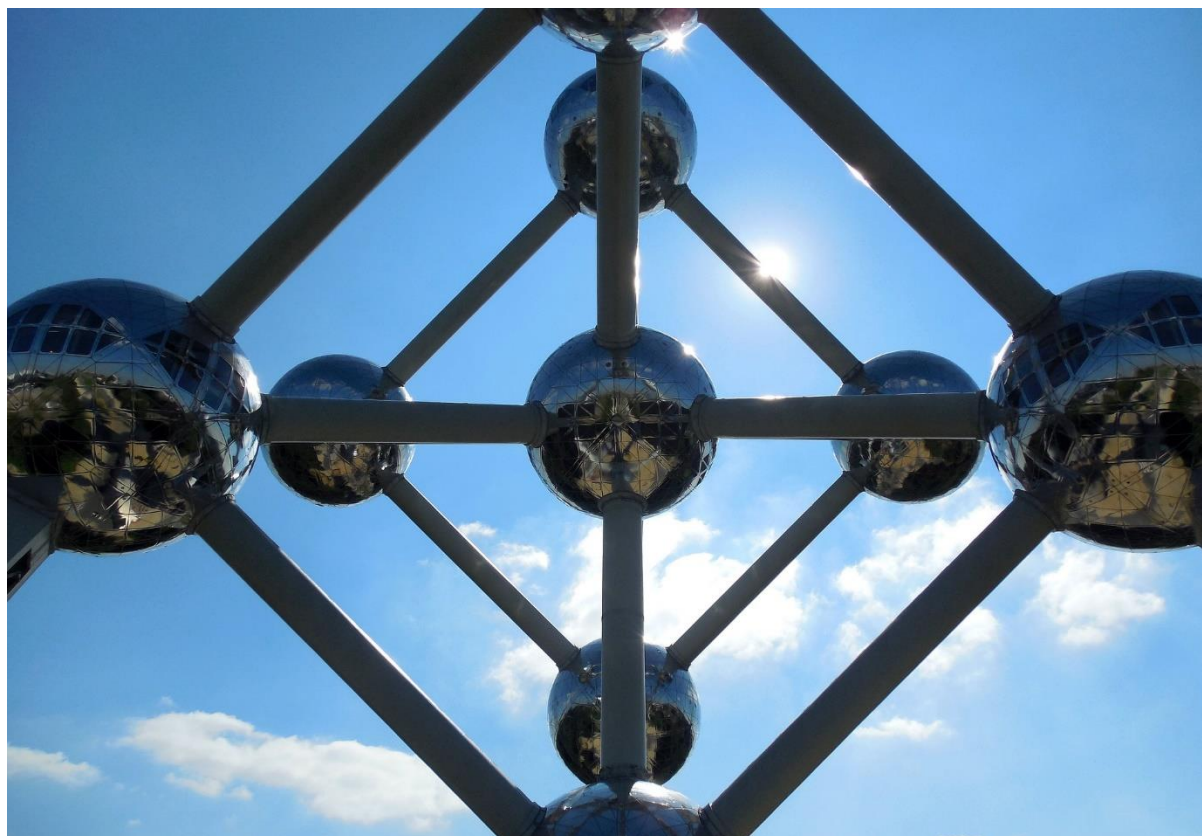


## Feedback Statement

# EFRAG'S PUBLIC CONSULTATION ON THE DUE PROCESS PROCEDURES FOR EU SUSTAINABILITY REPORTING STANDARD-SETTING

30 MARCH 2022



### **DISCLAIMER**

This Feedback Statement has been prepared by the EFRAG Secretariat under the supervision of the EFRAG Administrative Board DPC. It has not been subject to the approval of the EFRAG governance bodies: EFRAG General Assembly and the EFRAG Administrative Board.

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## INTRODUCTION

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The European Commission's proposal for a Corporate Sustainability Reporting Directive (CSRD) envisages the adoption of EU sustainability reporting standards (ESRS). In this context, EFRAG is requested to provide Technical Advice to the European Commission in the form of fully prepared draft ESRS and/or draft amendments to ESRS.

The proposal for a CSRD requires that EFRAG's Technical Advice is prepared with 'proper due process, public oversight and transparency, and with the expertise of relevant stakeholders, and it is accompanied by cost-benefit analyses that include analyses of the impacts of the Technical Advice on sustainability matters, contributing to the delegated acts through which the ESRS will be adopted in the EU.

In this context, in June 2021, EFRAG launched [a public consultation on the proposed Due Process Procedures \(DPP\)](#) for EU Sustainability Reporting Standard-Setting, which stipulate the requirements to be followed in its role as technical advisor to the European Commission in the preparation of draft ESRS or draft amendments to ESRS. The proposed DPP built on the recommendations about potential governance changes contained in the report of Jean-Paul Gauzès on his ad personam mandate on [Potential need for changes to the governance and funding of EFRAG that was](#) published on 8 March 2021.

EFRAG has received 38 comment letters, which are publicly available on EFRAG's website ([here](#)).

In November 2021, EFRAG published a [summary report](#) of the main comments received from the public consultation.

The comment letters received came from a broad range of constituents including national, European and global organisations, ESG organisations, National Standard Setters, preparer organisations, professional organisations, listed companies, EU authorities and individuals.

Respondents by country		Respondent by types	
Denmark	1	Academic organisation	1
France	2	Accountancy organisation	8
Finland	1	Civil society	2
Germany	3	ESG organisation	2
Italy	2	Individual	1
Norway	1	Preparer organisation	13
Malta	2	Standard setter	6
Spain	1	User organisation	2
Sweden	2	Other	3
The Netherlands	2		
Europe	11		
Global	10		
<b>Total</b>	<b>38</b>	<b>Total</b>	<b>38</b>

This Feedback Statement summarises the main comments received from the public consultation and explains whether and how they have been addressed in the DPP.

The EFRAG Administrative Board, supported by its Due Process Committee has carefully reviewed all the comments received and recommended a final version of the DPP which was approved by EFRAG's General Assembly on 15 March 2022.

Some respondents provided input on topics that were not part of the DPP consultation (such as the composition of the future governance bodies, the voting rules and rights, and the priorities that the first sets of ESRS should address). This input was considered by EFRAG as a contribution to the governance reform but it is not part of this Feedback Statement.

The list of respondents is included in the Appendix to this Feedback Statement.

