

This agenda paper was discussed by the EFRAG Administrative Board Due Process Committee (the 'DPC') at its 13 October 2022 meeting. The paper includes the DPC's recommendations to the EFRAG Administrative Board.

## Objective

- 1 The objective of the session is to present to the EFRAG Administrative Board the main feedback provided by respondents to the ESRS public consultation in relation to EFRAG's Due process and discuss possible actions.

## Main comments about EFRAG's Due Process Procedures

- 2 The EFRAG Secretariat (assisted by its contractor Ramboll) performed a systematic search of the two survey inventories of comments for different key words that are related to the conditions of the consultation (due process, procedure, public consultation, feedback, timeframe, consultation, length, limited, published date, etc.) and identified the organisations listed in Appendix 1 commenting on the matter.
- 3 80 of the 450 respondents to EFRAG's consultation (about 20%) provided comments on EFRAG's due process; including some of the EFRAG Members Organisations.
- 4 Most of these organisations have included their comments in the cover letter or other separate documents attached to their submission and where applicable some also reiterated the comments in the responses to the survey questions that they could not or not fully address for lack of time.
- 5 Overall, input on the due process can be broken down into 4 types of comments:
  - (a) The insufficient length of the consultation period considering the number of draft ESRS and questions being raised;
  - (b) The timing of the consultation launched while the discussions in dialogue on the CSRD text (defining both EFRAG's mission and the content and timing of the ESRS) were still going on until 21 June that is 2 months before the end of the consultation period.
  - (c) The perceived insufficient time left for EFRAG to consider the feedback (ie only 3 months) and deliver quality standards to the EC by Mid-November 2022 and the concerns that the timeline would not result in a robust process that yields the meaningful feedback that EFRAG needs to ensure the development of high-quality standards as well as acceptance and legitimacy of such standards by all stakeholders. A few suggested a phasing in of the ESRS as a solution to allow more time for EFRAG to focus on the finalisation of a core set of draft ESRS while taking more time to look at the remainder of the feedback at a later point in time. A few suggested that EFRAG should ask for more time to deliver the draft ESRS.
  - (d) The content of the consultation package that did not include the Basis for Conclusions (published a month later) and the Cost-benefit assessment. (still

under way). Only a few (four) respondents also regretted the absence of a mock sustainability report in the consultation documents to assess the feasibility of the draft standards). Lastly, a few respondents (six) which commented on the due process suggested the need to further field-test the proposals, despite the user test carried out.

### **Analysis and considerations**

- 6 The EFRAG Secretariat first notes that, although the number of respondents who raised concerns is large enough in itself (and concerns raised in similar terms with sufficient prevalence) to be considered carefully, the figure must not be regarded as a statistically valid representation of the views of the respondents. This is because no specific questions on the due process were included in the ESRS public consultation surveys and only a minority of respondents provided input (complaints) on a voluntary basis.
- 7 In that regard, we observe that the EFRAG Due Process Procedures (DPP) requires that EFRAG perform a first review of its due process, one year after the initial application (and then every 5 years) that is on or after March 2023<sup>1</sup>. This will offer an opportunity to EFRAG to review more systematically its due process in the light of the experience of the consultation on the first set of ESRS. However, this first review of the Due Process is not expected to be finalised before the launch of the consultation for the second set of ESRS and therefore it will be important for the EFRAG Administrative Board DPC to consider whether and how to address, on the short term, the concerns and suggestions raised in the first public consultation.
- 8 It could also be considered to add a specific question on the due process in the forthcoming public consultations on Set 2 in order to collect more complete and more balanced input on EFRAG's Due Process and to avoid having to run another consultation on the Due Process in parallel to Set 1's.
- 9 Some of the comments made by respondents were specific to the conditions of the first consultation and are not expected to affect again future consultations as such: for instance the fact that the launch of the draft ESRS consultation on set 1 was done while the proposal for the CSRD was still being negotiated or the fact that that EFRAG's consultation was concomitant with the ISSBs and SEC's ones.
- 10 It is worth noting that the exceptionally tight timeline for the preparation of the standards, the fact that the consultation took place at the same time of the ISSB and SEC consultation and that the CSRD was still in discussion are all factors outside EFRAG's control.
- 11 EFRAG will communicate in the feedback statement to be issued jointly to the Basis for Conclusions in December 2022 how it has considered (i) the changes introduced in the final text of the CSRD and (2) the developments of other global initiatives, in addition to how the comments from the consultation have been considered.
- 12 More broadly, EFRAG will communicate how it has considered the feedback received in the consultation on the draft ESRS EDs and addressed the main concerns expressed

---

<sup>1</sup> The DPP was formally approved by EFRAG General Assembly on 15 March 2022 and published on 30 March 2022.

by respondents despite the relatively short timeline to finalise the draft ESRS after the public consultation.

- 13 The overall timeline for the issuance of the standards imposed by the CSRD is extremely challenging, if compared to the ordinary timeline for standard setting. This is particularly acute for the first set, but is equally valid for the standards to be issued in the next step (Set 2 to be issued for consultation over the first semester for delivery to the EC by November 2023), as the timeline is equivalent with that of Set 1.
- 14 The timeline for the subsequent steps will depend on the resources that EFRAG can mobilise to prepare Set 3 and 4 during the consultation/finalization of Sets 2 and 3. With the current resources available the tasks have to be planned in sequence and there is limited ability to advance Sets 3 and 4 before the completion respectively of Sets 2 and 3, similarly to what happened in 2022 with Set 2 that is still currently in development.
- 15 In addition, with the internal organization and in particular the recruiting still not complete, the issue of not being able to prepare in time the basis for conclusions continues to exist also for Set 2.
- 16 Other comments made by respondents may be considered for the way subsequent consultations are being conducted in particular regarding:
  - (a) The timing of the consultation period and its duration; and
  - (b) The content of the consultation package in particular regarding the timing of the inclusion of the bases for conclusion, and the cost-benefit analysis.
- 17 In that regard, Agenda paper 03-01 considers some proposals regarding the consultation process for the second set of draft ESRS considering EFRAG's work plan and resources; in particular regarding the timeline and the content of the consultation packages.

#### Recommendation of the EFRAG Administrative Board DPC (the 'DPC')

- 18 The DPC discussed the above feedback and EFRAG Secretariat's considerations at its 13 October meeting.
- 19 Members considered that it was paramount to identify the lessons learned from the first public consultation, look more closely at the exceptions to full compliance with Due Process Procedures (making an inventory) and the reasons for the exceptions in order to be able to reflect on the improvements to be brought in the context of Set 2. Issues for consideration could include incorporation of the cost benefit analysis and basis for conclusions at an earlier stage and the volume of the consultation package.
- 20 Members recognised the tremendous work undertaken by the EFRAG SRB, EFRAG SR TEG and EFRAG Secretariat and expressed their appreciation realising the difficulty posed by the extreme tight deadlines.

#### **Questions to the EFRAG Administrative Board**

- Do EFRAG Administrative Board members have comments on the summary of input from respondents to the public consultation on the first set of draft ESRS (and the inventory of the comments contained in Appendix 1)?

- Do members agree with the observations in paragraph 6 to 17 and the recommendations of the DPC? If not which alternative(s) would you suggest ?
- Do members have other comments ?

