

ESRS S1-S4 – OWN WORKFORCE, WORKERS IN THE VALUE CHAIN, AFFECTED COMMUNITIES AND END-USERS/CONSUMERS

This paper presents an assessment of the comments provided by EFRAG SR TEG members (in the survey). Such assessment is considered preliminary orientation, is not final (the final views will be expressed by SR TEG members following the end of the consultation) and has been prepared in order to provide EFRAG SR TEG with a basis for the discussion and to allow to identify the topics **that have to be discussed** following the consultation and those for which possible changes could be approved by EFRAG SR TEG/Board members (where appropriate) in written. Views of TEG members are preliminary at this stage and may change following the presentation of the outcome of the consultation. If feasible, for the topics identified to be amended, the EFRAG Secretariat will start preparing a markup. All the changes to the EDs will be submitted for approval by the SR TEG/SRB (where appropriate and reflecting the allocation of decisions at TEG/SRB) in written or in meetings. Comments supporting the proposals in the ED have not been reported in this paper as they do not require actions/discussions.

QUESTION FOR EFRAG SRT MEMBERS (will be asked in the meeting)

A decision on the changes to the EDs will only be made after having assessed the results of the public consultation in September. However:

- a) some points of enhancements can already be identified and if feasible a markup can be already developed (on points that do not change the substance of the proposals). Those points are identified in the secretariat assessment as '**Draft to be amended**'. For these topics a written approval procedure is proposed in order to focus the discussion on more substantial points;
- b) some comments point in the direction of possible DRs/datapoints that may be considered as postponed to year 2 and they are identified as to be **considered in the phase-in**;
- c) some comments point in the direction of possible actions that are not compatible with the deadline of November (e.g. additional guidance on some aspects). They are identified as **not compatible with the November deadline**. Along the same lines, some items require an assessment of their feasibility by November and as such they are identified as **Feasibility for November to be assessed**;
- d) some comments require discussion as they require a possible change in the substance of the requirements. They are identified as '**to be discussed**'. In this case, the EFRAG SR TEG members are invited to provide their preliminary orientation in the meeting.

1) Do you agree with the preliminary assessment by the EFRAG Secretariat? In case you disagree, please explain.

2) Please provide your view on the items 'to be discussed in TEG'.

TEG Survey: Social ESRS drafts Issues Paper

Feedback about draft standards as a whole

1 Questions 45 to 48 asked SR TEG for their feedback about specific aspects relating to the standards as a whole. Here are the results as well as the comments:

ESRS S1 – Own workforce (Q45)

	Fully	Large extent	Limited extent	Not at all	Other ¹	Approval score	Recalc. ² approval
<i>Required by CSRD</i>	12	2	0	0	1	93%	100%
<i>Relevant information</i>	9	5	1	0	0	93%	93%
<i>Sector comparability</i>	11	4	0	0	0	100%	100%
<i>Faithful rep. - impact</i>	7	7	1	0	0	93%	93%
<i>Faithful rep. - financial</i>	6	4	1	0	4	67%	91%
<i>Verified / assured</i>	7	6	1	0	1	87%	93%
<i>Quality of information</i>	8	5	1	0	1	87%	93%
<i>Cost / benefit balance</i>	7	6	1	1	0	87%	87%
<i>Consistency with EU</i>	8	1	1	0	5	60%	90%
<i>Compatibility internationally</i>	6	3	0	1	5	60%	90%
Average	8.1	4.3	0.7	0.2	1.7	83%	93%

¹ This may refer to blank or 'no opinion' responses.

² The recalculated approval score excludes the 'other' responses.