# CHAPTER 1: OBJECTIVE

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## Feedback received from respondents to the consultation

- 1.1 Respondents generally supported the stated objective of the Due Process Procedures (DPP) described in Chapter 1 of the DPP of a rigorous and transparent due process with minimum mandatory steps and additional non-mandatory steps.
- 1.2 Some respondents however noted that it was difficult to form a definitive view on the DPP proposed because:
  - a) EFRAG's new governance structure is not yet in place and some aspects for that future governance still need to be clarified or will be addressed in the future EFRAG Internal Rules which were not part of the public consultation.
  - b) Ongoing political discussions on the proposal for a CSRD may require adaptation of the future ESRS, and this should be considered in adapting the due process. The timetable for new legislation should enable adequate public consultations on the draft ESRS, an impact assessment, comments from stakeholders, analysis of feedback, and changes to the ESRS based on the feedback when necessary.
- 1.3 Some respondents considered that the DPP sometimes describes the due process at a high-level using language such as "may" or "can." They suggested that EFRAG should use more prescriptive language and be as clear as possible in prescribing the due process for ESRS to ensure all stakeholders have confidence in the process.
- 1.4 A few respondents considered that the objective set out in Chapter 1 would need to be enhanced to ensure that standards are developed to meet the needs of stakeholders. This would also need to be reflected in the composition of the various governance bodies, their operations and the consultation mechanisms as part of the due process to ensure a full and fair consultation of those stakeholders.
- 1.5 Several respondents outlined that criteria for an 'accelerated due process' should be defined to clarify under what circumstances it is used, the governance safeguards supporting the decision and the type of consultation activities conducted (including holding roundtables, expert groups and discussions with relevant groups)
- 1.6 These respondents generally suggested strictly limiting the circumstances in which an 'accelerated due process' can be applied to situations when it cannot be avoided. This is because limiting stakeholders' involvement might have a detrimental effect on the quality and the acceptance of the ESRS. Deviations from the DPP must be justified and approved beforehand. One respondent suggested that this could either be done by the existing EFRAG Board or by an EFRAG General Assembly until the new governance would be in place and EFRAG Administrative Board and its Due Process Committee (DPC) will assume the oversight in that respect.
- 1.7 Another respondent noted that the development of ESRS is linked to the development of the European Single Access Point. Content-wise, the two projects should be consistent. As a result, regular exchanges would be expected ensuring this consistency as well as reaping synergies in the process of developing the future ESRS.

## How has EFRAG addressed the feedback received in the published DPP?

- 1.8 Respondents largely supported the initial proposals of the DPP aiming at a rigorous and transparent due process with minimum mandatory steps and additional non-mandatory steps. As a consequence, the objectives proposed in the consultation document have been reiterated in the published DPP.
- 1.9 A number of clarifications have however been made to address suggestions for improvements made by some respondents :
- a) The cover page of the DPP includes a qualifier indicating that the DPP has been developed based on the provisions contained in the proposal for a CSRD issued by the European Commission in April 2021. After the final legislative text of the CSRD is adopted, the DPP will be reviewed and updated to ensure alignment with the final provisions.
  - b) Cross-references to the provisions contained in the EFRAG Statutes and EFRAG Internal Rules have been added across Chapters 1, 2 and 3 to improve the understandability of the DPP and better outline the internal consistency between the different documents.
  - c) Paragraph 1.5 was revised to indicate when an accelerated due process is considered to be used, the EFRAG Administrative Board will be consulted in its oversight role of the due process.
  - d) Paragraph 1.8 was revised to indicate that EFRAG will consult on its due process every five years. By exception to this rule as this is a new activity for EFRAG, a first review of the DPP will be conducted by the EFRAG Administrative Board and its DPC, one year after the first implementation of the DPP to assess whether the DPP is fit for purpose.
  - e) The language in the DPP has been revised to use more prescriptive language where necessary and be as clear as possible in prescribing the due process for draft ESRS.

## CHAPTER 2: PRINCIPLES

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### Feedback received from respondents to the consultation

- 2.1 Most respondents supported the proposals in Chapter 2 regarding the principles of transparency, public consultation and impacts as well as the adoption of an outward-looking perspective, and working closely with other regulatory bodies and initiatives on sustainability reporting.
- 2.2 Respondents generally agreed that steps suggested in the Consultation Document reflected the key due process steps for open and transparent sustainability reporting standard setting. Some underlined that a proper due process is critical for the long-term credibility of a sustainability reporting standard setter.
- 2.3 Some respondents, while supporting the proposals, indicated that the actual level of detail of due process steps will depend on the mandate that EFRAG would receive from the European Commission and the recommendations of EFRAG's Project Task Force European sustainability reporting standards (PTF-ESRS), and how they would be considered by the European Commission.
- 2.4 Some respondents suggested that to establish a clear technical underpinning for EFRAG's works, the following could be considered:
  - a) A clearly defined mission statement would be needed as a basis for the EFRAG Sustainability Reporting Board (SRB) and Sustainability Reporting Technical Expert Group (SR TEG) to determine whether to prioritise a proposal that supports reporting transparency over one that is designed to promote behavioural change.
  - b) A conceptual framework is needed to support the technical integrity of EFRAG's work and provide a basis for assessing the EFRAG SRB's proposals.

### *Transparency and public consultations*

- 2.5 Respondents generally supported the transparency principles enumerated in the DPP. The following suggestions were made by some respondents to improve transparency:
  - a) Meetings of working groups should follow the same transparency principles and should be held in public (as opposed to paragraph 2.7). This is because SR TEG cannot be expected to have comprehensive knowledge of all the sustainability-related topics and will need to rely heavily on input from the different Working Groups.
  - b) There shall be, as a principle, no exception for public technical discussions and all agenda papers should also be publicly available. However, it is acknowledged that in some cases it may be harmful to certain parties to have discussions in public. In such cases, it was recommended that:
    - (i) Meeting agendas should always be made publicly available on EFRAG's website; and

- (ii) There should be a reporting to the EFRAG Administrative Board with an explanation as to why such an agenda paper is not being published or technical session was not held in public.
  - c) Agendas of Working Groups and (Advisory) Panels should also be made public even when such meetings are held in private.
  - d) Dissenting views (at EFRAG SRB and EFRAG SR TEG) and the reasons for dissent, if any, should be made public so that the due process is fully transparent. Dissenting views should also be included in the material submitted to the European Commission (this is envisaged in the proposed DPP).
  - e) All comment letters should be visible. It is possible that such comments could be anonymised to protect the identity of the person commenting if so requested (this is envisaged in the proposed DPP).
  - f) Statement of cooperation with other standard setters and initiatives (such as the one with GRI) are welcome but EFRAG should elaborate transparent principles that will guide such collaborations and any future Memorandum of Understandings (MoU) with other organisations.
- 2.6 Some respondents suggested clarification of the notion of 'relevant stakeholders.' They suggested that EFRAG should consult at least with:
- a) Key stakeholder groups directly involved in the sustainability reporting value chain who can provide valuable perspectives based on practical experience (e.g. investors, companies/preparers, auditors/accountants). In this regard, it will be important to seek diverse perspectives across multiple sectors.
  - b) Other groups (e.g., civil society representatives/NGOs, academics, trade unions, local authorities, etc.) so that the development of standards on topics, such as environment, social matters, human rights, ethics and corruption, can benefit from broad perspectives.
  - c) Specialists in the different sustainability areas who can provide expert input and contributions on specific matters.
- 2.7 Suggestions from respondents regarding transparency included the following:
- a) Ensure sufficient robust outreach to preparers and other practitioners to ensure the initial standards are operational.
  - b) Allow for sufficient consultation periods including considering when multiple consultations are occurring at the same time. Several respondents suggested a minimum of 120 days for such consultations. Other respondents suggested a 90-120 days standard period and that the consultation period should only be reduced to a minimum of 60 days if there are no available options, and this would need to be approved by the EFRAG Administrative Board.
  - c) EFRAG would need to consider the phasing of consultations on exposure drafts of the initial standards so that a reasonable gap between them is allowed and not all are required to be responded to in the same period.