**Appendix 1 - Inventory of comments received in the ESRS public consultation on the Due Process**

	<b>Respondents</b>	<b>Comments on the Due Process</b>
1	Aachener Siedlungs- und Wohnungsgesellschaft mbH	The high speed in the elaboration of the ESRS and the additional high pressure in the due process are not necessarily suitable to guarantee expedient and concise information. The consequence is a high need for concretization and coordination in the course of preparing the implementation. For this reason, consideration should be given to extending the due process. There are probably disproportionate burdens, in view of the level of detail of the individual standards, the very tight timeframe (both for implementation and for the due process) and the additional costs for companies in relation to the resulting benefits A cost-benefit assessment of the individual groups of companies concerned can also be demanded in the development of the standards as an indispensable part of a proper due process.
2	ACCA	EFRAG has issued 13 exposure drafts of new standards for comment and a survey to gather views that runs to hundreds of questions, in a 4-month period. EFRAG will need to consider carefully whether due process has been achieved in this case. We are especially concerned that the feedback received in such a compressed comment period, in particular relating to certain topical standards, may not be sufficient to ensure that standards are of good quality and capable of implementation
3	Advisory Committee of CNMV	<p>The ESRS are being developed at the same time as the Directive is being processed, which means that its development is subject to a deadline, thus possibly affecting its quality. Deadlines are very tight. It is important to bear in mind the high level of detail and thoroughness of the content of the breakdown requirements, in standards (the ESRS) that include almost 400 pages, not counting the Basis for Conclusions (another 400 pages). This would most likely be amplified by sectoral requirements. The above would promote prioritising its implementation in phases, limiting the first year, for example, to parts of the breakdowns and indicators (KPIs) considered to be a priority, leaving the rest for the second and third years, according to its relative importance</p> <p>The SMSG is concerned about the deadlines for the implementation of the delegated regulation. As mentioned herein, the ESRS must be submitted by EFRAG before the Commission in November 2022. SMSG proposes that, following a cost-benefit assessment, this deadline be extended or, alternatively, the number of delegated legislations to be published within this deadline be reduced</p>
4	Acteo AFEP Medef	Regret that this work was undertaken before the final adoption of the directive, setting deadlines incompatible with due process, lacking proper review of the draft standards by the EFRAG SRB before running the open consultation, resulting in drafts which in many points do not meet the requirements of CSRD, lack prioritisation and alignment with international frameworks, and do not meet the needs of companies and investors. French companies fear that the proposed standards, because of the level of detail of the information to be disclosed, will disadvantage them compared to their international competitors. Furthermore, Acteo, AFEP and MEDEF regret that the consultation deadline was too short to conduct an in-depth analysis, in particular allowing to identify the concerns of undertakings newly targeted by sustainability

	Respondents	Comments on the Due Process
		reporting. Acteo, AFEP and MEDEF are highly concerned about the short timeframe left to perform the necessary structural changes in response to a consultation of such magnitude.
5	AFME	We note that the very significant amount of detail contained in the thirteen exposure drafts has provided our members with a significant challenge in reviewing the detail and comparing it with other initiatives such as the ISSB standards in a short space of time. We have therefore focused our response on the general standards and climate standards but have had insufficient time to fully assess the other sustainability standards. We expect that our members are not unique in this respect and this is one further reason to support an appropriate phasing in of requirements where we suggest prioritizing the general framework in ESRS 1 and , the climate change standard in ESRS E1, and the disclosure requirements necessary for SFDR PAI from ESRS E2-E5, and providing further time to finalise and implement the remainder of the standards which relate to other environmental, social and governance matters.
6	Accountancy Europe	<p>EFRAG launched 13 ESRS EDs at once, with the respective Basis for Conclusions following only a month later. These consultations, composed of 195 survey questions, have a comment period of only 100 days. Moreover, these consultations do not cover two important parts of the Technical Advice that EFRAG will ultimately submit to the EC: the impact analysis and the digitalisation guidance. Both are important elements to determine the cost-benefits of the proposals, and should be out for consultation soon as stipulated in paragraph 2.16 of EFRAG’s Due Process Procedures:</p> <p>The Basis for Conclusion do not include a detailed and factual reconciliation between the ESRS EDs, the CSRD and related EU laws and regulations. A draft detailed reconciliation (as the CSRD was not yet finalised when the ESRS EDs were issued), should have been prepared and made public by the EFRAG PTF-ESRS to provide the rationale for many disclosure requirements. Moving forward, we strongly suggest that such working documents be made available to the EFRAG Sustainability Reporting Technical Expert Group (SR TEG) and Sustainability Reporting Board (SRB) to finalise and ultimately be included in the Basis for Conclusion</p> <p>All the above seriously compromise stakeholder engagement and could impair the usefulness and pertinence of the responses, and, at times, the possibility to respond with due consideration. This is the case for questions such as on cost-benefits and alignment with EU legislation where, even if stakeholders provided feedback, cannot replace the necessary analysis that should be done at EFRAG level. After the consultation period, the EFRAG SR TEG and SRB will only have until November 2022 to analyse and discuss the responses received, deliberate on the necessary changes and prepare the technical advice on ESRS to the EC. This severe time pressure, together with the associated volume and complexity, heightens the risk of compromising the EFRAG SR TEG’s and SRB’s abilities to arrive at quality standards. It also does not allow time for field-testing these proposals, which is an important step in standard setting.</p> <p>In addition, it puts into question whether a genuine due process can be followed. For example, we understand that many past meetings were working “on-call” rather than on the basis of a workplan. While efforts to address this are under way and meetings are being scheduled, it is important to have a concise workplan to facilitate planning and have effective discussions on the ESRSs’ development. We</p>

	<b>Respondents</b>	<b>Comments on the Due Process</b>
		fear that the impossible deadlines and the pressures on the organisation are taking precedence over substance, quality and realism.
7	Alfred Kärcher SE & Co. KG	The whole process should have more time, the consultation should be longer, also there should be more time to review the feedback, and also there should be another time extension for companies to implement
8	Allianz Group	We urge EFRAG to thoroughly consider – in all phases of its standard-setting activities – whether fieldwork should be conducted and in case of doubt collect views from preparers and users via public consultation as well as individual outreach. In our view, fieldwork can take different forms and must not in all cases involve case studies/simulations by preparers which require a considerable amount of time. We have not had sufficient time to consider the completeness of the list noted in Q4, and so at this stage we are unable to provide EFRAG with any guidance as to what other European policies and legislation it needs to take into consideration. Prior to the issuance of any ESRS we encourage EFRAG as part of its due process to assess whether detailed input from legal experts (familiar with CSRD) is needed to make sure that nothing important is overlooked.
9	AMF	To support the implementation of the standards, the AMF encourages EFRAG to consider the creation of a “transition resource group”, following the IASB’s example during the implementation of major new accounting standards such as IFRS 15, IFRS 9 or IFRS 17. Such initiative would provide a public forum for stakeholders to analyse and discuss issues arising from implementation, which would then inform the TEG’s work and the EFRAG Sustainability Board’s decision
10	Arbeitgeberverband der Versicherungsunternehmen in	It is unacceptable that obligations set by delegated acts call into question binding EU standards on sustainability reporting prepared by an organisation outside the co-legislature without the support of the European Parliament and the Council and are not an acceptable way to create obligations for companies.  In addition, much of the consultation was conducted in parallel with the trilogue negotiations and thus before approval by the EU institutions, risking that the standards do not reflect the final directive, even though they are meant to support its implementation and guide businesses in this regard. Above all, such premature consultation is not useful.
11	ASCG	A cost-benefit-analysis has not yet been provided by EFRAG to be assessed by constituents of that consultation. The Basis for Conclusions has been published late in the consultation process, and the CSRD was not yet finally adopted at the time of preparing the feedback E1 through this survey (the text of the political agreement was published on 30 June, i.e., two months after EFRAG PTF-ESRS had issued the Exposure drafts but five weeks before the end of that consultation). We currently still hold strong reservations as to whether the set-up of the consultation process sufficiently addresses the challenges. Not only did constituents only have little time to respond to the voluminous ED ESRS. In addition, EFRAG itself will have very limited time and resources to successfully conduct the necessary high-quality revision of the ED ESRS which many constituents across Europe deem necessary
12	Assicurazioni Generali S.p.A.	There is a huge number of reporting elements within the standards under consultation and in our view it is simply not possible for stakeholders to conduct the necessary assessments to provide comprehensive input on all of these in the time

