



## EFRAG SECRETARIAT ANALYSIS OF THE INDIVIDUAL DRs

### ESRS S2 – SUMMARY

DR	DR DESCRIPTION	Overall support rate (average across categories)	Key outcome of the consultation	Reference to the CSRD paragraph that requires it	ESRS 2 including AGs support a fair representation of the topic required by the CSRD in cl. characteristics of quality ?	Relevant for majority of undertaking across the sectors?	Promoting alignment with international standards?	Operational complexity ?	TO BE ALWAYS MATERIAL	POSSIBLE SIMPLIFICATION	PHASE IN RECOMENDATION
S2-1	Policies related to value chain workers	59	<p><b>Key Feedback</b></p> <ul style="list-style-type: none"> <li>- Alignment with EU and international frameworks /initiatives</li> <li>- Definition adjustment /rephrasing required</li> <li>- Phasing-in / prioritization</li> <li>- Reduce complexity</li> <li>- Questionable cost-benefit ratio</li> </ul> <p><b>Support from</b></p> <ul style="list-style-type: none"> <li>- AR/I</li> <li>- ESG</li> <li>- NGO</li> </ul> <p><b>Reservation from</b></p> <ul style="list-style-type: none"> <li>- NFC-Out</li> <li>- FIO</li> <li>- CO</li> <li>- BA</li> </ul>		75% RAR	<p><b>68% RAR</b></p> <p>Opposition from</p> <ul style="list-style-type: none"> <li>- CO</li> <li>- FIB</li> <li>- NFC</li> </ul>	<p><b>52% RAR</b></p> <p>Opposition from</p> <ul style="list-style-type: none"> <li>- UNFC</li> <li>- NFC-</li> <li>- FII</li> <li>- FIB</li> </ul>	<p>1) Not fully in line with international due diligence standards</p> <p>2) Disclosing and summarising human rights policies that companies have in place in relation to material impacts, risks and opportunities is common practice. Normal operational burden expected.</p> <p>Fine-tuning of definitions and alignment with international instruments of DD.</p>	Yes	<p>Clarification rather than simplification</p> <p>Fully align with UNGP and OECD Due Diligence Guidance</p>	<p><b>No phase-in; CSRD already allows for longer timeframe in the case of missing value chain information.</b></p> <p><b>50% RAR</b></p> <p>Opposition from</p> <ul style="list-style-type: none"> <li>- UNFC</li> <li>- NFC-Out</li> <li>- FIO</li> <li>- CO</li> <li>- BA</li> </ul>
S2-2	Processes for engaging with value chain workers about impacts	58	<p><b>Key Feedback</b></p> <ul style="list-style-type: none"> <li>- Alignment with EU and international frameworks /initiatives</li> <li>- Digitisation requirements</li> </ul>		73% RAR	75% RAR	<p><b>55% RAR</b></p> <p>Opposition from</p> <ul style="list-style-type: none"> <li>- NFC-On (0%)</li> <li>- FII (0%)</li> <li>- FIB (0%)</li> </ul>	<p>1) Not fully in line with international due diligence standards</p> <p>2) This is a critical step of an undertaking's human rights due diligence</p>	Yes	<p>Clarification rather than simplification</p> <p>1) Fully align with UNGP and OECD Due Diligence Guidance</p> <p>2) Where possible, consider including</p>	<p><b>No phase-in; CSRD already allows for longer timeframe in the case of missing value chain information.</b></p>