- d) Some noted that a 60-day consultation could be appropriate for smaller and urgent amendments, or when stakeholders have been appropriately informed in advance of the subject matter and potential contents of the ED/due process document? A shorter consultation may not be feasible if no documents or information on the project and its contents have been made public in advance.
- 2.8 Some respondents suggested keeping audio and video recordings of public meetings of EFRAG SRB and EFRAG SR TEG available for a longer period than proposed in the DPP. Furthermore:
- a) Some suggested keeping the recordings available until the end of the process of setting the standard (not just for one year as proposed). Once the standard is set, these can be archived and made available on request.
  - b) Several respondents suggested having recordings available for at least two years after the implementation of the respective standard.

#### *Transparency and due process during the interim phase*

- 2.9 Several respondents noted that there was a lack of clarity on the due process currently being followed in the interim phase, how the decision-making process is and how long the interim phase will last. It was noted that preparers and users should be well involved in the interim technical work and decision making.
- 2.10 These respondents while appreciating the urgency of issuing the first set of standards, stated that this should not be done at the expense of a rigorous and transparent due process during the interim phase. They expressed concerns that the timetable set out for the first sets of standards could make it very difficult to follow the proposed thorough due process and that there might be significant risks to the credibility of the ESRS as a result.
- 2.11 Some respondents noted that the first set(s) of standards EFRAG issues are likely to establish both the 'tone' for its future work and based on that the acceptance of the standards. Therefore, the due process to be applied especially to the first set of sustainability standards must be irreproachable, despite the very tight deadlines. In particular:
- a) All meetings of the PTF-ESRS should be open to the public and that all preparatory materials (i.e., agenda papers etc.) should be made publicly available.
  - b) The first set of ESRS should give the maximum possible time to stakeholders to familiarise themselves with the topics being discussed. In that regard, some respondents welcomed the recent approach adopted by the PTF-ESRS of sharing some working documents.
  - c) Extreme caution should be applied towards shortening the time frame of the envisaged public consultations. This should be reviewed by Administrative Board and its Due Process Committee to ensure that fast-track or simplified due process solutions are appropriate and that there is broad agreement. Cases where an accelerated process is used should be justified.
  - d) Followed due process needs to be consistent with Commissioner McGuinness' letter to EFRAG stating that it was necessary 'to ensure transparency and due process in the standard-setting process from the beginning.'

- e) Use of field-tests to test the impact during the development of the draft ESRS in the interim phase.
- 2.12 Regarding the handover to the new governance structure, the following suggestions were made:
- a) The new governance bodies (EFRAG SRB and EFRAG SR TEG) should scrutinise the recommendations made by the PTF-ESRS and, if necessary, consult again on basis of a revised exposure draft. Not all the recommendations of the PTF-ESRS need to be followed by the EFRAG SRB (in particular where new findings or developments suggest otherwise, or relevant circumstances have changed).
  - b) Encourage the EFRAG PTF-ESRS and the EFRAG SRB and EFRAG SR TEG to not only build on the recommendations of the (previous) EFRAG PTF-NFRS (which were not based on a robust due process), but to challenge them where relevant, e.g., in case of a lack of wide consensus, and to consider also further developments that occurred since the publication of these recommendations (e.g. IFRS Foundation's establishment of the ISSB).
  - c) Incorporate timely post-implementation review of any standards issued for which full due process has not been followed.

#### *Impact assessment*

- 2.13 Most respondents agreed with the importance of timely conducting of impact assessments during the standard-setting process to assess the potential implications of new requirements. This would also apply for SMEs, as proportionality and feasibility are of key importance.
- 2.14 Some noted that doing a cost-benefit analysis is essential but that consultations in this aspect should not be done by outreach event only nor should it be run under tightened deadlines. It was noted that, in order to be efficient, the impact analysis should be carried out in a rigorous way and with a transparent due process and that impact assessment should start early in the process and not at the end (to allow time for stakeholders to provide cost and benefits feedback).
- 2.15 One respondent considered that understanding the impacts is not sufficient and that it is also necessary to be able to measure them. The respondent observed that, currently, many stakeholders did not clearly indicate how the impacts are measured.
- 2.16 A few respondents suggested clarification of the nature of the work that EFRAG will have to carry out to meet the CSRD's requirements in terms of impact analyses. It is essential that this work be precisely defined (in terms of objectives and content) in order to ensure its relevance and so as not to jeopardise the timetable for the adoption of the first set of standards.
- 2.17 One respondent noted the specificity of impact assessment in sustainability reporting that required to consider the double-materiality principle: He noted that the application of costs and benefits assessments is more straightforward in the case of financially material matters. Conversely, if a company's activities lead to severe negative impacts on sustainability, the related information - should be reported independent of the cost of gathering related data.

- 2.18 One respondent noted that impact assessment should be a stakeholder-centred consideration and include the views coming from consumer organisations and trade unions, on par with the cost-benefit analyses which are done for the impact on companies and industry.
- 2.19 Several drafting suggestions were made by some respondents and will be considered in the final DPP.

### How has EFRAG addressed the feedback received in the published DPP?

- 2.20 There was large support from respondents for the initial proposals in the draft DPP that was issued for public consultation.
- 2.21 To address the suggestion or concerns expressed by some respondents, the following clarifications or revisions have been included in the DPP.

#### *Interim Phase*

- 2.22 The DPP addresses the due process procedures applicable from the date at which the new permanent governance structure will be in place. Accordingly, the due process procedures for the interim phase before the handover to the SRB by the PTF-ESRS and during the transition period are not addressed in the DPP.
- 2.23 The PTF-ESRS has separately communicated its progress and how it ensures transparency during the interim phase (including making its [working papers](#) public).