	<b>Respondents</b>	<b>Comments on the Due Process</b>
		allowed or for EFRAG to deliver proposals, of suitable quality, on all of these by mid-November 2022, while at the same time ensuring it provides the necessary input to the ISSB process and integrates those standards, where appropriate, into its proposals
13	Assirevi	<p>Time is a crucial element to deliver high quality sustainability reporting standards: we are concerned that the current timetable, as set out by the EU legislators, will not allow EFRAG sufficient time to analyse and properly address stakeholder feedback on draft ESRS and finalize the standards. We strongly recommend that EFRAG ask for more time to allow for appropriate due process and better integration of the global baseline, and to help addressing implementation challenges. This should be done also in order to give appropriate consideration to some recent modifications included in the provisional final text of the Corporate Sustainability Reporting Directive proposal ("CSRD"), that should be properly addressed by the standards.</p> <p>With the ESRS public consultation process launched in April, EFRAG has exposed proposals for public comment for a comprehensive and detailed framework for sustainability reporting in the EU. As previously highlighted, time appears to be crucial to deliver high quality sustainability reporting standards. In this respect, we observe that a very constrained timeframe has been allowed to EFRAG to analyse and appropriately address stakeholders' feedback and to develop research, analysis and suggestions for technical enhancements which are essential to enable the finalization of high-quality standards. We strongly recommend that EFRAG ask for more time to allow appropriate due process, better integration of the global baseline and to help ensure that the final standards are fit for purpose. This should be done also in order to give appropriate consideration to some recent modifications included in the provisional final text of the CSRD, that should be properly addressed by the standards. Furthermore, more time seems to be needed for an adequate and meaningful dialogue between EFRAG, the ISSB and other regulatory and standard-setting bodies, which is necessary to enable global convergence and interoperability to the maximum extent possible. Finally, we recommend that sufficient time is allowed for developing implementation and application guidance to enable high-quality preparation of disclosures.</p>
14	Association of International Accountants (AIA)	<p>We have reservations around due process. While we understand the need for some urgency, and that deadlines are to some extent determined by EU politicians and regulators, as manifested in the final CSRD, we feel that EFRAG has tried to do too much, too soon. EFRAG seems to be attempting in the first set of ESRS to have 'state of the art' standards – as perfect, technically rigorous, and comprehensive as they can make them within the tight time constraints imposed by the CSRD. We much prefer, and advocated for it to no avail, the 'think small and simple first' approach to standard setting, gradually building in the necessary complexity and comprehensiveness in due course. This would have lent itself to better due process. It would have given those less well equipped to respond in full to complex public consultations like this, such as SMEs and SMPs, the time to properly evaluate the proposals</p>
15	BDO	<p>Although we understand the EU's ambition on sustainability matters and the related timetable, we do not believe that the process has incorporated appropriate due process. 13 ESRS exposure drafts were issued at the end of April 2022 together with 195 survey questions and a comment period of only 100 days, with the Basis for Conclusions following approximately one month later. Following the close of the comment period, EFRAG will have only until November 2022 to analyse and discuss the feedback received (which will be substantial), deliberate changes to be made to</p>



	Respondents	Comments on the Due Process
		the proposals and develop the technical advice for the European Commission. In our view, insufficient time has been allowed for stakeholders to provide comprehensive feedback on the proposals. There is also insufficient time to enable EFRAG appropriately to consider and act on feedback received. We strongly encourage EFRAG to engage with EU policy makers at the earliest opportunity in order that sufficient time is allowed for appropriate due process, and for the development of associated implementation and application guidance. In addition, the need for global convergence means that additional time will be needed to enable EFRAG to have sufficient and meaningful dialogue with the 1558 and other global bodies to ensure that the EU and global requirements are fully consistent.
16	BETTER FINANCE	We are also concerned about the extremely challenging timetable planned for the finalisation and enforcement of the ESRS. In particular, we are concerned that EFRAG will not have the necessary time to really review not only the boxes ticked but also the comments made by the stakeholders. Please note that international financial reporting standards took decades to complete and enforce, although their scope was by far not as large
17	BMG Group / European Round table for Industry	<i>Stick to the due process.</i> High-quality standards should be based on the principles of legitimacy, independence, transparency, public accountability, and a thorough, well-governed, and evidence-based due process. Stakeholder engagement and due process must be inclusive and allow for timely and high-quality input from the business community. Despite the fact that the 13 exposure drafts contain 137 disclosure requirements and cover a total of approximately 400 pages, the consultation period was reduced to just 100 days instead of allowing it to run for 4 months as set out in the EFRAG due process. Additionally, EFRAG was not able to provide for all necessary information at the start of the consultation (e.g. Basis for Conclusion, Cost-Benefit Analysis). It seems also not in line with the due process that the Expert Working Groups that were established to review, provide input and, where necessary, contribute to the work of the PTF-ESRS are now tasked with the development of the sector-specific standard. The new EFRAG governance with the EFRAG SRB and the SR TEG should develop the additional standards. The feedback on the ESRS is due on August 8, and afterwards there will be some 2 ½ months to review, process, and propose changes to the ESRS in the 13 ESRS and have these approved. We expect many comments and, in all fairness, do not think this limited time allows for a thorough review and analysis of and reflection on all these comments. This ultimately leads to a high risk of ESRS that do not meet the quality required for the success of this important initiative.
18	Bundesverband der Deutschen Industrie	EFRAG did not provided any analysis to the consideration of any other EU legislation. Therefore we are not able to answer the questions linked to the other EU legislation. Basis for Conclusions published late in the consultation process, and the CSRD was not yet finally adopted at the time of preparing the feedback (political agreement on the CSRD on 30 June, two months after EFRAG had issued the Exposure drafts and only five weeks ) Advocate for an extension of the process in terms of time – consultation period as well as analysing the consultation feedback and performing redeliberations by EFRAG - for the development of the standards, other than ESRS E1, ESRS S1 and ESRS G1 and the cross-cutting standards (ESRS 1 and ESRS 2). An extra time of two years is needed to guarantee a robust consultation process according to the governance of EFRAG. It is not acceptable that EFRAG elaborate standards on governance without respecting own governance processes. More time is needed, to build up on the global baseline, to build up on the digital reporting which is far being elaborated and which has to build on the IASB/ISSB taxonomy.

	<b>Respondents</b>	<b>Comments on the Due Process</b>
19	Bundesverband Keramische Industrie e.V.	Question the procedure of already officially starting the process of drafting the sustainability reporting standards. As the revised CSRD is neither in force nor adopted the Commission and EFRAG have no legal legitimacy to prepare the delegated acts. A major part of the consultation has been run in parallel to the trialogue negotiations and thus prior to the approval by the EU institutions, risking that the standards do not reflect the final directive, even though they are meant to support its implementation and guide companies.
20	Carl Zeiss AG	An additional period of two years is needed to ensure a robust consultation process in line with EFRAG's governance. The standards themselves are highly complex. They require a great deal of time and careful textual study of both the main parts and the application guidance in order to grasp and assess the contents. Set 1 of the ESRS covers not only non-sector-specific issues but also some sector-specific issues. We strongly support the possibility of prioritising specific ESRS.
21	BusinessEurope	The level of details required to comply with ESRS is very broad and too granular. There are several examples of requirements which mandate reporting on non-legislated topics, for which no best-practices exist yet. This is why the introduction of the ESRS framework should start with accurate implementation of the cross-cutting principles, making sure that preparers have the right tools to assess material topics, and only in further stages developing topical standards while keeping in mind the cost-benefit analysis.
22	CEAOB	<p>CEAOB is however concerned that the time pressure to deliver applicable standards, which is set by the CSRD, will create a strong constraint for EFRAG. This will impair EFRAG's ability to fully consider the drafts and incorporate the comments received from the ongoing public consultation, before the adoption of the first set of standards in June 2023.</p> <p>A mechanism should be designed to collect information proceeding the implementation of ESRS on whether the standards work as intended, whether challenges occur when applying the standards on a longer-term basis and whether application of the ESRS requirements lead to divergences in application (ESRS post-implementation review). A specific mechanism should also be put in place to identify and correct any unintended significant consequences that may be identified by entities, preparers, assurance providers or other stakeholders during the implementation of ESRS, even prior to their entry force (to allow for "fatal flaw changes")</p> <p>The CEAOB is of the view that the ESRS would benefit from an agreed review mechanism that will permit to update the ESRS on a regular basis to capture key changes in EU laws and changes in stakeholders needs regarding sustainability information. This would ensure that the ESRS requirements continue to be up to date and to respond to the needs of stakeholders.</p>
23	CECA -Spanish Association Savings and Retail Banks	EFRAG has not conducted a mock sustainability report to assess the feasibility of the draft standards, which could provide clarity on reporting expectations to the banking sector. This therefore creates a theoretical standard for now. We are concerned that EFRAG is conducting a cost-benefit analysis in parallel to the consultation. We believe that the development of such an ambitious number of disclosure requirements and the limited time to respond to the content of the exposure drafts could jeopardise the purpose of the ESRS.