2 SR TEG provided the following comments on this question:

Comment	Classification	EFRAG SECRETARIAT PRELIMINARY ASSESSMENT	CONCLUSION
<p>1. Breadth and structure of Disclosure Requirements</p> <p>i) In order to fully understand how an undertaking manages impact to people, DRs should include context, strategies, process and effectiveness</p> <p>ii) The added value of DR S1-6 is not obvious compared to DR S1-5.</p> <p>iii) It should be more clearly stated that all information disclosed should specify the percentage of workforce concerned including for the calculation of performance measures DR. And the subject of the disclosure: employees vs non-employees.</p> <p>iv) Potential repetition of main text and AG (e.g. 33, 35, 36, 37, 39 and 41)</p>	<p>Alternative drafting/proposal</p>	<p>i), ii) The Disclosure Requirements DR1-DR6 from S1-4 have been built to provide this flow of information.</p> <p>iii), iv) Under review by Secretariat for harmonisation and internal consistency</p>	<p>No actions for November.</p> <p>Draft to be amended</p>
<p>2. Additional datapoints</p> <p>i) A few indicators might be missing (absenteeism and turnover rates) while some others are quite repetitive (DR S1-4, 5, and 6).</p> <p>ii) The disclosure requirement on the undertaking's policy commitment to respect human rights as required by 18(a) should be moved to ESRS 2, as this is essential information all undertakings should be required to report and which cannot be subjected to an undertaking's materiality assessment.</p> <p>iii) According with GRI 404-3-a in ESRS S1-9 paragraph 57 it' important to also require reporting a gender breakdown in order to understand if women, for example</p> <p>iv) Reporting at an aggregate (e.g. group or even regional level) will obscure important country-level differences in social and other factors. Many users need country-by-country reporting to get a proper understanding if there are significant country-level differences and of their magnitude. The exposure draft contains significant</p>	<p>Alternative drafting/proposal</p>	<p>i),ii iii) Analysis of potential new datapoints</p>	<p>To be discussed</p>

<p>compromises (e.g. 10% of employee threshold or 50+ employees on selected DRs) regarding this particular user need.</p>			
<p>3. Definitions and concepts</p> <p>i) S1-18 alignment to the definition of discrimination with the ILO instruments referenced in the GRI Standards.</p> <p>ii) The reference to EU / international standard might not be appropriate as workforce laws are under national law responsibility.</p>	<p>Alternative drafting/ proposal</p>		<p>No actions for November</p>
<p>4. Architecture and focus of the Social standards</p> <p>i) Supports the merging of the 4 standards from Own Workforce into 1 as a good balance being struck.</p> <p>ii) Same structure to be applied to S2 and S3 and S4 could have a different structure as not covering workforce matters.</p> <p>iii) The perspectives of the Social standards are too much oriented on adverse impact and not enough on value creation.</p>	<p>Support / proposal</p>	<p>There are six disclosure requirements from the implementation pillar and 50% of them cover material risks and opportunities and the performance metrics are based on current sustainability frameworks and EU legislations.</p>	<p>No actions for November</p>
<p>5. Prioritisation and application of the “rebuttable presumption”</p> <p>i) Limited support for Prioritisation as not all information would be material so that cost would exceed benefits.</p> <p>ii) Suggestion of not applying the “rebuttable presumption” to S1 or at least large parts of it . Indicated largely supportive for relevance although not all information would be material.</p>	<p>Prioritisation</p>		<p>To be discussed</p>

ESRS S2 – Workers in the value chain (Q46)

	Fully	Large extent	Limited extent	Not at all	Other	Approval score	Recalc. approval
<i>Required by CSRD</i>	9	3	0	0	3	80%	100%
<i>Relevant information</i>	7	3	3	0	2	67%	77%
<i>Sector comparability</i>	7	2	3	1	2	60%	69%
<i>Faithful rep. - impact</i>	6	4	3	0	2	67%	77%
<i>Faithful rep. - financial</i>	5	3	2	1	4	53%	73%
<i>Verified / assured</i>	5	4	1	1	4	60%	82%
<i>Quality of information</i>	8	3	0	0	4	73%	100%
<i>Cost / benefit balance</i>	5	5	1	1	3	67%	83%
<i>Consistent with relevant EU</i>	7	1	0	1	6	53%	89%
<i>Compatibility internationally</i>	6	3	0	1	5	60%	90%
Average	6.5	3.1	1.3	0.6	3.5	64%	84%