#### *Mission Statement*

- 2.24 EFRAG's new mission statement ([EFRAG's website](#)) integrates the Sustainability reporting pillar. In particular, it indicates that:
- *In its sustainability reporting activities, EFRAG provides technical advice to the European Commission in the form of draft EU Sustainability Reporting Standards accompanied by bases of conclusions and cost-benefit analysis including impact analysis.*
  - *EFRAG seeks input from all stakeholders, and obtains evidence about specific European circumstances, throughout the standard-setting process. Its legitimacy is built on transparency, governance, due process (which may include field tests, impact analyses and outreaches), public accountability and thought leadership. This enables EFRAG to speak convincingly, clearly and consistently, and be recognised as the European voice in corporate reporting.*
  - *EFRAG is operating in a fast-evolving environment. It is attentive to the need to adapt its activities to meet new opportunities and challenges in corporate reporting.*

#### *Conceptual Framework*

- 2.25 The development of a Conceptual Framework is part of the standard-setting activities rather than of the due process and its oversight. Therefore the issue is not directly addressed in the DPP.
- 2.26 However, the Exposure Drafts for the draft Standards in process of being developed by the PTF-ESRS (and will be handed over to EFRAG's new governance bodies) will include 'Conceptual Guidelines' on a number of matters such as double materiality; the qualitative characteristics of information; time horizons; and boundaries and levels of reporting.

### *Transparency and public consultations*

- 2.27 To address the comments received, Paragraph 2.6 was revised to indicate that, in line with the provisions contained in EFRAG's Internal Rule:
- a) The meetings of the EFRAG SRB and EFRAG SR TEG are open to the public. The EFRAG SRB may, at its discretion, hold certain discussions in private. Whenever technical discussions are held in private, the EFRAG Reporting Board Chair informs the EFRAG Administrative Board DPC including providing a justification for this choice.
  - b) Public sessions of EFRAG SRB and EFRAG SR TEG meetings are webcast (audio and video recorded). The audio and video recordings are later stored for on-demand viewing and will be available for a period of one year on the EFRAG website. Thereafter, the recordings will be archived and be made publicly available on-demand as long as needed.
  - c) Notice of the next EFRAG SRB's and EFRAG SR TEG's meetings and their respective agendas are posted on the EFRAG website.
- 2.28 The EFRAG Administrative Board and its DPC discussed the suggestion made by some respondents to have meetings of the different working groups and advisory panels held in public. However, after debating the matter, the EFRAG Administrative Board decided to keep such meetings closed (i.e., similar to the existing rules for the Financing Reporting working groups and panels).
- 2.29 The decision was made primarily to facilitate open discussion and contributions from the members of the working groups and panels. Furthermore, the terms of reference of EFRAG's working groups and panels indicate that:
- 'The working group's/ panel's output always takes the form of input to EFRAG Reporting TEG';
  - 'The working Group/panel is not an EFRAG decision-making body, but advisory in nature'; and
  - 'The working group/ panel does not express its views publicly in any way'.
- 2.30 It is also noted that when technical matters are brought to the EFRAG SR TEG, the discussion will be public (including when discussing the views expressed by working groups and panels).
- 2.31 Paragraph 2.9 was added to the DPP to indicate that the EFRAG Administrative Board will hold public sessions whenever the due process oversight is discussed. Meetings of the EFRAG Administrative Board Due Process Committee are not held in public.
- 2.32 Public meeting papers of the EFRAG Administrative Board can be accessed in the news items announcing each meeting and through the [EFRAG public calendar](#).
- 2.33 Paragraph 2.10 was added to the DPP to indicate that a summary of the (tentative) decisions reached is published as part of the monthly EFRAG Update for each: EFRAG SRB and EFRAG SR TEG meeting and, when applicable, for due process oversight sessions held in public in the EFRAG Administrative Board meetings.

### *Public Consultation*

- 2.34 Paragraph 2.16 of the DPP was clarified to indicate that EFRAG conducts a public consultation process with stakeholders to gather their feedback on an inclusive basis on Exposure drafts of Technical Advice to the European Commission accompanied with cost-benefit analyses (see section 'Impact' below); bases for conclusions; and the proposed digital guidance.

### *Impacts*

- 2.35 Throughout the DPP, the language used has been revised to better align with the provisions contained in the proposals for a CSRD. In particular, the term 'impact assessment' has been replaced by the expression 'cost-benefit analyses that include analyses of the impacts of the Technical Advice on sustainability matters' and the term 'cost-benefit analysis' has been defined accordingly in the Glossary.
- 2.36 A footnote was added to paragraph 2.21 of the DPP indicating that 'the due process on Cost-Benefit Analyses' will be further developed after the EFRAG SRB and EFRAG SR TEG have clarified their approach in the context of the first set of draft ESRS that will be submitted to the European Commission in 2022.

## CHAPTER 3: DUE PROCESS OVERSIGHT

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### Feedback received from respondents to the consultation

- 3.1 Respondents generally agreed with the proposed due process oversight and in the EFRAG Administrative being responsible for the due process and oversight of all EFRAG bodies.
- 3.2 Some respondents however considered that the establishment of a Due Process Committee (DPC) from amongst the EFRAG Administrative Board's members should be required and implemented from the start of the new governance and not left to a future decision of the EFRAG Administrative Board.
- 3.3 Some suggested that the DPC could be modelled on the IFRS Foundation Trustees Due Process Oversight Committee (DPOC) and that a short due process handbook be developed that would clarify the following:
  - a) The role and remit of each respective body, the voting system for each type of decision (agenda-setting, exposure drafts, approving the Technical Advice), and the interactions between the different bodies;
  - b) The steps required to be followed in the standard-setting process including the transparency requirements and consultation steps at the different stages of the process;
  - c) Clear identification of the role and responsibilities of the DPC and its interactions with the EFRAG Administrative Board; and
  - d) A timeline for action throughout the entire duration of the standard setting process, including in the current project mode phase.
- 3.4 Some suggested clarification that the DPC:
  - a) Operates in a timely manner and strives to promote and support the timely development of the draft ESRS. The area of responsibilities of the DPC should not be extended beyond the topics concerning the due process oversight;
  - b) Reports a summary of any matters raised about due process, the extent of stakeholder engagement, and the areas in a proposed standard that are likely to be controversial. The DPC operates under the authority of the EFRAG Administrative Board.
  - c) Has no decision power and only advises the EFRAG Administrative Board;
  - d) Operates on a consensus basis, or at least a qualified majority and not a simple majority basis. If no consensus is reached, the DPC should inform the EFRAG Administrative Board;
  - e) Has a role in relation to the consultative groups including the monitoring activities and with clarification of what this role is; and

- f) A few respondents suggested that the DPP should also address the activity of the Financial reporting pillar in one single document and that the EFRAG Administrative Board and its DPC comprehensively and consistently address the due process and governance of all of its bodies in both pillars.