	<b>Respondents</b>	<b>Comments on the Due Process</b>
24	CFA Institute	<p>Due Process: Number of Consultations, Breadth of Subject Matter, Time to Respond and Timing of Consultation Period : We are concerned about the robustness of the due process around the publication of the final ESRs. In early May the 13 consultations – listed in the Appendix – on 11 different topics and comprising nearly 800 pages of content were issued for comment in a period of approximately 90 calendar, and 75 business, days. Investors need to review each of EFRAG’s 13 proposals on the wide breadth of topics, ascertain the feasibility of preparers providing such information, and whether the information will be decision-useful for investors. Further, and importantly, investors must also consider the link between these disclosures as mandated by CSRD and whether they facilitate investors’ ability to meet the requirements of the SFDR.</p> <p>Making this more challenging is that during this same time period, the US SEC issued their Proposed Rule and the International Sustainability Standards Board issued their General Sustainability Related Disclosures Exposure Draft and Climate Related Disclosures Exposure Draft consultations<sup>5</sup> Further, we note that EFRAG plans to finalize its feedback summary on the standards by the end of September 2022, less than sixty days from the due date of comments on these proposals. Overall, the number of consultations, breadth of subject matter, time to respond and the overlap in the timing of the consultation period for investors – who have much more limited resources to consider these proposals, in contrast to preparers or accountants – makes it virtually impossible to respond and provide commentary in a substantive, thoughtful and cohesive manner. Further, the rapid EFRAG turnaround suggests the time devoted to such an endeavour might not yield feedback that will be integrated into the final decision-making process. Overall, we are concerned the timeline and timing do not result in a robust process that yields the meaningful feedback that EFRAG needs to ensure the development of high-quality standards as well as acceptance and legitimacy of such standards by all stakeholders</p>
25	Ceemet	<p>We strongly question the procedure of already starting the process of writing the delegated acts for the sustainability reporting standard. As the revised CSRD is neither in force nor adopted, the Commission and EFRAG do not have any legal legitimacy nor legal basis to work on these delegated acts. On top, a major part of the consultation has been run in parallel to the triologue negotiations and therefore prior to the approval by the EU institutions, risking that the standards do not reflect the final directive, whereas they are meant to support its implementation and guide companies in this respect. Such a premature consultation is fallacious.</p>
26	CGE	<p>We have reservations around due process. While we understand the need for some urgency, and that deadlines are to some extent determined by EU politicians and regulators, as manifested in the final CSRD, we feel that EFRAG has tried to do too much, too soon. EFRAG seems to be attempting in the first set of ESRs to have ‘state of the art’ standards – as perfect, technically rigorous, and comprehensive as they can make them within the tight time constraints imposed by the CSRD. We much prefer, and advocated for it to no avail, the ‘think small and simple first’ approach to standard setting, gradually building in the necessary complexity and comprehensiveness in due course. This would have lent itself to better due process. It would have given those less well equipped to respond in full to complex public consultations of this kind, such as SMEs, SMPs, the time to properly evaluate the proposals.</p>

	<b>Respondents</b>	<b>Comments on the Due Process</b>
27	Chartered Accountants Ireland	As the standards represent a significant increase in the level of disclosures for a reporting entity, we believe that the time allowed of approximately three months is insufficient for EFRAG to receive an adequate response from all relevant stakeholders. We note that the consultation covers 13 Exposure Drafts across differing topics which, by their differing nature, require substantial human resources and collaboration in order for respondents to produce a complete response. While the topics of ESG are not new topics for accountants, the depth of comment and disclosure in the standards goes beyond what many accountants have previously encountered. For this reason, additional time would be required by many respondents to give a comprehensive response compared to a consultation dealing with "traditional" accounting matters. In addition, the basis for conclusions were issued one month into the consultation period which will have placed respondents under more pressure. We have responded to the questions in the consultation that we were able to respond to within the timeframe and to questions which fall within our areas of expertise. Where we have not responded to a question, this should not be taken to mean that we are in agreement with the matter. Similarly, we would urge caution in assessing responses from other participants to the consultation that a non-response by a respondent to a question should not mean that the respondent agreed with the matter consulted on.
28	Chemical Industry Federation of Finland	the time frame and the form of the public consultation (with 500 pages, no explanation on the basis for creating reporting obligations in different sections) is unreasonable. Difficult to answer given the final text of the CSRD is has just been finalised at EU level and will be subject to national transposition measures in the next years. It is important to ensure that the standards are aligned with the final text of the CSRD.
29	CNCC	Due process - Finally, we would like to advise EFRAG on a point which may be key to the success of the body of standards it is setting, i.e. adhering to the due process. The due process has been extremely tense and the comment period very short on this set of exposure drafts, to the extent that it could have endangered the quality of the comments provided to EFRAG and the buy-in of the stakeholders. Respondents are making their best efforts to provide comments of quality despite the extremely short deadlines imposed by the European agenda. We believe that EFRAG should allow itself sufficient time to properly analyse the comments received and amend the draft ESRS accordingly. We therefore firstly advise EFRAG not to rush the adoption of standards without having duly considered the comments received on exposure and secondly, we believe that the standards should be subject to a post implementation review very quickly after their first year of implementation, for EFRAG to be able to understand and correct shortcomings, if any.
30	Confederation of Danish Industry / Danish Funding Mechanism / Dansk Auditors (FSR) / Finance Denmark/ Insurance and Pension Denmark	The Project Task-Force have been working under intense time pressure, leading to the unfortunate timing of the ESRS ED consultation period during vacation time in Denmark. As a result, outreach and consultation with our members have been more limited than we would have preferred. We strongly encourage EFRAG and the EU Commission to ensure that adequate resources are allocated to and sufficient time is spent by EFRAG to assess the comments received during the consultation process and make the necessary changes needed to ensure a high quality of the final standards. We call for a comprehensive field test of the proposed standards in due time before the implementation. It is absolutely necessary that the standards are tested to secure the quality and to identify areas which is not workable in practice

	Respondents	Comments on the Due Process
31	Confederation of Finnish Industries	We have already been in contact earlier with the EFRAG PTF -Board to stress our concern on the somewhat short consultation period. We pointed out that the contents and scale of the draft standards is so substantial that it is very challenging to thoroughly go through them all and assess all implications and effects towards reporting entities. We want to point this matter out still, since we believe that the preparational speed of the standards will lead into problems in the future. It also needs to be pointed out that the lack of EFRAG's impact assessment on the standards has not been finished yet. Since the standards will affect numerous companies and since they will be binding in nature, a more thorough preparation and completed impact assessment should be required.
32	Confederation of German Employers' Associations	We strongly question the procedure of already officially drafting the delegated acts for the sustainability reporting standards. As the revised CSRD is neither in force nor adopted, the Commission and EFRAG have no legal legitimacy to prepare the delegated acts. A major part of the consultation has been run in parallel to the trialogue negotiations risking that the standards do not reflect the final directive.
33	Confederation of Swedish Enterprise, the Council for Swedish Financial Reporting Supervision FAR (The Institute for the Accountancy Profession in Sweden) and Nasdaq Sweden	<b>Pressed time plan and lack of impact assessment:</b> We are concerned that the broad extent of the draft standards, in combination with the restricted consultation period, will reduce the prospects for both the EFRAG and respondents to perform an adequate analysis and evaluation of the proposals, as well as conducting an appropriate impact assessment. We acknowledge that developing the draft ESRS has been a huge challenge for the PTF (Project Task Force), in particular given the restricted timeframe and the uncertainty regarding the specifics of the CSRD. It is therefore understandable that the PTF has not had sufficient time to consider ways of streamlining the text to make the ESRS more user friendly, avoid repetitions and, above all, develop workable reporting principles. However, given the magnitude of the reporting requirements under the ESRS, there is a need for a more thorough analysis going forward. It is therefore positive that EFRAG has chosen to field test the proposal. Nevertheless, the duration of the current consultation period does not allow for an adequate evaluation of the draft standards. Furthermore, it is surely unacceptable that an impact assessment of the application of the draft ESRS has not been completed as yet. Given the extended scope of the CSRD, and the magnitude of the draft standards that also will affect a large group of entities currently not subject to any non-financial reporting requirements, it is impossible to evaluate the proportionality of the draft ESRS without such an impact assessment. We strongly recommend that EFRAG extend the consultation period of the ESRS to allow for both the impact assessment to be completed and for a better and more thorough evaluation of the draft standards
34	Danish Chamber of Commerce	DE acknowledges the remarkable work done in a very short time-span in order to produce a set of draft reporting standards to support the CSRD. The Project Task-Force (PTF) has due to the general timeframes given been working under intense time pressure. It is therefore understandable that the PTF has not had sufficient time to consider ways of streamlining the text to make the ESRS more user friendly, avoid repetitions and, above all, develop workable reporting principles. We expect that this necessary work will be done before delivering the recommendations to the European Commission. DE therefore strongly encourage EFRAG to request more time from the EU Commission to ensure reflection on the comments received during the consultation process and to make the necessary changes needed. Overview and prioritization are key to a successful implementation of the framework.

