in line with the GRI approach. Alternatively, 2SBM-2 could be amended to require a description of the process of and engagement with stakeholders in general, while sector-specific standards would then define which disclosures related to engagement with specific stakeholders are mandatory.</p>	Architecture of social standards	Yes (GRI.S4-1.P13a+c; GRI.S4-2; GRI.S4-3);	<p>This reflects the structure of standards per stakeholder group with cross-references to other ESRS where applicable. Discussions on amending the CCS/due diligence via issue paper on due diligence. Discussion are going on at SRT and SRB.</p>	To be discussed	No

3	It will be essential to ensure an aligned use of terminology so that tagging of key words will be enabled and used in the digital reporting taxonomy. If tagging of all information is not required (yet) it is important to provide reference tables in the sustainability statements with anchored hyperlinks to facilitate access to information, avoid the loss of information, and support comparability of data.	Digital tagging	No	Issue addressed within EFRAG	To be aligned	No
4	Positive practices could also be underlined, such as VOC (Voice of the Customer), Customer Satisfaction, number of customer consultations prior to a product launch, number of customer tests, governance of these issues (existence of a dedicated Chief Customer Officer responsible of these subject) inclusion in the remuneration	Include opportunities	No	One of the objectives of S4 is clearly defined as the disclosure of opportunities linked to consumers. S4 includes a number of DRs where undertakings may disclose related opportunities (S4-4 targets and S4-6), which can be used to include such types of information.	No action	No

ESRS S4 (Consumers and end-users) – Q113: Please, rate to what extent do you think S4-3 – Channels for consumers and end-users to raise concerns – A-I

n.	Comment	Type	Already in TEG survey/ISSB alignment/GRI alignment	EFRAG Secretariat comments	EFRAG Secretariat conclusion (*)	Issue paper needed?
1	The key standard for alignment is ISSB and ISSB does not (yet) cover this topic.	Alignment with ISSB	No	There is no social standard yet under ISSB to take into account. The comment is more relevant for the discussion of higher alignment in CCS in SRB / SRT.	No action	No
2	Quite hard to provide information on 'trust' (22) by reporting entities. Suggest adding to ESRS DR S4-3: GRI Disclosure 2-25 requirement 'how the stakeholders who are intended users of a grievance mechanism are involved in the design, review, operation and improvement of these mechanisms'	Definition adjustment / rephrasing required	No	AG35 and AG36 provide guidance on this. Consider adding proposed wording to AG “how the stakeholders who are intended users of a grievance mechanism are involved in the design, review, operation and improvement of these mechanisms”, e.g. under DR4-3 AG3.	No action To be aligned	No

3	It will be essential to ensure an aligned use of terminology so that tagging of key words will be enabled and used in the digital reporting taxonomy. If tagging of all information is not required (yet) it is important to provide reference tables in the sustainability statements with anchored hyperlinks to facilitate access to information, avoid the loss of information, and support comparability of data.	Digital tagging	No	Issue addressed within EFRAG	Ongoing	No
4	Indicative and more precise KPI could include numbers of complains, rate of resolution, mean time of resolution and percentage of activity using a CRM	KPI adjustment	No	Sector-specific standards will include quantitative KPIs; quantitative KPIs for S2-S4 are not appropriate at sector-agnostic level given the company and industry-specific nature of human rights IROs.	No action	No

ESRS S4 (Consumers and end-users) – Q114: Please, rate to what extent do you think S4-4 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities– A-I

n.	Comment	Type	Already in TEG survey/ISSB alignment/GRI alignment	EFRAG Secretariat comments	EFRAG Secretariat conclusion (*)	Issue paper needed?
1	S4-4, S4-5 and S4-6 only optional for the first application	Phase in disclosure requirements over time	Yes (TEG.S4-1)	Discussion on phasing-in / prioritization in TEG and Board is taking place to strike a balance between user needs and preparers' concerns.	To be discussed	No

n.	Comment	Type	Already in TEG survey/ISSB alignment/GRI alignment	EFRAG Secretariat comments	EFRAG Secretariat conclusion (*)	Issue paper needed?
2	<p>DR does not provide for any parameter for the definition of targets and plans, in particular, how to define targets in the absence of performance indicators should be indicated</p> <p>The phrase 'shall explain' in the DR is too vague compared to the specifics in for example 28.</p> <p>Compared to the title of the DR the words 'material' are lacking in 24a and 24b creating an administrative burden since a materiality check doesn't seem to be applicable.</p>	Definition adjustment / rephrasing required		<p>ESRS Cross-Cutting standards provide guidance on target-setting. Refer to Disclosure Principle 1-2 under ESRS 1 for guidance on how undertakings should define targets. It is not possible to mandate the disclosure of a specific target for human rights in S4 due to company and industry-specific considerations that do not allow relevant sector-agnostic target setting in this regard.</p> <p>Para 28 is meant to provide additional details as to what needs to be reported under the DR, hence the difference in specificity.</p> <p>The DR requires companies to report on any targets they may have in relation to impacts; it does not prescribe setting specific targets.</p>	<p>No action</p> <p>No action</p> <p>No action</p>	No
2	The key standard for alignment is ISSB and ISSB does not (yet) cover this topic.	Alignment with ISSB	No	There is no social standard yet under ISSB to take into account. The comment is more relevant for the	No action	No