3.5 A number of respondents suggested the following improvements:

- a) Better delineation of the respective roles of the EFRAG Administrative Board DPC and the EFRAG Administrative Board. Clarify that the EFRAG Administrative DPC should not have any decision-making power. It should only advise the Administrative Board, which should be the only decision-making body on any due process matters.
- b) One respondent suggested clarifying paragraph 3.5 as it creates confusion on whether the EFRAG Administrative Board would consult on agenda-setting and post-implementation reviews for standards or the due process. This respondent considered that the EFRAG Financial Reporting Board (EFRAG FRB) and EFRAG SRB should consult on their respective agendas.
- c) Clarify when EFRAG will consult again on its DPP (one respondent suggest every 3 to 5 years). Reviewing the DPP on a regular basis is important considering the (expected) developments regarding draft ESRS and the wider (global) standard-setting environment.
- d) The EFRAG Administrative Board DPC meetings, as well as sessions of the EFRAG Administrative Board in which due process oversight issues are discussed, should be held in public.

### How has EFRAG addressed the feedback received in the published DPP?

- 3.6 The revised EFRAG Statutes and EFRAG Internal Rules ([link](#)) have clarified the composition, role, remit, and decision-making process of the different governance bodies; including the EFRAG Administrative Board and its DPC. Cross-references to these documents have been included in the DPP for better understandability, and the provisions in the DPP have been strictly aligned with these documents.
- 3.7 Paragraph 3.1 has been added, as a preamble to Chapter 3 to explain that EFRAG operates under a cascading oversight structure that includes due process oversight.
- 3.8 Paragraphs 3.2 to 3.6 of the DPP were added to specify the specific roles of the Administrative Board and its DPC in line with the guidance contained in the EFRAG Internal Rules.
- 3.9 As mentioned in the responses to the comments received in previous Chapters the DPP also retained the suggestions made by some respondents that:
  - a) Sessions of the EFRAG Administrative Board in which due process oversight issues are discussed are held in public (see Transparency Section in Chapter 2).
  - b) To specify the frequency of the future DPP consultations (Paragraph 1.8 was revised to indicate that the EFRAG Administrative Board will consult on its due process every five years but that, as an exception, a first review of the DPP will be conducted one year after the implementation of the DPP).

### *Due process for the Financial reporting pillar*

- 3.10 In his [final report of 8 March 2021](#), the EFRAG Board President Jean-Paul Gauzès indicated that the Financial reporting pillar and financial reporting activities of EFRAG should not be impacted by EFRAG’s sustainability reporting activities and by the integration of the Sustainability reporting pillar into the EFRAG structure. Therefore, a separate DPP has been developed for the sustainability reporting standard-setting work.
- 3.11 The suggestion made by some respondents that the DPP should also address the due process of the Financial reporting pillar was considered and it was decided that this would be addressed separately over the coming months. Therefore, the due process for the Financial reporting pillar (currently covered by the EFRAG [Internal Rules](#)) will be subsequently formalised in a separate financial reporting due process procedures document.



## CHAPTER 4: AGENDA SETTING

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### Feedback received from respondents to the consultation

#### *Defining the work plan*

- 4.1 Respondents generally expressed support for the procedures described in Chapter 4 regarding the work plan for sustainability reporting standard setting and research.
- 4.2 However, several respondents noted that the procedures in the DPP should better outline how EFRAG's work plan reflects:
  - a) *The alignment with the requirements of the proposal for a CSRD*: in particular, regarding the consistency, of both timing and content with the reporting requirements of financial market participants.
  - b) *Building on existing standards and frameworks for sustainability reporting and accounting* where appropriate (international developments, including at the IFRS Foundation, should be considered when determining the work plan) and contributing to convergence of sustainability reporting standards at the global level. A few respondents suggested regular discussion with the IFRS Foundation's ISSB to avoid duplication and conflicting standards. Stakeholders should have clarity on when and how global standards will be considered so that they can understand the rationale for inclusion or exclusion of global standards in the work of EFRAG.
  - c) *Ensuring connectivity* between sustainability reporting and financial reporting.
- 4.3 A few respondents identified the need to clarify the criteria for adopting new projects which should not be left to the EFRAG Administrative Board's discretion. They suggested a more rigorous basis and process explaining in the DPP in particular how EFRAG's research programme (see below) is directed to support its standard setting work, and the process for determining whether a proposed project is consistent with the scope of the proposal for a CSRD.
- 4.4 Only a few respondents considered that setting the agenda is a political decision that should stem from the European Commission.
- 4.5 Other suggestions also included the following:
  - a) As the IASB does for its work plan, EFRAG should make available on its website its work plan and a precise progress report for each active project.
  - b) Work plans and project plans should specify how they will take account of global sustainability reporting standard development and contribute to convergence at a global level. Convergence should be acknowledged among the objectives for the development of technical advice, and not just as part of the post-implementation review process.
  - c) Given that sustainability reporting is a less mature field than financial reporting and that EFRAG is just taking on this new role, consultations on the sustainability reporting work plan every three years may not be sufficient before a reasonable level of maturity has been reached. EFRAG should have more flexibility in amending its work plan to adapt to policy developments.

- d) Paragraph 4.4 of the DPP creates confusion on whether the EFRAG SRB, in consultation with the EFRAG Administrative Board, will review the due process or the contents of the first set of sustainability standards.
  - e) The European Commission should be consulted on the results of the workplan and agenda consultation and the resulting workplan should be approved by the European Commission.
- 4.6 Some respondents also suggested clarifying the meaning of 3-year agenda consultation (is it 3 years from the last agenda consultation, from when the comment letter period finished or from when EFRAG started to consider the work on the last agenda consultation?).
- 4.7 Some respondents suggested clarification in relation to paragraph 4.7 that the importance of field-testing should not be restricted to the SME standard but should be a factor in deciding the agenda for ESRS for larger entities as well.

### *Research programme*

- 4.8 Few direct comments were made on the proposals regarding the research activities. Those who commented on the matter generally agreed with the proposals.
- a) A few respondents noted that research is important to define the standard setting work plan and should be given appropriate weight.
  - b) One respondent, in consideration of time and budget constraints, suggested focussing the resources in the first phase on the minimum set of standards to be required by the proposal for a CSRD.

### *Identifying Good Practices*

- 4.9 Few direct comments were received on the proposals in the DPP that EFRAG may use the European Lab function to identify and select good practices to stimulate innovation in sustainability reporting. Those who commented supported the proposal.
- 4.10 One respondent indicated that it was unclear whether the European Lab function would continue to be a formal body within EFRAG and what the role of this body would be (either to identify good practice in a project task force mode or ensure connectivity between financial and sustainability reporting in which case a stable platform and funding would be needed). This respondent:
- a) Recommended clarification that the European Lab's role is to stimulate innovation and debate and allow for experimentation to develop good practices in corporate reporting, which includes both financial and sustainability reporting.
  - b) Urged EFRAG to address connectivity between financial reporting and sustainability reporting more specifically than currently done in the DPP. It was noted that is important to ensure interconnected standards due to the impact-dependency relationship between sustainability topics and financial performance. In addition, it was observed that the PTF-NFRS lists connectivity as a conceptual guideline to be considered when developing ESRS.