			<ul style="list-style-type: none"> <li>- Definition adjustment /rephrasing required</li> <li>- Reduce complexity</li> <li>- Disaggregation of disclosure requirement</li> </ul> <p><b>Support from</b></p> <ul style="list-style-type: none"> <li>- AR/I</li> <li>- ESG</li> <li>- TU</li> </ul> <p><b>Reservation from</b></p> <ul style="list-style-type: none"> <li>- NFC-Out</li> <li>- FII</li> <li>- UNFC</li> </ul>				<p>process. Engaging value chain workers might require additional efforts compared to engaging the undertaking's own workforce. However, the requirement is to report on <i>general</i> processes, rather than overly detailed information. Normal operational burden expected.</p> <p>Fine-tuning of definitions and alignment with international instruments of DD.</p>	additional practical examples in AG.	<p><b>50% RAR</b></p> <p>Opposition from</p> <ul style="list-style-type: none"> <li>- UNFC</li> <li>- NFC-Out</li> <li>- FII</li> </ul>	
S2-3	Channels for value chain workers to raise concerns	68	<p><b>Key Feedback</b></p> <ul style="list-style-type: none"> <li>- Alignment with EU and international frameworks /initiatives</li> <li>- Digitisation requirements</li> <li>- Definition adjustment /rephrasing required</li> <li>- Disaggregation of disclosure requirement</li> <li>- Phasing-in / prioritization</li> </ul> <p><b>Support from</b></p> <ul style="list-style-type: none"> <li>- AR/I</li> <li>- TU</li> <li>- NGO</li> </ul> <p><b>Reservation from</b></p> <ul style="list-style-type: none"> <li>- NFC-On</li> <li>- FII</li> <li>- BA</li> <li>- UNFC</li> </ul>	75% RAR	76% RAR	N/A	<p>1) Not fully in line with international due diligence standards</p> <p>2) The DR asks undertakings to provide information on channels they have in place for value chain workers to raise concerns; it does not prescribe setting up such channels. Assessing value chain workers' trust in these processes might may be challenging at times, but is aligned with due diligence.</p> <p>Fine-tuning of definitions and alignment with international instruments of DD.</p>	Yes	<p>Clarification rather than simplification</p> <p>Fully align with UNGP and OECD Due Diligence Guidance</p> <p>2) Where possible, include additional practical examples in AG.</p>	<p><b>No phase-in; CSRD already allows for longer timeframe in the case of missing value chain information.</b></p> <p><b>57% RAR</b></p> <p>Opposition from</p> <ul style="list-style-type: none"> <li>- UNFC</li> <li>- FII</li> <li>- BA</li> </ul>



S2-4	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	58	<p><b>Key Feedback</b></p> <ul style="list-style-type: none"> <li>- Alignment with EU and international frameworks /initiatives</li> <li>- Quantitative indicators</li> <li>- Digitisation requirements</li> <li>- Definition adjustment /rephrasing required</li> <li>- Disaggregation of disclosure requirement</li> <li>- Phasing-in / prioritization</li> <li>- Guidance for reporting</li> <li>- Data accessibility (inc value chain data)</li> </ul> <p><b>Support from</b></p> <ul style="list-style-type: none"> <li>- AR/I</li> <li>- NGO</li> <li>- ESG</li> </ul> <p><b>Reservation from</b></p> <ul style="list-style-type: none"> <li>- NFC-Out</li> <li>- FII</li> <li>- UNFC</li> </ul>		77% RAR	78% RAR	<p><b>47% RAR</b></p> <p>Opposition from</p> <ul style="list-style-type: none"> <li>- UNFC</li> <li>- NFC-Out</li> <li>- FIO</li> <li>- FII</li> <li>- FIB</li> </ul>	<p>1) Not fully in line with international due diligence guidance</p> <p>2) The DR requires the disclosure of targets undertakings have in place, if any; it does not prescribe the disclosure of specific targets. The DR stems from the CSRD, which requires undertakings to report on targets related to sustainability matters. Normal operational burden expected.</p> <p>Fine-tuning of definitions and alignment with international instruments of DD.</p>	Yes	<p>Clarification rather than simplification</p> <p>1) Fully align with UNGP and OECD Due Diligence Guidance</p> <p>2) The DR should be read in connection with DP1-2 in ESRS</p> <p>1. Consider including clearer reference in in AG to this,</p>	<p><b>No phase-in; CSRD already allows for longer timeframe in the case of missing value chain information.</b></p> <p><b>41% RAR</b></p> <p>Opposition from</p> <ul style="list-style-type: none"> <li>- UNFC</li> <li>- NFC-Out</li> <li>- FIO</li> <li>- BA</li> </ul>
S2-5	Taking action on material impacts on value chain workers and effectiveness of those actions	62	<p><b>Key Feedback</b></p> <ul style="list-style-type: none"> <li>- Alignment with EU and international frameworks /initiatives</li> <li>- Digitisation requirements</li> <li>- Definition adjustment /rephrasing required</li> <li>- Disaggregation of disclosure requirement</li> </ul> <p><b>Support from</b></p> <ul style="list-style-type: none"> <li>- AR/I</li> </ul>		76% RAR	82% RAR	<p><b>49% RAR</b></p> <p>Opposition from</p> <ul style="list-style-type: none"> <li>- UNFC</li> <li>- NFC-Out</li> <li>- FII</li> <li>- FIB</li> </ul>	<p>1) Not fully in line with international due diligence standards</p> <p>Fine-tuning of definitions and alignment with international instruments of DD.</p>	Yes	<p>Clarification and simplification</p> <p>1) Align fully with UNGP and OECD Due Diligence Guidance</p>	<p><b>No phase-in; CSRD already allows for longer timeframe in the case of missing value chain information.</b></p> <p><b>52% RAR</b></p> <p>Opposition from</p> <ul style="list-style-type: none"> <li>- UNFC</li> <li>- NFC-Out</li> <li>- FII</li> <li>- BA</li> </ul>



