

Cover Note

ESRS S3 – list of comments and changes to the draft

Background

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

Purpose of this session

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

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

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

- (b) To be discussed: the EFRAG Secretariat considers that, due to different views that exist between different categories of stakeholders or due to the low support rate of this question in the statistics from the consultation or due to the complexity of the topic, a dedicated technical discussion is needed before a change to the draft standards can be defined in detail and agreed upon. In this case the column 'Issue paper needed?' shows in which Issue paper the topic will be covered. The issue papers will be presented at future SR TEG/SRB meetings (some of them have been already discussed in SR TEG/SRB at this stage).
 - (c) To be aligned: the EFRAG Secretariat proposes to modify the text of the standard as illustrated in the column 'EFRAG Secretariat comments'.
 - (d) To be considered: the EFRAG Secretariat proposes to consider this suggestion when finalizing the standard (differently from 'to be aligned', here the comment doesn't allow to immediately identify the change, but further consideration is needed, without triggering a SRB discussion as the point is not as complex or controversial as it would be for the 'To be discussed').
 - (e) Ongoing: the assessment/change to the standards is in progress.
9. Agenda Paper from 07-04 presents the outcome of the EFRAG Secretariat assessment.

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

10. The EFRAG Secretariat has conducted an assessment of the individual disclosure requirements for each standard based on the feedback received to date, including the results of the public consultation. **Agenda Paper 03-04** presents the outcome of this assessment together with recommendations on the categorisation of the disclosure requirements for aspects such as sector-specificity and phase- in together with possible recommendations or operational complexity. The template includes a column 'Always material'. This is a preliminary assessment of whether the DR could be considered eligible (and on which basis) for a list of mandatory items, should the SRB finally decide that the materiality approach should include a list of mandatory items per each standard.

Questions to SR TEG members and observers

11. The Due Diligence issue paper includes an analysis on the architecture and content of the six disclosure requirements (i.e., ESRS S3-1 to ESRS S3-6); hence, no questions are included for this session.
12. With regard to the inclusion of qualitative DRs in S3: Do you agree that quantitative KPIs are more appropriate and fit for sector-specific standards, given the challenges of setting quantitative KPIs at sector-agnostic level?
13. With regard to opportunities: Do you consider that S3 sufficiently covers opportunity-related?
14. Any other comments on these ESRS S3 papers?