	<b>Respondents</b>	<b>Comments on the Due Process</b>
35	Deloitte	EFRAG's draft ESRS represent a comprehensive framework for sustainability reporting in the EU. However, we consider that there is a significant risk that the quality of the standards is affected by the insufficient time available to collect the necessary input from stakeholders, and for research, analysis and suggestions for technical enhancements to take place. This could have an effect on the resulting quality of the information produced; call into question whether they are fit for purpose at a balanced cost; and make it difficult to verify and enforce. Furthermore, we question how the current timing would allow for adequate meaningful dialogue between EFRAG, the ISSB and other regulatory and standard-setting bodies, which is necessary to enable global convergence and interoperability to the maximum extent possible. Whilst we appreciate the ambition of the EU, we strongly recommend EFRAG discuss with EU policymakers how time and an agile process can be found to allow for sufficient stakeholder feedback on the proposals, impact assessment, and the required technical deliberations. We also recommend that sufficient time is allowed for developing implementation and application guidance. We note that the phase-in that we recommend for some disclosure requirements could usefully be used to field-test them, so that EFRAG can incorporate lessons learnt in the next review of the ESRS
36	Den norske Revisorforening	EFRAG launched 13 EDs in April 2022 which composed of 195 survey questions and have a comment period of 100 days. This severe time pressure heightens the risk of the good quality of standards. It also does not allow time for field-testing. A genuine due process can hardly be followed. That will have consequences for the reporting entities, the users, auditors as well as for EFRAG as standard setter. We fear that the deadlines and the pressures on the organisation are taking precedence over substance, quality and realism
37	Deutsches Aktieninstitut e.V.	<p><i>Set realistic time frame for review of responses</i> We understand the ambitious timeline set by the CSRD for submitting the first set of ESRS to the European Commission by November 2022. However, a 100-day instead of 120-day consultation period makes it very difficult if not unrealistic for stakeholders to respond comprehensively to the consultation. Approximately 400 pages of ESRS and approximately 200 pages of survey cannot be adequately reviewed and completed in this short period. Especially questions whether the disclosures are "sufficiently consistent with relevant EU policies and other legislation" or "aligned (...) to international sustainability standards given the CSRD requirements" require significant effort and in-depth assessments. The summer holiday season made it even more challenging to respond to the consultation effectively.</p> <p>Also, it is unclear to us how the expected c. 1,000 responses to the consultation can be reviewed in depth and implemented into the final technical advice for ESRS in due time. In order to achieve practice-oriented high-quality ESRS, it is of paramount importance that the responses to the consultation are thoroughly reviewed. The very tight review period also makes it difficult to achieve alignment and full interoperability with the ISSB's global baseline, which is, however, a key success factor for the EU sustainability reporting framework.</p>
38	GDW- Die Bundesverband deutscher Wohnungs- and Immobilienunternehmen e.V	Insufficient time frame for setting standards and commenting on them Due to the high number and the volume of the ESRS drafts and the extensive catalogue of questions, the shortened comment period (from the standard 120 days) to only 100 days is not appropriate for such an important topic. An intensive discussion and

	Respondents	Comments on the Due Process
		evaluation of the draft reporting standards, which is appropriate to the importance of sustainability reporting, is not possible within the given comment period
39	Dutch Accounting Standards Board	<b>Ambitious timeframe: risk for high-quality standards.</b> The need for a swift implementation of the EU sustainable finance package is clear. However, due process is needed for high-quality legislation, especially in a regulatory field under development such as sustainability reporting. High-quality standards will result in workable and high-quality reporting, will support auditability by assurance providers and will facilitate the transparency needs of stakeholders. Naturally, the CSRD prescribes a mandatory, ambitious timeframe, firstly resulting in reporting for listed companies over the reporting year 2024. We believe, however, that the timeline of the public consultation and subsequent changes resulting to adopted standards is extremely challenging. By simplifying and trimming down the ESRS to the CSRD minimum we believe EFRAG will be able foster the quality of the ESRS within the very limited timelines and therewith of the sustainability reporting.
40	DWS	There is a need for a balance approach to manage the public consultation process and ensure timely publication of high quality documents whilst providing stakeholders with sufficient time to review and submit comments. There we note with concerns that the consultation for such important documents is three week shorter than the standard minimum of 120 days.
41	EAPB	Given the very limited consultation period it is not possible to provide the consistency analysis with all of the relevant EU regulations. We are concerned that EFRAG is running a cost-benefit analysis in parallel to the consultation. Additionally, EFRAG did not prepare a mock sustainability report to assess the feasibility of the draft standards, which could provide more clarity regarding reporting expectations for the banking sector. The preparation of such an ambitious amount of disclosure requirements and the limited time to react to the content of the Exposure Drafts may jeopardise the objectives of the ESRS. Sample reports for both financial and non-financial undertakings should be published. A pilot project with undertakings from different sectors would also be useful. During the phase-in only a certain key information should be required with optional voluntary disclosures for the other aspects. Future amendments to ESRS should include clear transitional provisions.
42	Econsense	It was very helpful that preliminary versions of the standards were already publicly available as working papers, so that companies could familiarize themselves with the structure and content of the standards even before the exposure drafts, subject to some changes and mergers. At the same time, the scope and timeframe of the consultation poses a major challenge to many companies. The consultation includes 13 exposure drafts with approximately 140 disclosure requirements with associated application guidance. The exposure drafts have a total of approximately 400 pages. The consultation questions are also very extensive and are now to be answered by August 8. Additionally, there are now separate questions on the applicability of the proposed disclosure requirements by means of a questionnaire in the context of a "use test focus group". This questionnaire raises very important questions but is to be completed in parallel with the consultation until the end of June. Furthermore, in addition to commenting on the sector-agnostic standards, experts are still being sought to develop the subsequent sector-specific standards. All this is beyond the capacity limits of many companies that would in fact like to contribute actively but might simply not have the capacity to do so. Furthermore, this does not comply with EFRAG's own guidance of 120 days consultation time per new standard. Plus, not all

	<b>Respondents</b>	<b>Comments on the Due Process</b>
		necessary information for evaluation are available or have been submitted late in time (e.g. Basis for Conclusion, Cost-Benefit Analysis).
43	EFAA	We have reservations around due process. While we understand the need for some urgency, and that deadlines are to some extent determined by EU politicians and regulators, as manifested in the final CSRD, we feel that EFRAG has tried to do too much, too soon. EFRAG seems to be attempting in the first set of ESRS to have 'state of the art' standards – as perfect, technically rigorous, and comprehensive as they can make them within the tight time constraints imposed by the CSRD. We much prefer, and advocated for it to no avail, the 'think small and simple first' approach to standard setting, gradually building in the necessary complexity and comprehensiveness in due course. This would have lent itself to better due process. It would have given those less well equipped to respond in full to complex public consultations like this, such as SMEs and SMPs, the time to properly evaluate the proposals.
44	EnBW Energie Baden-Württemberg AG	Note that a cost-benefit-analysis has not yet been provided by EFRAG to be assessed by constituents of that consultation. We point out to the fact that the answers collected in survey cannot make up for a sufficient a cost-benefit-analysis by EFRAG itself. The cost-benefit-aspect therefore appears highly questionable in its entirety, given the vast amount of new reporting requirements to be complied with at the same time under the EU Commission's time schedule. Because of the timetable directed by the European Commission and our concerns, we have reservations as to whether the standards (including ESRS S2) will support the production of disclosures that are relevant, understandable, representative, comparable, presented in a faithful manner. Ensuring high-quality ESRS should be the overall objective of EFRAG. Need to mandatory to give stakeholders enough time to respond with sufficient depth on the proposed disclose requirements as well as to give EFRAG enough time for proper analysis of these responses
45	EuropeanIssuers	<p>EuropeanIssuers regrets that the deadline was too short to conduct an in-depth analysis, in particular allowing to identify the concerns of undertakings newly targeted by sustainability reporting. EuropeanIssuers is overly concerned about the short timeframe left to perform the necessary structural changes in response to a consultation of such magnitude.</p> <p>We understand the ambitious deadlines that is set by the CSRD for submitting the first set of draft ESRS to the European Commission by November 2022. However, 100 days instead of 120 days consultation period makes it very difficult if not unrealistic for stakeholders to respond adequately to the consultation in due time. Approximately 400 pages of draft ESRS and approximately 200 pages of survey cannot be adequately looked through in this short period. Questions whether the disclosures are "sufficiently consistent with relevant EU policies and other legislation" or "is aligned as possible to international sustainability standards given the CSRD requirements" cannot be answered comprehensively in such a brief period of time. The summer holiday season made it even more challenging to respond to the consultation effectively. It is unclear to us how the expected responses to the consultation can be reviewed in depth and implemented into the future standards in due time. In order to get practice-oriented high-quality sustainability standards, it is of paramount importance that the responses to the consultation are thoroughly reviewed.</p>