## How has EFRAG addressed the feedback received in the published DPP?

### *Defining the work plan*

- 4.11 In response to the feedback received on the need to better explain how EFRAG's due process aligns with the provisions of the proposals for a CSRD, Chapters 4 and 5 have been revised to include an explicit reference to the principles and provisions contained in Article 19 of the proposals for a CSRD.
- 4.12 A reference to Article 19b of the proposal for a CSRD has been added in paragraph 4.3 of the DPP to explain that the objective of the agenda consultation undertaken by the EFRAG SRB every three years (or more often if required by external circumstances and developments) is to gather views on EFRAG's strategic direction and balance of activities within the context of the proposal for a CSRD. And to identify new sustainability reporting issues that could be prioritised by the European Commission.
- 4.13 Consequential changes to Chapter 5 - *Standard Setting* are explained below.

### *Connectivity and coordination between financial and sustainability reporting*

- 4.14 Paragraphs 4.8 and 4.9 of the DPP have been added to reflect the guidance contained in EFRAG's Internal Rules regarding the connectivity and interactions between the Financial and the Sustainability reporting pillars.

### *Identifying good practices*

- 4.15 Following the questions raised by some respondents, the role of the European Lab function in identifying and sharing good practices and stimulating innovation was clarified in paragraphs 4.10 and 4.11.
- 4.16 It was, in particular, clarified that the European Lab function is exercised by Project Task Forces accountable to either the EFRAG SRB or the EFRAG FRB or both Boards depending on the subject matter. The two EFRAG Reporting Boards appoint the Project Task Forces based on the recommendations of the EFRAG Administrative Board supported by its Nominating Committee.

## CHAPTER 5: STANDARD SETTING

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### Feedback received from respondents to the consultation

- 5.1 Respondents generally expressed overall support for the mandatory and optional steps for standard setting proposed in the consultation document.
- 5.2 Some respondents suggested that it should be specified that cases, where the mandatory steps may not be conducted, are rare and one-off. In such cases, deviations should be approved by the EFRAG Administrative Board upon the advice of its DPC to ensure that the principles of the due process are met either way.
- 5.3 Several respondents also suggested that the due process steps should explicitly and clearly embed the objectives contained in the proposal for a CSRD. In particular, the requirements contained in items 1-3 of Article 19a and Article 29a, and in particular:
- a) The alignment with / building on international standards. One respondent noted that it should be considered that it is not enough to monitor the developments of the ISSB but that dialogue with IFRS Foundation ISSB must be included in the due process steps.
  - b) The consideration of other existing EU legislation (for both timing and content), e.g., requirements of financial market participants (in particular consider the financial sector's extensive EU sustainability reporting requirements to meet their requirements under Sustainable Finance Disclosure Regulation).
  - c) The connectivity between financial and sustainability reporting should be a recurring focus point throughout the various steps in the due process.
- 5.4 As a way forward some suggested that the DPP could better articulate:
- a) How Article 19b of the proposal for a CSRD (requiring taking into account relevant developments, including developments with regard to international standards) will be addressed by EFRAG's due process.
  - b) The procedures for considering alignment with international standards, including consultation on which standards should be taken into consideration.
  - c) Provide an objective basis for the EFRAG SRB and EFRAG SR TEG to determine whether deviation from internationally accepted approaches is appropriate (for example, by specifying the weight that should be given to achieving consistency/ interoperability with other standards).
  - d) The basis for conclusions should explain the cost-benefit of deviations from international standards and post-implementation reviews should consider global developments.
  - e) Establish a mechanism for reviewing EFRAG's published standards after taking account of future developments in international standards.
- 5.5 Some respondents suggested clarifying and improving the proposed procedures in the following main areas:

- a) *Addressing feedback to consultations:* for the European Commission to carefully assess EFRAG’s technical advice, it needs to see all the comments submitted by third parties, as well as EFRAG’s detailed, reasoned responses to those comments.
- b) *Decision to re-expose or not:*
  - (i) To make explicit the criteria to decide to re-expose or not. If the criteria are met and the EFRAG SRB suggests that there is no need for re-exposure, approval of this decision by the EFRAG Administrative Board is critical. A few respondents did not agree with the proposals to consider re-exposure only if ‘either fundamental changes have occurred’ or “where something new is likely to be learned from re-exposure.” If EFRAG receives feedback, which requires material revisions to the draft ESRS, EFRAG should re-discuss the draft and submit a revised draft for a further round of public consultation.
  - (ii) EFRAG should be explicitly required to conduct a detailed analysis of the consultation feedback (quantitative and qualitative) on the basis of different stakeholder categories with a particular view to suggested modifications, alternative approaches, and the impact on the draft ESRS. EFRAG should allow the affected stakeholders (who have the expertise) to respond to substantial changes to the draft ESRS.
- c) Who is responsible for organising the public consultations on the exposure drafts and other consultation documents (as per paragraphs 5.1 and 5.2 of the DPP): Is it the EFRAG SR TEG or the EFRAG SRB?

5.6 Furthermore, a number of suggestions were made by some to improve the DPP:

- a) Considering the lack of maturity of ESG reporting, some suggested that field-testing should be mandatory (in particular during the interim phase) or, at least, that the need for field-testing should be systematically assessed and its absence duly justified.
  - (i) Field-testing is essential to provide evidence on practicability, proportionality and feasibility. Some suggested that in case of doubt about the need for field testing, the views of users and preparers should be sought via public consultation.
  - (ii) Conversely, a few respondents suggested a phase-in approach for field-testing. The first set of ESRS, as long as they rely on existing, well-established reporting requirements, could be drafted without conducting a field-test. Subsequent reporting requirements would be subject to field-tests as decided by the EFRAG SRB on a case-by-case basis.
- b) Outreaches are indispensable and they should take place much earlier and, at best, from the outset of the project to develop a standard. Furthermore, ongoing engagement with preparers and users of reports outside of the strict standards-setting and revision processes would seem advisable and particularly relevant in the case of SMEs and during the early stages of implementation.
- c) One respondent recommended that the mandate for the EFRAG SRB to develop non-binding guidelines should be addressed in the DPP.

- d) One respondent suggested that a discussion paper should be kept as a mandatory part of the process, especially for major projects.
- e) One respondent considered that post-implementation reviews should be a systematic step of the EFRAG SRB, unless there is a specific decision not to undertake it, which would need to be agreed upon by the EFRAG Administrative Board. The EFRAG SRB and EFRAG SR TEG should work with stakeholders or consultative groups to identify areas that need attention. Alternatively, the European Commission could request that the EFRAG SRB start developing a Post-implementation Review at the designated time.
- f) EFRAG's submission of its technical advice to the European Commission must be accompanied by a feedback statement explaining how feedback received from stakeholders has been considered and how EFRAG has reached its conclusions.
- g) Some supported consulting with the Consultative Forum as a mandatory step and suggested that not only the EFRAG SR TEG but also the EFRAG SRB should engage with the Consultative Forum.
- h) Conversely, one respondent suggested that consulting with other sustainability reporting standard setters (paragraph 5.1 e) could be moved to non-mandatory procedures to avoid that international sustainability standard setters have the possibility to delay issuance of EFRAG's technical advice on draft EU sustainability reporting standards.