n.	Comment	Type	Already in TEG survey/ISSB alignment/GRI alignment	EFRAG Secretariat comments	EFRAG Secretariat conclusion (*)	Issue paper needed?
				discussion of higher alignment in CCS in SRB / SRT.		
3	<p>The targets in this DR are not all measurable; the improvement in customer satisfaction could be a potential measurable target</p> <p>KPIs should be developed at sector level in order to get comparable information</p> <p>Indicative and more precise KPI could include training of customers or churn/fidelity ratio</p>	KPI adjustment	No	<p>The standard does not intend to prescribe the disclosure of any specific targets; undertakings may report targets they themselves have chosen.</p> <p>Sector-specific standards will include quantitative KPIs; quantitative KPIs for S2-S4 are not appropriate at sector-agnostic level given the company and industry-specific nature of human rights IROs.</p>	No action	No

n.	Comment	Type	Already in TEG survey/ISSB alignment/GRI alignment	EFRAG Secretariat comments	EFRAG Secretariat conclusion (*)	Issue paper needed?
4	It will be essential to ensure an aligned use of terminology so that tagging of key words will be enabled and used in the digital reporting taxonomy. If tagging of all information is not required (yet) it is important to provide reference tables in the sustainability statements with anchored hyperlinks to facilitate access to information, avoid the loss of information, and support comparability of data.	Digital tagging	No	Issue addressed within EFRAG	To be aligned	No

ESRS S4 (Consumers and end-users) – Q115: Please, rate to what extent do you think S4-5 – Taking action on material impacts on consumers and end-users and effectiveness of those actions – A-I

n.	Comment	Type	Already in TEG survey/ISSB alignment/GRI alignment	EFRAG Secretariat comments	EFRAG Secretariat conclusion (*)	Issue paper needed?
1	The key standard for alignment is ISSB and ISSB does not (yet) cover this topic.	Alignment with ISSB	No	There is no social standard yet under ISSB to take into account. The comment is more relevant for the discussion of higher alignment in CCS in SRB / SRT.	No action	No
2	<p>Rephrase title: DR S4-5 about the risks and opportunities arising from the undertaking's operations on consumers and end-users and DR S4-6 about the risks and opportunities arising for the undertaking its impacts and dependencies on consumers and end-users</p> <p>Para. 29b: The phrase 'underway' is unclear (when is something underway?)</p>	Definition adjustment / rephrasing required	No	<p>DR 4-5 is about impacts on consumers and end-users; consider updating S4-6 with proposed wording.</p> <p>Unclear what the concern here is.</p>	To be discussed No action	No

n.	Comment	Type	Already in TEG survey/ISSB alignment/GRI alignment	EFRAG Secretariat comments	EFRAG Secretariat conclusion (*)	Issue paper needed?
3	It will be essential to ensure an aligned use of terminology so that tagging of key words will be enabled and used in the digital reporting taxonomy. If tagging of all information is not required (yet) it is important to provide reference tables in the sustainability statements with anchored hyperlinks to facilitate access to information, avoid the loss of information, and support comparability of data.	Digital tagging	No	Issue addressed within EFRAG	To be aligned	No

ESRS S4 (Consumers and end-users) – Q116: Please, rate to what extent do you think S4-6 – Approaches to mitigating material risks and pursuing material opportunities related to consumers and end-users – A-I

n.	Comment	Type	Already in TEG survey/ISSB alignment/GRI alignment	EFRAG Secretariat comments	EFRAG Secretariat conclusion (*)	Issue paper needed?
1	The key standard for alignment is ISSB and ISSB does not (yet) cover this topic.	Alignment with ISSB	No	There is no social standard yet under ISSB to take into account. The comment is more relevant for the discussion of higher alignment in CCS in SRB / SRT.	No action	No

n.	Comment	Type	Already in TEG survey/ISSB alignment/GRI alignment	EFRAG Secretariat comments	EFRAG Secretariat conclusion (*)	Issue paper needed?
2	Clarification needed on what is expected on the pursuance of material opportunities	Include opportunities	No	AG provides guidance for opportunities-related DRs. It is important to note that opportunities related to consumers are very much context and industry specific.	No action	No
3	It will be essential to ensure an aligned use of terminology so that tagging of key words will be enabled and used in the digital reporting taxonomy. If tagging of all information is not required (yet) it is important to provide reference tables in the sustainability statements with anchored hyperlinks to facilitate access to information, avoid the loss of information, and support comparability of data.	Digital tagging	No	Issue addressed within EFRAG	To be aligned	No