	<b>Respondents</b>	<b>Comments on the Due Process</b>
46	Eumedion	<p>The CSRD prescribes a mandatory, ambitious timeframe. Unfortunately, we consider the timeline of the public consultation and subsequent changes to the standards to bring them to the final stage as extremely challenging. We therefore propose that EFRAG uses the (limited) flexibility offered by the CSRD to defer some (more detailed) reporting requirements to the second set of standards to be delivered a year later. However, such a deference</p> <p>of requirements can only be done while maintaining in the first set of standards the alignment with information requirements of the SFDR, as determined by the CSRD</p>
47	European Contact Group	<p>We understand the reasons for the timetable set out by the EU legislators, We are, however, concerned that it will not allow EFRAG sufficient time (i) to analyse and properly address stakeholder feedback on the proposals; (ii) to perform an impact assessment; (Hi) for the EFRAG Sustainability Reporting Technical Experts Group and Board to do their technical work; and (iv) to deliver a final set of high quality standards. We strongly recommend that EFRAG ask for more time to allow appropriate due process, better integration of the global baseline, and to help ensure that the final standards are fit for purpose and command the confidence of both preparers and users.</p>
48	European Securities and Markets Authorities	<p>ESMA notes that several stakeholders have highlighted the limited time available for EFRAG's finalisation of the ESRS for submission to the European Commission. While timely entry into application of the ESRS is important, in light of the volume of the draft standards and the comments EFRAG is likely to receive, ESMA encourages EFRAG to ensure that adequate preparation and discussion time is catered for in the re-deliberation process to ensure that the consultation feedback is properly taken into account.</p>
49	EY Europe	<p>The comment period is relatively short and the time for EFRAG to analyse and process all feedback received is even shorter. We understand that the EC's plan to adopt the first set of ESRS by 31 October 2022 have been put back to 30 June 2023. However, EFRAG is still intending to release its first set of ESRS by 31 October 2022. This is an ambitious timeline, taking into consideration the public consultation process ends on 8 August 2022 and the essential due diligence EFRAG will need to perform on public comments received. Although we fully recognize the importance to finalize sustainability reporting standards expeditiously, we are concerned that this will not allow sufficient time to analyse and process the feedback received properly to deliver a final set of effective standards leading to high quality information</p>
50	FESE	<p>We fully embrace the urgency of delivering high-quality standards to companies and the overall investment chain as soon as possible but we fear that the timeline given to EFRAG might be too ambitious. If the draft Sustainability Reporting Standards are to be adopted by October 2022, this would not give sufficient time to stakeholders to assess the work done and provide meaningful input, considering also that EFRAG and the ISSB are running parallel consultations on their respective draft sustainability standards.</p>
51	GdW Bundesverband deutscher Wohnungs- und Immobili	<p>There is a noticeable lack of discussion of the cost-benefit analysis for the group of large, non-listed companies; the reference to listed companies in many formulations means that a separate assessment is also missing in the outline for the area of these companies. Disproportionate burdens, in view of the depth of detail of the individual standards, the very tight timeframe (both for the due process and for</p>

	<b>Respondents</b>	<b>Comments on the Due Process</b>
		<p>implementation) and the additional costs for companies in relation to the resulting benefits. (same comment for Q44 to Q49)</p> <p>Furthermore, the requirements of the standards were not subjected to the required cost-benefit analysis. As a result, they would otherwise have had to be classified as economically unfeasible. It is not possible to make a statement on all standards due to the far too short period of time chosen for the due process, as there is not enough time to analyse the standards and to shed light on their impact on the processes of the companies.</p>
52	German Banking Industry Committee (GBIC)	<p>We are concerned that EFRAG is running a cost-benefit analysis in parallel to the consultation. Additionally, EFRAG did not prepare a mock sustainability report or assess the feasibility of the draft standards, which could provide more clarity regarding reporting expectations for the banking sector. The preparation of such an ambitious amount of disclosure requirements and the limited time to react to the content of the Exposure Drafts may jeopardise the objectives of the ESRS. Sample reports for both financial and non-financial undertakings should be published. A pilot project with undertakings from different sectors would also be useful. During the phase-in only a certain key information should be required with optional voluntary disclosures for the other aspects.</p>
53	German Insurance Association (GDV)	<p>Generally, the disclosure requirements are too comprehensive and granular both in terms of feasibility for preparers (regarding data collection, own quality assurance and audit procedures), but also with view to the limited timeframe for EFRAG to finalise the first set of ESRS at high quality and based on an appropriate due process.</p>
54	Gesamtmetail	<p>As the revised CSRD is neither in force nor adopted, the Commission and EFRAG do not have any legal legitimisation to work on these delegated acts. On top of that, a major part of the consultation has been run in parallel to the trialogue negotiations and therefore prior to the approval by the EU institutions, risking that the standards do not reflect the final directive, whereas they are meant to support its implementation and guide companies in this respect. In particular, such a premature consultation is fallacious.</p>
55	Government of the Netherlands	<p>To enable an informed (public) debate on the ESRS it is important that EFRAG shares an analysis of the benefits and costs accompanying these standards. According to the CSRD the standards should be accompanied by a cost benefit analysis. The Netherlands stresses the necessity of such a cost benefit analysis for each standard.</p>
56	ICAEW	<p>We are aware of the ambitious deadline to submit the first set of draft ESRSs to the European Commission by November 2022 and do not believe that this allows sufficient time for robust due process. While we agree that there is an urgent need for sustainability reporting standards, it is also essential that they are of high quality and, as a newly appointed EU-wide standard setter, set a standard of quality that can be expected of EFRAG in the future. The proposed disclosure requirements and application guidelines are significant in volume and require a high level of scrutiny to ensure that the final standards are accessible by both preparers and users and meet the objectives of the CSRD. Robust due process procedures and strong governance are essential to ensure that the serious concerns outlined above on the drafting of these standards are addressed sufficiently. The impact of quality issues in sustainability reporting could have wide reaching consequences, potentially impacting European companies' access to the global capital needed to meet the ambitions of the European Green Deal. It is therefore essential that all feedback, including any</p>

	<b>Respondents</b>	<b>Comments on the Due Process</b>
		<p>general comments submitted separately from the survey, are properly analysed and considered by those responsible for the draft standards.</p> <p>We consider that the pace at which ESRSs are being developed will undermine their ability to result in high-quality, understandable disclosures that will benefit investors and other stakeholders. We therefore respectfully ask EFRAG to take adequate time to address all of the comments received and improve the proposals as necessary</p>
57	IDW	<p>We are also concerned that EFRAG will have a relatively short period to finalize these standards before presenting them to the European Commission, which is unfortunate and also not well aligned to the significance of the initiative. Whilst having a cost benefit analysis performed subsequent to the issuance of the proposed standards is less than ideal, we acknowledge that a thorough analysis of cost benefits will be helpful in informing the finalization of the European Sustainability Reporting Standards</p>
58	IMA	<p>Mindful that stakeholders are seeking an accelerated timeline, we nevertheless urge the European Commission and the European Financial Reporting Advisory Group (EFRAG) to move with care in issuing standards that meet this expectation and continue to build trust in our profession. The unprecedented acceleration to produce 13 standards as Set 1, with an expectation of much more to follow, does not allow for an adequate due diligence process or the gathering of adequate data for delivering high-quality standards. Set 1 provides stakeholders little more than three months to respond to these drafts, many of which contain novel and untested approaches to corporate reporting. Comprehensive standards issued without adequate contemplation by stakeholders fails to engender this trust and endangers the reputation of global standard setters.</p>
59	IME GmbH	<p>The high speed in the development of the ESRS and the additional high pressure in the due process are not necessarily suitable to guarantee appropriate and concise information. The result is a high need for concretisation and coordination in the course of preparing the implementation. For this reason, an extension of the due process should be considered.</p> <p>Besides, individual standards use an external reference to standards that are not part of the due process (e.g. ESRS E1.AG43, AG47, AG48) and are not available in all official languages. It is questionable from the point of view of the due process whether it can be permissible to have essential regulations formulated by third party standard setters, in whose due process large parts of the affected companies were not involved, because they could not recognize any affectedness from the regulations. Furthermore all regulations must be available for application in the EU in all official languages and without access barriers.</p> <p>If companies are regularly required to conduct a materiality analysis at the level of individual disclosure requirements, a cost-benefit assessment of the individual groups of companies concerned can also be demanded in the development of the standards as an indispensable part of a proper due process.</p>
60	Industria de Diseño Textil, SA (INDITEX)	<p>There is a need of a deeper and more detailed impact analysis on the alignment between the ESRS and different legislations and reporting frameworks, which has not been feasible to be developed due to the short timeframe since the publication of the draft of the ESRS and the end of this consultation. Without this detailed analysis it is</p>