3 SR TEG provided the following comments on this question:

Comment	Classification	EFRAG SECRETARIAT PRELIMINARY ASSESSMENT	CONCLUSION
<p>6. Breadth and structure of Disclosure Requirements</p> <p>i) The description of policies and processes will never provide as meaningful information as a precise cartography of the value chain and associated sustainability risks. Although ESRS 2 integrates a high-level description of the value chain and key suppliers, this would require much more granular information to understand where the risks are, how many levels of suppliers there are which may infer additional risks, etc.</p> <p>ii) No performance metrics which results in low degree of comparability of reports. The information disclosed based on ESRS S2 in its current stage will provide not enough</p>	Alternative drafting/ proposal	<p>i),ii)The diversity of value chain models supports the decision to further develop performance indicators as part of subsequent sets.</p> <p>iii)The CSRD estipulate a number of Social instruments that the ESRS are to comply with together with the SFDR requirements on Social matters.</p>	No action for November

TEG Survey: Social ESRS drafts

<p>information to cover impact or financial perspective of materiality.</p> <p>iii) Currently corporates have no "behavioural" obligation towards workers in its value chain. A reporting obligation is therefore not relevant. The standards should be limited to the policy section/implementation section. Some requirements are pre emptying a behaviour obligation notably processes to engage with workers of the value chain.</p>			
<p>7. Architecture</p> <p>Globally, this standard should be better articulated with G3 on responsible procurement that should still be developed and limited to: existence of human rights policy covering the value chain and description of actions implemented or planned to mitigate the risks</p>	Alternative drafting/ Proposal	The structure of the Social standards reflect the stakeholder groups described in the CSRD	No action for November
<p>8. Prioritisation and cost for the companies</p> <p>i) Limited support for prioritisation from a relevance and cost perspective.</p> <p>ii) The cost will be very high to collect information on the value chain and to harmonise it as there is no standard. Audit on this kind of information not standardised is not possible.</p>	Prioritisation		To be discussed

ESRS S3 – Affected communities (Q47)

	Fully	Large extent	Limited extent	Not at all	Other	Approval score	Recalc. approval
<i>Required by CSRD</i>	9	4	0	0	2	87%	100%
<i>Relevant information</i>	6	7	1	0	1	87%	93%
<i>Sector comparability</i>	6	3	4	0	2	60%	69%
<i>Faithful rep. - impact</i>	6	6	2	0	1	80%	86%
<i>Faithful rep. - financial</i>	5	4	3	0	3	60%	75%
<i>Verified / assured</i>	6	4	1	0	4	67%	91%
<i>Quality of information</i>	8	4	0	0	3	80%	100%
<i>Cost / benefit balance</i>	6	5	1	0	3	73%	92%
<i>Consistent with relevant EU</i>	7	2	0	0	6	60%	100%
<i>Compatibility internationally</i>	6	3	0	1	5	60%	90%
Average	6.5	4.2	1.2	0.1	3	71%	90%

4 SR TEG provided the following comments on this question:

Comment	Classification	EFRAG SECRETARIAT PRELIMINARY ASSESSMENT	CONCLUSION
<p>9. Breadth and structure of Disclosure Requirements</p> <p>The standard could be summarized in three disclosure requirements: - DRs relate to ESRS2 such as SBM and IROs, Risk and Opportunities are directly linked to impacts and should not be separated from impacts; - DR S3-1 on policies and associated objectives (no need for DR S3-4, measurable target being inappropriate outside the control of the undertaking and qualitative policy objectives making the job) which should include DR S3-2 and 3 on engagement and channels which are part of policy; - DR S3-5 & 6 should be grouped to cover taking action and approaches to mitigating.</p>	<p>Alternative drafting/ proposal</p>	<p>The structure mirrors the remaining social standards and embeds the principles of Due Diligence applicable at sector agnostic.</p>	<p>No action for November</p>
<p>10. Definitions</p> <p>i) ESRS S3 uses the term affected communities to also include indigenous peoples. However, indigenous peoples are not referred to in the definition of ‘affected communities’. The definition of ‘affected communities’ in Appendix A is GRI’s definition of ‘local communities’. It's important to clarify that affected communities include both local communities and indigenous peoples.</p> <p>ii) Definition of “indigenous people” goes beyond definition of ILO convention. Some requirements should be shifted to sector specific in order to avoid reporting burden and rebuttable presumption. definition of affected communities is wide because applied to sector agnostic standards and might overlap with end users one. The community leaving at distance</p>	<p>Alternative drafting/ proposal</p>	<p>Under review by Secretariat</p>	<p>Draft to be amended</p>