			<ul style="list-style-type: none"> <li>- NGO</li> <li>- TU</li> </ul> <p><b>Reservation from</b></p> <ul style="list-style-type: none"> <li>- NFC-Out</li> <li>- FII</li> <li>- FIB</li> <li>- BA</li> </ul>								
S2-6	Approaches to mitigating material risks and pursuing material opportunities related to value chain workers	56	<p><b>Key Feedback</b></p> <ul style="list-style-type: none"> <li>- Alignment with EU and international frameworks /initiatives</li> <li>- Digitisation requirements</li> <li>- Definition adjustment /rephrasing required</li> <li>- Disaggregation of disclosure requirement</li> <li>- Phasing-in / prioritization</li> <li>- Architecture of Social standards</li> </ul> <p><b>Support from</b></p> <ul style="list-style-type: none"> <li>- AR/I</li> <li>- ESG</li> <li>- TU</li> </ul> <p><b>Reservation from</b></p> <ul style="list-style-type: none"> <li>- UNFC</li> <li>- Other</li> <li>- NFC-Out</li> <li>- FII</li> <li>- BA</li> </ul>		<p><b>63% RAR</b></p> <p>Opposition from</p> <ul style="list-style-type: none"> <li>- NFC-Out</li> <li>- NFC-On</li> <li>- BA</li> </ul>	<p><b>68% RAR</b></p> <p>Opposition from</p> <ul style="list-style-type: none"> <li>- NFC-Out</li> <li>- BA</li> <li>- NFC-On</li> </ul>	<p><b>49% RAR</b></p> <p>Opposition from</p> <ul style="list-style-type: none"> <li>- UNFC</li> <li>- NFC-Out</li> <li>- FII</li> <li>- FIB</li> </ul>	<p>1) Not fully in alignment with international due diligence standards</p> <p>2) The DR requires the disclosure of the actions of an undertaking to mitigate risks and advance opportunities. It does not prescribe the implementation of specific actions. Normal operational complexity expected.</p> <p>This is a financial materiality disclosure with no equivalent international frameworks. No further actions.</p>	Yes	No further actions	<p>No phase-in; CSRD already allows for longer timeframe in the case of missing value chain information.</p> <p><b>42% RAR</b></p> <p>Opposition from</p> <ul style="list-style-type: none"> <li>- UNFC</li> <li>- Other</li> <li>- NFC-Out</li> <li>- FII</li> <li>- BA</li> </ul>



ESRS S2 – DETAILED NOTES TO THE TABLE

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

Abbreviation Questions	Context
A	Requires relevant information



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