#### *Standard Setting for SMEs*

- 5.7 Most respondents who addressed the question, welcomed the proposed approach on Sustainability Reporting Standards for SMEs, as described in paragraph 5.7 of the Consultation Document.
- 5.8 Some suggested that EFRAG needs to give adequate representation to the needs of SMPs and SMEs through consultation mechanisms that are adapted to their particular needs and limits (limited technical resources and time to respond to or participate in consultation exercises). To facilitate and encourage their input, simple, quick, and easy ways of providing input are needed. These could include online micro surveys and exposure draft (ED) response templates.
- 5.9 One respondent suggested that a specific DPP should be developed for SMEs in consideration of their specificities and characteristics such as their governance model and resource constraints. This respondent suggested EFRAG should invest more in getting SMEs to adequately participate in the fieldwork on the SME sustainability reporting standards.

#### *Digital Reporting Guidance*

- 5.10 Respondents generally supported the proposals in the DPP. It was however noted that the same high standards on transparency of the due process should apply to the development of Digital Reporting Guidance that should be included in the exposure draft for the draft standard for public consultation.
- 5.11 Some suggested clarifying the nature of the work that EFRAG is expected to do on digitalisation. Paragraph 5.16 was considered to be unclear on whether EFRAG would develop standards that are digitally friendly, or whether it is expected to develop a taxonomy as well.

- 5.12 Some suggested that collaboration with ESMA and leveraging its ESEF experience should be considered in this area. This would help the connectivity between the digitalisation of financial and sustainability reporting and further maximise resource efficiencies.
- 5.13 It was also noted that the digital element of the sustainability reporting standards work will require additional due process and consultative working groups with the right expertise to ensure the delivery of ad-hoc technical documents to meet the needs of both report preparers and users.
- 5.14 One respondent questioned whether it is realistic - due to resource reasons - that EFRAG undertakes this role in relation to digital reporting.

*Other comments and areas to clarify*

- 5.15 Some respondents suggested to further clarify:
- a) The exact membership and the nature of the consultation of the "Consultative Forum of National Authorities and sustainability reporting standard setters" as one of the mandatory steps of the due process and how its advice is considered.
  - b) The steps to be taken if and when Post-implementation Reviews demonstrate the need for amendments to standards.
  - c) The role of the EFRAG Secretariat in drafting the proposed Standards (compared to EFRAG SR TEG and working groups' roles).
  - d) The non-binding nature of the other material published by EFRAG (which is educational in nature) and the status of the future interpretations.
  - e) How the coordination between the sustainability reporting and financial reporting activities will work in practice and the respective roles of the EFRAG Administrative Board, EFRAG SRB and EFRAG SR TEG beyond the remit of the European Lab (function).
  - f) Some noted an inconsistency between paragraph 5.18 and Appendix 2 (excerpts from the final report of Jean-Paul Gauzès) in the situation that EFRAG SRB and EFRAG SR TEG are unable to reach consensus and/or decides to adjust EFRAG SR TEG advice.
  - g) One respondent suggested clarifying the notion of 'national authorities' and whether it encompasses national standard setters (for participation in the Consultative Forum in particular).

## How has EFRAG addressed the feedback received in the published DPP?

*Alignment with the provisions in the proposal for a CSRD*

- 5.16 In response to the feedback received, paragraphs 5.1 to 5.3 have been added to explain how the Standard Setting procedures align with the objectives contained in the proposal for a CSRD. Specifically,
- a) Paragraphs 5.1 and 5.2 have been added to explain the specific role and responsibility of the EFRAG SRB and EFRAG SR TEG to assess, at each step of the due process, that EFRAG's work is aligned with the objectives and disclosure requirements contained in Article 19 of the proposals for a CSRD.

- b) Paragraph 5.3 has been added to explain the role of the EFRAG Administrative Board supported by its DPC, in considering whether appropriate consideration has been given to the due process steps (process-wise).

#### *Mandatory and non-mandatory steps*

- 5.17 To better align the DPP with the principles and provisions in the proposals for a CSRD, paragraphs 5.4 and 5.5 that respectively describe the mandatory and non-mandatory steps, have been revised to state that draft ESRS and amendments to ESRS are developed:
- a) Taking into account relevant development including with regards to international sustainability reporting standards;
  - b) Through a constructive two-way cooperation with leading international initiatives; and
  - c) Aiming at aligning with those initiatives as far as possible while taking into account European specificities. Draft ESRS should contribute to the process of convergence of sustainability reporting standards<sup>1</sup>.
- 5.18 Consequently, paragraph 5.14 describing the steps of the SR TEG, was also revised to explicitly refer to the mandatory and non-mandatory steps described in paragraphs 5.4 and 5.5.
- 5.19 The EFRAG Administrative Board decided that, at this stage, the consultations with the yet to be formed Consultative Forum of National Authorities, Sustainability Reporting Standard Setters and Initiatives would be a non-mandatory step. After the Forum becomes operational and its composition and exact role are known, in the context of the review of the DPP one year after implementation, EFRAG will reconsider whether to make its consultation with the Forum mandatory.
- 5.20 The EFRAG Administrative Board and its DPC also carefully reviewed the suggestion made by some respondents that, considering the lack of maturity of ESG reporting, fieldwork should be mandatory or, at least, that the need for fieldwork should be always assessed.
- 5.21 After debating the matter, the EFRAG Administrative Board decided to keep fieldwork as a non-mandatory step to allow for the needed flexibility to use this type of activity only where appropriate. It was however noted that, in its oversight role of the due process and, in line with paragraph 5.6 of the DPP, if the EFRAG SRB decides to not undertake fieldwork (or any of the non-mandatory steps), it would have to consult with the EFRAG Administrative Board on its decision and explain the reasons for not undertaking the step.

#### *Sustainability Reporting Standards for SMEs*

- 5.22 Paragraph 5.11 was added to the DPP to indicate that, in reaching out to SMEs, EFRAG will consider ways to facilitate the provision of input such as the use of online surveys and outreaches to obtain input from stakeholders, notably SMEs and SMPs.

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<sup>1</sup> Proposals for a CSRD; context of the proposal (page 4), Recital 37 and Article 19b.