TEG Survey: Social ESRS drafts

<p>of the activity might be covered by end users. The definition is too wide to be applicable.</p> <p>iii) The principle of free, prior and informed consent (FPIC) is of crucial importance when dealing with communities, especially indigenous communities. The draft standard mentions this principle but does not define it. This should be corrected, ideally with reference to the definition of the FPIC used by the United Nations Food and Agriculture Organisation</p>			
<p>11. Sector considerations</p> <p>Probably the sector agnostic can include the policy and implementation section and all the process to engage with communities (S3-3, S3-4 notably), shall be transferred to sector specific when a "pollution" or damages can be observed based on DNSH of Taxonomy.</p>	<p>Sector</p>	<p>The structure mirrors the remaining social standards and embeds the principles of Due Diligence applicable at sector agnostic.</p>	<p>No action for November</p>

ESRS S4 – Consumers and end-users (Q48)

	Fully	Large extent	Limited extent	Not at all	Other	Approval score	Recalc. approval
<i>Required by CSRD</i>	9	2	0	0	4	73%	100%
<i>Relevant information</i>	7	4	1	0	3	73%	92%
<i>Sector comparability</i>	6	3	3	0	3	60%	75%
<i>Faithful rep. - impact</i>	5	5	2	0	3	67%	83%
<i>Faithful rep. - financial</i>	4	3	3	0	5	47%	70%
<i>Verified / assured</i>	6	5	0	0	4	73%	100%
<i>Quality of information</i>	8	3	0	0	4	73%	100%
<i>Cost / benefit balance</i>	6	5	1	0	3	73%	92%
<i>Consistent with relevant EU</i>	7	1	0	0	7	53%	100%
<i>Compatibility internationally</i>	5	4	0	1	5	60%	90%
Average	6.3	3.5	1	0.1	4.1	65%	90%

5 SR TEG provided the following comments on this question:

Comment	Classification	EFRAG SECRETARIAT PRELIMINARY ASSESSMENT	CONCLUSION
<p>12. Breadth and structure of Disclosure Requirements</p> <p>The description of the sustainability impacts risks and opportunities associated with the undertaking's company should be described first before describing policies and action plans.</p>	Alternative drafting/ proposal	As per the architecture of the ESRS, the IRO assessment and the accompanying AG within the Social standards that complement the IRO assessment is the starting point for the disclosure requirements for PTAPR.	No action for November
<p>13. Definition</p> <p>Definitions between a consumer vs end users not very clear. End users is not directly covered by CSRD (to be check and clarified). Simplify in a standard agnostic "affected stakeholders" the requirements S2-S3 and S4 @ policies level /due diligence level and add sector-specific items for measuring engagement, impact risk and opportunities. Standards are too generic and won't be applied in such a generic way.</p>	Alternative drafting/ Proposal		Draft to be amended
<p>14. Sector</p> <p>As services and products provided by undertakings will highly differ between sectors, comparability between sectors will for many disclosure requirements in this standard not be possible/relevant.</p>	Sector	The disclosure requirement is focused on the de minimis requirement on Implementation measures or PTAPR.	No action for November

Draft ESRS S1 Own workforce – feedback per DR

ESRS S1.1 – Policies related to own workforce (Q73)

6 SR TEG provided the following comments on this question:

Comment	Classification	EFRAG SECRETARIAT PRELIMINARY ASSESSMENT	CONCLUSION
---------	----------------	---	------------