	<b>Respondents</b>	<b>Comments on the Due Process</b>
		not feasible to provide a reasoned judgement about the level of alignment, interoperability and/or compatibility of the ESRS.
61	Insurance Europe	It is estimated that there are about 750 reporting elements in the standards under consultant it is simply not possible for stakeholders to conduct the necessary assessments to provide the comprehensive input on all of the reporting elements in the time allowed and for EFRAG to deliver proposals of suitable quality by mid-November 2022 while ensuring it provides the necessary input to the ISSB process and integrates these standards where appropriate into its proposals.
62	Japan Business Council in Europe	It is important to ensure that the standards are aligned with the final adopted text of the Corporate Sustainability Reporting Directive (CSRD) to achieve the purpose of the directive. JBCE is aware that this consultation document was issued before the final adoption of CSRD, therefore we welcome another round of opportunities to comment the detail of the standard once legislation is officially finalised. Furthermore, as the ISSB sustainability reporting is now under process of developing, a review of the ESRS's would be welcome in light of these further international developments. As already mentioned, this should be done by allowing the 'incorporate by reference' principle, for the ISSB as well as GRI and TCFD.
63	JBC	It is important to ensure that the standards are aligned with the final adopted text of the CSRD to achieve the purpose of the directive. JBCE is aware that this consultation document was issued before the final adoption of CSRD, therefore we welcome another round of opportunities to comment the detail of the standard once legislation is officially finalised
64	KPMG EMA DPP Ltd	Caveat to responses Q39 to Q50 : We have endeavoured to collect feedback from across our global organisation on all standards, but we will not respond to all questions. The limitation of our response arises from the scale and timing of the consultation. The feedback provided in this survey may therefore not necessarily reflect all feedback that could have been given if there was more time to collect. Further or specific analysis could still lead to additional reservations. The absence of a reservation captured herein should therefore not implicitly be interpreted as full agreement.
65	LEMKEN GmbH & Co. KG	EFRAG has not provided an analysis of how other EU legislation is taken into account. We are unable to answer the other questions.
66	Metsäteollisuus ry	Due to the complexity and comprehensiveness of the ESRS, more time for review, alignment and consultation seems necessary. After final ESRS are launched, time is needed for organisations to implement the requirements. Thus, the schedule for mandatory reporting against the ESRS should not be before 1.1.2025.
67	Norwegian Institute of Public Accountants	EFRAG launched 13 EDs in April 2022 which composed of 195 survey questions and have a comment period of 100 days. This severe time pressure heightens the risk of the good quality of standards. It also does not allow time for field-testing. A genuine due process can hardly be followed. That will have consequences for the reporting entities, the users, auditors as well as for EFRAG as standard setter. We fear that the deadlines and the pressures on the organisation are taking precedence over substance, quality and realism

	<b>Respondents</b>	<b>Comments on the Due Process</b>
68	Organismo Italiano di Contabilità (OIC)	<p>We note that the number of EDs in consultation and the timing very tight to provide inputs for all of them have made challenging to ensure a right level of depth and this could impact their quality. A more complete valuation of cost-benefit analysis can be done once EFRAG will have completed its independent assessment. In a so short time period of consultation it has not be possible to conduct an adequate cost/benefit assessment.</p>
69	PWC	<p><b>Public funding and due process</b> Finally, we would like to express our strong support for recital 34 of the CSRD, which notes that in order to ensure high-quality standards that contribute to the European public good and meet the needs of undertakings and of users, EFRAG should have sufficient public funding to ensure its independence. EFRAG have developed technical advice despite the significant time pressure imposed by the EU; we urge EFRAG to strengthen its due process further especially with respect to public oversight and transparency, accompanied by cost benefit analyses, and be developed with the expertise of a balanced representation of relevant stakeholders, including preparers, investors, civil society organisations and trade unions. The development of high-quality standards depends on stakeholders having sufficient time to analyse and comment on exposure drafts and the standard setter to consider and respond to comments received. This consultation is unusual in terms of the volume of standards subject to comment, the number of questions asked and the limited time available for comment. We are concerned that this could impair the ability of stakeholders to consider and respond to the exposure drafts in sufficient detail, and the ability of EFRAG to analyse and fully consider the comments received. In turn, this increases the risk that the final standards issued will not be optimised to meet the broad EU policy objectives for sustainability and could even reduce European competitiveness on the global stage.</p> <p>We strongly recommend that EFRAG discusses with EU policymakers how time can be found to allow for sufficient stakeholder feedback on future proposals, impact assessment, and technical deliberations by the EFRAG Sustainability Reporting Technical Experts Group and Board. We also recommend that sufficient time is made to develop the essential implementation and application guidance that we have suggested in this letter and in our detailed responses.</p> <p>As sustainability reporting evolves, we anticipate that many questions will arise. This means it will be important to set up a proper process for developing interpretations and guidance, with appropriate governance, which can respond on a timely basis to emerging issues; for interpretation issues relating to the global baseline, the interpretation process will need to allow for collaboration and agreement between ISSB and EFRAG.</p>
70	Rheinwohnungsbau GmbH	<p>The requirements of the standards were not subjected to the required cost-benefit analysis. As a result, they would otherwise have had to be classified as economically unfeasible. It is not possible to make a statement on all the standards due to the far too short time period chosen for the due process, as there is not sufficient time to analyse the standards and illuminate their impact on the companies' processes.</p> <p>Individual standards use an external reference to standards that are not part of the due process (e.g. ESRS E1.AG43, AG47, AG48) and are not available in all official languages. It is questionable both from the point of view of the due process whether it can be permissible to have essential regulations formulated by third party standard</p>

	<b>Respondents</b>	<b>Comments on the Due Process</b>
		<p>setters, in whose due process large parts of the affected companies were not involved, because they could not recognize any affectedness from the regulations.</p> <p>A cost-benefit analysis or even a consideration of simplification for the former group is strongly recommended. Estimating potentially significant effects involves too much room for interpretation and is therefore not feasible. If companies are regularly required to perform a materiality analysis at the level of individual disclosure requirements, a cost-benefit analysis of the individual groups of companies concerned can also be demanded in the development of the standards as an indispensable part of a proper due process.</p>
71	SECURITIES AND MARKETS STAKEHOLDER GROUP (advise to ESMA in responding to EFRAG's consultation)	<p>The SMSG is concerned about the deadline for the adoption of the Delegated Acts and the entry into force of the legislation in view of the need to ensure a proper implementation of the Directive. The derogations to the Due Process Procedure for ESRS at the launch of the public consultation on the ESRS Exposure Draft were needed to comply with "the European Commission's firm request to EFRAG to submit its technical advice for a full set of draft ESRS in November 2022". To ensure high quality ESRS, the SMSG recommends ESMA to urge the Commission to extend the deadlines so that EFRAG can have sufficient time to submit its technical advice to the EC. Moreover, an extended deadline would give EFRAG TEG and SRB the possibility to effectively play their role in the revision of the draft standards and the assessment of the cost-benefit analysis. Alternatively, the scope of the Delegated Acts to be adopted under the current timeframe should be reduced. Delays that impact financial market participants' access to information should also be considered, as they might not be able to comply with their own regulatory constraints and supervisors should be lenient in those circumstances.</p>
72	SRA (Dutch network organisation of 375 audit firms)	<p>Given the magnitude of the standards and the relatively short consultation period the SRA has limited its response to what we believe are the effects that ESRS has on the SME market.</p> <p><b>Ambitious timeframe: risk for high-quality standard</b></p> <p>The need for a swift implementation of the EU sustainable finance package is clear. However, due process is needed for high-quality legislation, especially in a regulatory field under development such as sustainability reporting. High-quality standards will result in workable and high-quality reporting, will support auditability by assurance providers and will facilitate the transparency needs of stakeholders. Naturally, the CSRD prescribes a mandatory, ambitious timeframe. Unfortunately, we believe the timeline of the public consultation and subsequent changes to the standards to bring them to the final stage is extremely challenging.</p>
73	Swedish Financial Reporting Board	<p>The published exposure drafts are very complex – too complex to reasonably expect our member companies to review the proposals and participate in the consultation in the given time frame of 100 days. The consultation phase of 100 days should be extended such that more companies have the chance to review the exposure drafts and provide their feedback. The shortened consultation period of 100 days is furthermore not in line with the EFRAG due process of 4 months.</p> <p>It is crucial to provide stakeholders with sufficient time to perform an adequate analysis and evaluation of the draft ESRS.</p> <p>The consultation is in itself by nature complex and comprises all in all more than 1000 pages. The consultation ended in 8 August leaving stakeholders in practice with less than 100 days to respond. We are concerned that the short consultation period combined with the complex and broad coverage of the standards will not allow for an adequate and robust analysis of the draft ESRS. It</p>