### *Development of Exposure Drafts, final draft standards, digital guidance and other discussion papers*

- 5.23 Paragraph 5.14 of the DPP was modified to indicate that the EFRAG SR TEG considers whether to appoint a working group or advisory panel, open to members with demonstrated subject-matter expertise in sustainability reporting matters and decide on the scope of their work and terms of reference. Working groups and panels must include a balanced and inclusive representation of multi-stakeholders experts.
- 5.24 Paragraph 5.22 was added to the DPP to clarify that EFRAG SRB members who disagree with the Technical Advice are required to explain why they have a dissenting opinion (following the guidance in EFRAG Internal Rules Article 36-3(c)). Such dissenting opinions are published with the bases for conclusions.

### *Digital reporting guidance*

- 5.25 A footnote was added to paragraph 5.19 to explain that the due process on digital guidance will be further detailed as soon as the EFRAG SRB and EFRAG SR TEG have developed their approach to the matter in the context of the first set of draft ESRS to be submitted to the European Commission in 2022.

### *Finalisation of Technical Advice*

- 5.26 The conditions for re-exposure have been clarified in paragraphs 5.30 and 5.31 of the DPP. These paragraphs indicate that decisions to re-expose are taken by the EFRAG SRB, in consultation with the EFRAG SR TEG and that, in doing so, the EFRAG SRB considers whether:
- a) The revised proposals include any fundamental changes on which respondents have not had the opportunity to comment because they were not contemplated or discussed in the basis for conclusions accompanying the exposure draft; and
  - b) It will learn anything new by re-exposing the proposals.
- 5.27 Paragraph 5.32 of the DPP was revised to indicate that the EFRAG SRB explains, in the basis for conclusions, the rationale behind the decisions it reached in either developing or amending a draft standard. The basis for conclusions also includes a summary of how the EFRAG SRB addressed the comments received when the proposals were exposed.
- 5.28 Regarding Post-Implementation Reviews, paragraph 5.37 was clarified to state that according to the proposal for a CSRD, the European Commission shall, at least every three years after its application date, review any delegated act adopted pursuant to Article 19b of the proposal for a CSRD, taking into consideration the technical advice of EFRAG and, where necessary, shall amend such a delegated act to take into account relevant developments, including developments with regard to international standards.

## LIST OF RESPONDENTS

(All the responses can be accessed on EFRAG's website [here](#)).

<u>Name</u>	<u>Country</u>	<u>Type</u>
CL01 - ASCG	Germany	Standard setter
CL02 - EFAA	Europe	Accountancy organisation
CL03 - Liv Watson	Norway	Individual
CL04 - Danish National Funding Mechanism	Denmark	Other
CL05 - BUSINESSEUROPE	Europe	Preparer organisation
CL06 - Confederation of Swedish Enterprises	Sweden	Preparer organisation
CL07 - European Accounting Association	Europe	Academic organisation
CL08 - EUMEDION	Netherlands	User organisation
CL09 - ANIA	Italy	Preparer organisation
CL10 - Accountancy Europe	Europe	Accountancy organisation
CL11 - Fédération Française de l'Assurance	France	Preparer organisation
CL12 - GLEIF	Global	Other
CL13 - Allianz	Germany	Preparer organisation
CL14 - EY	Global	Accountancy organisation
CL15 - PRI	Global	ESG organisation
CL16 - AICPA	Global	Accountancy organisation
CL17 - AIAF	Global	User organisation
CL18 - Frank Bold	Europe	Civil society
CL19 - Acteo - AFEP- Medef	France	Preparer organisation
CL20 - SFRB	Sweden	Standard setter
CL21 - PensionEurope	Europe	Preparer organisation
CL22 - GDV (German Insurance Association)	Germany	Preparer organisation
CL23 - Finnish Energy	Finland	Preparer organisation
CL24- EACB	Europe	Preparer organisation
CL25- CDSB	Global	ESG organisation
CL26- Insurance Europe	Europe	Preparer organisation
CL27- UNI Europa Finance	Europe	civil society
CL28- DASB	Netherlands	Standard setter
CL29- Deloitte	Global	Accountancy organisation
CL30- ACCA	Global	Accountancy organisation
CL31- European Insurance CFO Forum	Europe	Preparer organisation
CL32- KPMG	Global	Accountancy organisation
CL33- Malta Institute of Accountants	Malta	Standard setter
CL34- EURELECTRIC	Europe	Preparer organisation
CL35- ICAC	Spain	Standard setter
CL36- Mazars	Global	Accountancy organisation
CL37-OIC	Italy	Standard setter
CL38- Malta Ministry for Foreign and European Affairs	Malta	Other

## Glossary of Terms and Abbreviations

- **CSRD:** Corporate Sustainability Reporting Directive.
- **Comment letter:** a letter or a formal submission received by EFRAG in response to a consultation document. All comment letters are made public and can be viewed on the EFRAG website.
- **Cost-Benefit Analyses (CBA):** refers to '*cost-benefit analyses that include analyses of the impacts of the Technical Advice on sustainability matters*' (proposals for a CSRD). Process for assessing the likely effects of a proposed ESRS, which is undertaken as the new requirements are developed, culminating in an analysis presented with a new standard or amendment to a standard that summarises the EFRAG's assessment of the likely effects of the new requirements.
- **DPP:** Due Process Procedures
- **EFRAG SRB:** EFRAG Sustainability Reporting Board.
- **EFRAG SR TEG:** EFRAG Sustainability Reporting Technical Expert Group.
- **ESEF:** European Single Electronic Format
- **ESRS:** Sustainability Reporting Standards as applicable in the EU.
- **European Lab function:** Refers to the activities of the European Lab exercised by project task forces accountable to either the EFRAG SRB or the EFRAG FRB or both depending on the subject matter.
- **Exposure draft:** a draft of a proposed Standard or amendment to a Standard. An exposure draft sets out a specific proposal and includes a basis for conclusions and if applicable alternative views. An exposure draft is a mandatory due process step.
- **Feedback statement:** a document that gives direct feedback on the comments that were submitted on the exposure draft. It identifies the most significant matters raised in the comment process and explains how EFRAG considered those matters.
- **Fieldwork:** work (including field test, surveys...) conducted with stakeholders to help EFRAG assess the likely effects of a proposed standard or amendment to a standard. Fieldwork might include experimentally applying new proposals to individual transactions or contracts as if the proposed guidance were already in effect, asking for feedback on the proposed wording of a particular proposal or assessing the extent of system changes that would be required if the proposed guidance was implemented. Fieldwork may also include gathering examples from practice to help EFRAG gain a better understanding of industry practices and how proposed guidance could affect them.
- **Post-implementation review:** a review of a Standard or major amendment to a Standard after its implementation.
- **Re-exposure:** a formal request for comments on a revised version of an exposure draft.

- **Technical Advice:** EFRAG’s advice to the European Commission that consists of fully prepared draft standards and/or draft amendments to Sustainability Reporting Standards accompanied by bases for conclusions and Cost-Benefit Analyses (see definition above).