<p>15. Breadth and structure of Disclosure Requirements</p> <p>i) ESRS S1 covers own workforce, however, paragraph 18 (a) & (c) covers all stakeholders. The disclosure requirement on the undertaking’s policy commitment to respect human rights as required by 18(a) should be moved to ESRS 2, as this is essential information all undertakings should be required to report and which cannot be subjected to an undertaking’s materiality assessment.</p> <p>ii) Possible simplifications (e.g. Par 97(f) to include Par 17 of ERS S1; Par 22 duplicating Par 98 in ESRS 1)</p>	<p>Alternative drafting/ proposal</p>	<p>Under review by Secretariat</p>	<p>Draft to be amended</p>
<p>16. Definitions</p> <p>The definition of workers to be reviewed be careful that non-employee disclosure could led to requalification. Legal perspective to be ensured for corporates.</p>	<p>Alternative drafting /proposal</p>	<p>To further understand the concern</p>	<p>To be discussed</p>
<p>17. Prioritisation</p> <p>To be prioritized given SFDR.</p>	<p>Prioritisation</p>		

ESRS S1.2 – Process for engaging with own workers about impacts (Q74)

7 SR TEG provided the following comments on this question:

Comment	Classification	EFRAG SECRETARIAT PRELIMINARY ASSESSMENT	CONCLUSION
<p>18. Breadth and structure of Disclosure Requirements</p> <p>i) While stakeholder participation is key and fundamental, this DR is strongly based on process rather than actual engagement, it is difficult to verify and may incentivize formal/process-based practices rather than meaningful</p>	<p>Alternative drafting/ proposal</p>	<p>i),ii) Under review by Secretariat</p>	<p>i), ii) Draft to be amended</p> <p>iii) No further action for November</p>

TEG Survey: Social ESRS drafts

<p>dialogue with workers and representatives. It also overlaps with S1-3</p> <p>ii) Possible simplifications (AG paragraphs 33, 35, 36, 37, 39, and 41 are repetitive of the main text of Disclosure Requirement S1- 2.)</p> <p>iii) ESRS S1-2 is redundant with S1-24 on social dialogue and with ESRS 2 SBM 2 on views, interests and expectations of stakeholders needs to be analyzed. The goal of the social dialogue is to engage with workers and workers' representatives. S1-2 and 24 should be merged and duplication with ESRS 2 SBM2 should be deleted. The most interesting information is probably the involvement of workers representatives into the materiality analysis.</p>		<p>iii)The scope of ESRS S1-2 covers a different perimeter to SBM 2 which is focused on sustainability matters and the wider stakeholder group. With regards to S1-24, to note that DR2 forms part of the implementation pillar whereas DR24 is a performance measure with quantitative and qualitative disclosures.</p>	
<p>19. Prioritisation Even if S1 is prioritized, this is not one of the most key DRs of S1.</p>	<p>Prioritisation</p>	<p>This disclosure requirement embeds the principles of due diligence.</p>	<p>To be considered as part of the phase in discussion.</p>

ESRS S1.3 – Channels for own works and workers’ representatives to raise concerns (Q75)

8 SR TEG provided the following comments on this question:

Comment	Classification	EFRAG SECRETARIAT PRELIMINARY ASSESSMENT	CONCLUSION
<p>20. Breadth and structure of Disclosure Requirements</p> <p>i) This DR should have a clear reference to alignment to the UNGPs</p> <p>ii) The channel and processes are close in meaning and could be merged in the entire ESRS. Par 29 could be summarized like this: “report if the channel covers the full scope of ESRS S1 sub-topics”</p>	<p>Alternative drafting/ proposal</p>	<p>i)The reference to UNGPs is implicit within the text.</p> <p>ii)As per international instruments on human rights, the two requirements cover the stakeholder communication from different and complementary perspectives (ie from the company to</p>	<p>No further action for November</p>

		the value chain workers and from the value chain workers to the company via grievance mechanisms).	
--	--	--	--

ESRS S1.4 - Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities (Q76)

9 SR TEG provided the following comments on this question:

Comment	Classification	EFRAG SECRETARIAT PRELIMINARY ASSESSMENT	CONCLUSION
<p>21. Breadth and structure of Disclosure Requirements</p> <p>i) When it comes to managing impact on people, targets are not always the best tool to understand and undertaking's performance, especially when managing negative impact. Vision, partnerships, participation in multistakeholder initiatives, alliances, programmes and projects in place are a better reflection on how an undertaking organizes its impact management.</p> <p>ii) Potential simplification (e.g. Par 32 and 34 to be merged, Par 36 simplified “disclose any targets related to the full scope of ESRS S1 sub-topics” and Par 37 should be merged with ESRS S1-2)</p>	Alternative drafting/ proposal		<p>i) To be discussed</p> <p>ii) Draft to be amended</p>