	<b>Respondents</b>	<b>Comments on the Due Process</b>
		<p>is also reggretable that a cost-benefits analyss of the draft ESRS has not yet been comleted making it difficult to fully evaluate the proportionality of the the proosal. E therefore strongly encourage an extension of the consultation period (...). Not we are afraid that the final ESRS will not meet the ambitions expressed by the Comission.</p> <p>EFRAG has roughly 3 months to analyse the respnses received, deliberate and asjust the standards. (...). The time given only gives EFRAG a verylimited possbilty to carry out adequate analysis of the coment letters received.We are very concerned that the short deadline put an unreasonably high ppressure on EFRAG, this a high risk of not being able to manage and consider important feedback from takeholders.In the light of our cocnersn we weclome that the Commision will review and amend (if necessary) the standards every 3 years. In addition we think l is important that EFRAG and the EC set up a transparent dure process ensurng legal certainty and that sufficient resoruces are provided to perform the reviews. To avoid uncertany we recommadn that the starting point of the 3 year review is the date when the first of standards becomes madatory to apply (ie 2027).</p> <p>Finally we suggest a phase in process of the standards allowing EFRAG more time to appropriately consider and deliberate stakeholders' feedback.</p>
74	tegut... gute Lebensmittel GmbH & Co. KG	<p>We are strongly concerned about the implications of mandatory EU sustainability reporting standards by means of delegated acts drafted by an organisation, situated outside the co-legislative realm. Such unilateral measures without support of the European Parliament and Council may put into question the added value of the standards and is not an acceptable way to create obligations for business. On top of that, a major part of the consultation has been run in parallel to the trialogue negotiations and therefore prior to the approval by the EU institutions, risking that the standards do not reflect the final directive, whereas they are meant to support its implementation and guide companies in this respect. In particular, such a premature consultation is fallacious.</p>
75	The Malta Institute of Accountants	<p>Q38- due to the limited time available to conduct this process, we are not in a position to be fully knowledgeable on the details of both standards.</p> <p>A score of 5, 'No opinion', has been adopted for any questions throughout the survey in relation to European policies and legislation as we do not feel that we are in a position to make such assessment ourselves.</p>
76	Value Balancing Alliance	<p>The published exposure drafts are very complex – too complex to reasonably expect our member companies to review the proposals and participate in the consultation in the given time frame of 100 days. The consultation phase of 100 days should be extended such that more companies have the chance to review the exposure drafts and provide their feedback. The shortened consultation period of 100 days is furthermore not in line with the EFRAG due process of 4 months.</p> <p>We recommend to critically review all proposed disclosure requirements based on their usefulness and confidentiality. Moreover, a cost-benefit analysis should be conducted to test whether the costs imposed on companies to fulfil the new reporting requirements balance the benefits of the disclosed information.</p> <p>The costs imposed on companies to report on the suggested disclosure requirements must balance their benefits. This balance should be proven.</p>
77	VDMA e.V.	<p>The Basis for Conclusions was published late in the consultation process and the CSRD had not been finalised at the time of preparing the feedback on ESRS E1 through this survey. The text of the political agreement between the Council and the European Parliament on the CSRD was even published only on 30 June, two months after EFRAG</p>

	<b>Respondents</b>	<b>Comments on the Due Process</b>
		<p>published the exposure drafts and only five weeks before the end of this consultation. We doubt that anybody is in a position to conclusively assess whether or not the proposed requirements are "sufficiently consistent" with the sources mentioned.</p> <p>In addition to our proposal for a phased implementation as explained in our response to question Q54, we advocate a time extension of the process - consultation period as well as analysis of consultation feedback and conduct of re-consultations by EFRAG - for the development of the standards other than ESRS E1, ESRS S1 and ESRS G1 as well as the cross-cutting standards (ESRS 1 and ESRS 2).</p> <p>Ensuring high quality and implementable ESRS for SMEs should be EFRAG's overarching objective. An additional period of two years is needed to ensure a robust consultation process in line with EFRAG's governance. It is not acceptable for EFRAG to develop standards on governance without considering its own governance processes. The same applies in the area of due diligence. More time is needed as the privatisation of digital coverage is far from complete. The necessary alignment with the international baseline is not about being first, but being best, and the ESRS are far from that, without the necessary regard for their own purpose.</p>
78	VdW Rheinland Westfalen e.V.	<p>,The requirements of the standards were not subjected to the required cost-benefit analysis. As a result, they would otherwise have had to be classified as economically unfeasible. It is not possible to make a statement on all the standards because the time period chosen for the due process is far too short, since there is not enough time to analyse the standards and to examine their impact on the processes of the companies. For internationally active, listed companies, on the other hand, alignment and consistency with international standard-setting initiatives is desirable. In the basic structure, it should be possible to achieve compatibility here, but this cannot be answered in detail - also due to the very short comment period, which conflicts with a due process. A cost-benefit analysis or even a consideration of simplification for the former group is strongly recommended. The estimation of potentially significant effects involves too much room for interpretation and is therefore not feasible. A sufficient balancing is not discernible. As a result, there are probably disproportionate burdens, in view of the depth of detail of the individual standards, the very tight timeframe (both for the due process and for implementation) and the additional costs for companies in relation to the resulting benefits. (Q39 to Q50).</p>
79	Wirtschaftsprüferkammer	<p>Insufficient timeframe for standard-setting and for commenting these standards With the planned adoption of the ESRS by the European Commission by October 2022 and a first application of the CSRD plus the EFRAG reporting standards from 2023, the CSRD draft sets an extremely ambitious timeframe. The development of the present ESRS drafts is there-fore understandably taking place under high time pressure. However, we consider a comment period of only 100 days for the approximately 400-page draft of the EFRAG reporting standards and the consultation documents, which are at least as extensive, to be insufficient. The draft EFRAG reporting standards build the foundations for the sustainability reporting of about 50,000 directly affected companies in Europe.</p> <p>Sustainability reporting is not just about compiling information on sustainable indicators or impacts, risks and opportunities. Rather, the companies concerned are required to set up or establish processes (e.g. materiality assessment, internal controls, due diligence), structures (reporting channels, systems, responsibilities) and strategies (alignment of corporate activities with the 1.5-degree global warming target) in order to ultimately achieve a transformation of their activities towards sustainable business. An intensive discussion and evaluation of the draft EFRAG reporting standards, which is appropriate to the importance of sustainability</p>



	<b>Respondents</b>	<b>Comments on the Due Process</b>
		reporting, is not possible within the given comment period. The time frame, but also the limited staff capacities at EFRAG, also cause us considerable concern with regard to the evaluation and the consideration of the comments in the further standard-setting process.
80	WSBI-ESBG	<p>Overall, the time provided for this consultation is not enough and that the quality of the responses will most probably suffer for that reason. Timing is also not the most appropriate due to the summer vacation period.</p> <p>We are concerned that EFRAG is running a cost-benefit analysis in parallel to the consultation. Also, EFRAG didn't make a mock sustainability report to assess the feasibility of the draft standards, which could give clarity regarding reporting expectations to the banking sector. Thus this creates for now a theoretical standard.</p>