ESRS S1.5 – Taking action on material impacts on own workforce and effectiveness of those actions (Q77)

10 SR TEG provided the following comments on this question:

Comment	Classification	EFRAG SECRETARIAT PRELIMINARY ASSESSMENT	CONCLUSION
<p>22. Breadth and structure of Disclosure Requirements</p> <p>i) A few references to behavioural obligations</p> <p>ii) Potential simplification (e.g. delete Par 39 as it is very similar to ESRS 1 DP3 as well as Par 43 and 44; Par 43 introduces the new concept of effectiveness and Par 44 separates actions from initiatives. Both are already covered</p>	Alternative drafting/ proposal	Under review by Secretariat	Draft to be amended

by ESRS DP 3, Par 104; and Par 42 is too detailed for a management report because the definition of approaches is not clear and new			
23. Prioritisation If S1 is prioritized, this is one of the key DRs of S1. However, A-E ranked lower as action-plan related disclosures are required on too granular level and difficult to quantify resources.	Prioritisation		

ESRS S1.6 – Approaches to mitigating material risks and pursuing material opportunities related to own workers (Q78)

11 SR TEG provided the following comments on this question:

Comment	Classification	EFRAG SECRETARIAT PRELIMINARY ASSESSMENT	CONCLUSION
24. Breadth and structure of Disclosure Requirements i) Managing risk to the company is intrinsically linked to managing impact for people. This duplicates information required in previous S1-5. [2 members] ii) Potential simplification. E.g. S1-5 (impacts) and S1-6 (risks and opportunities) should be merged/combined; Why is “approach” is used here when “actions” is used in ESRS S1-5. Both ESRS should be merged so my comments on ESRS S1-5 apply here and a link to DP1 should be added.	Alternative drafting/proposal	Under review by Secretariat	Draft to be amended
25. Additional guidance The risk /opportunity drivers are not defined. Taking time to develop human / social capital metrics would be of benefit.	Alternative drafting/proposal	Consideration for further sets of ESRS.	No action for November.

ESRS S1.7 – Characteristics of the undertaking’s employees (Q79)

12 SR TEG provided the following comments on this question:

Comment	Classification	EFRAG SECRETARIAT PRELIMINARY ASSESSMENT	CONCLUSION
<p>26. Additional datapoints</p> <ul style="list-style-type: none"> i) The concept of “workforce turnover” and its evolution should be added with a detailed calculation method to enhance comparability. [2 members] ii) Managing risk to the company is intrinsically linked to managing impact for people. This duplicates information required in previous S1-5. [2 members] iii) Where do disclosures on female representation in management fit? iv) Calculations methods and definitions should be developed (e.g., how internships are accounted etc.) for comparability as per Par 51. FTE is the preferred methodology according to me and headcount alone doesn’t mean anything (is it at one date or an average over months?). 	<p>Alternative drafting/ proposal</p>		<p>To be discussed</p>
<p>27. Level of granularity</p> <ul style="list-style-type: none"> i) It combines 3 DRs on country statistics, permanent/temp and part-time/full-time. ii) Cost-benefit of country-by-country is overreporting with significant audit costs for Reasonable. Basis for country-by-country reporting? [3 members] iii) Many users need country-by-country reporting to understand country-level differences in social factors. Thus, the DR represents a large compromise away from these users' needs in the direction of preparers' wish to reduce granularity. 	<p>Granularity</p>		<p>To be discussed</p>

<p>iv) Alternative for granularity: a) Number of employees per geographies and gender (to provide a global picture) b) For precarious employments: percentage of temporary employees, non-guaranteed hours and part-time employees with the split by gender at the global level. No need of breakdown by country and to keep it for the IRO identification process.</p>			
---	--	--	--

ESRS S1.8 – Characteristics of non-employee workers in the undertaking’s own workforce (Q80)

13 SR TEG provided the following comments on this question:

Comment	Classification	EFRAG SECRETARIAT PRELIMINARY ASSESSMENT	CONCLUSION
<p>28. Definition</p> <p>i) C-E: Assumes western concept of "employment". May reach limits to applicability and provide misleading results in international contexts with different legal frameworks, e.g. countries, where the concept of "employment" is perceived differently and not preferred from cultural perspective.</p> <p>ii) Non-employee workers are not easy to classify.</p> <p>iii) We agree with GRI that the definition of 'non-employee workers' in ESRS S1 is not wide enough. GRI General Disclosure 2-8 includes in this definition all non-employees who are under the effective control of the reporting entity. We suggest aligning the definition with GRI.</p>	<p>Alternative drafting/ proposal</p>		<p>To be discussed</p>
<p>29. Data</p> <p>i) This information is external to the undertaking and with no capacity to influence and no cost/benefit balance</p> <p>ii) Undertaking may not have power on some issues (e.g. training); however, it may on working conditions but there</p>	<p>Complexity /Sector</p>	<p>This Disclosure Requirement is derived from an existing and widely applied sustainability reporting framework.</p>	<p>No further action for November</p>

is no European reference and/or contract type. These may be a category of affected stakeholders rather than workers. It would simplify ESRS to have a sector agnostic section on affected stakeholders end sector-specific standard for specific issues.			
30. Prioritisation If S1 is prioritized, this is not one of the key DRs of S1. Relevance and sector agnostic aspects have been ranked as low as the requirements are significantly too granular and this would not result in material information. The DR does also not seem relevant across all sectors upon first assessment.	Prioritisation /Sector		

14 One TEG member indicated that country by country reporting is missing for own workforce indicators for this and following DRs.

Comment	Classification	EFRAG SECRETARIAT PRELIMINARY ASSESSMENT	CONCLUSION
31. Breadth of Disclosure Requirements Why are the average expenses on training per full-time equivalent (FTE) for the reporting year relevant to disclose?	Alternative drafting/ proposal	Quantitative KPI that provides comparable and relevant information across undertaking at sector agnostic level.	No further action for November

ESRS S1.10 – Coverage of the health and safety management system (Q82)

15 SR TEG provided the following comments on this question:

Comment	Classification	EFRAG SECRETARIAT PRELIMINARY ASSESSMENT	CONCLUSION
32. Breadth of Disclosure Requirements Social insurance falls under national law, unclear how this can be reported in a comparable way across Europe.	Alternative drafting/ proposal	This is an existing disclosure requirement for a sustainability	No further action for November

TEG Survey: Social ESRS drafts

		reporting framework applied by multinational groups.	
--	--	--	--

ESRS SI.11 – Performance of the health and safety management system (Q83)

16 SR TEG provided the following comments on this question:

Comment	Classification	EFRAG SECRETARIAT PRELIMINARY ASSESSMENT	CONCLUSION
33. Breadth of Disclosure Requirements G - Application guidance: "days lost" calculation not in line with predominant definition (e.g. GRI 2018, 403-9, US OSHA), which counts recovery time in "calendar days" to better measure actual severity of incident.	Alignment with international frameworks	Under review by Secretariat	
34.Sector To be prioritized where data points is relevant for SFDR (not necessarily entire DR). Might not be as material/relevant across sectors at granular level.	Sector		Draft to be amended

ESRS SI.12 – Working hours (Q84)

17 SR TEG provided the following comments on this question:

Comment	Classification	EFRAG SECRETARIAT PRELIMINARY ASSESSMENT	CONCLUSION
35. Additional guidance Part A: the working hours disclosure should be expanded to handle a broader range of working hours challenges to health and work-life balance, e.g. reporting on split shifts, night work, seasonal concentration of work-time, and little advanced notice of scheduling	Alternative drafting/ Proposal	Under review by Secretariat	To be discussed
36. Sector To be transferred to sector-specific standards as it is it ignores industries with tough conditions or night hours. This may result in a dilution of relevant information in agnostic standards	Sector	This optional requirement relates to a social sustainability matter included in the final text of the CSRD.	No further action for November

TEG Survey: Social ESRS drafts

To be prioritized where data points is relevant for SFDR (not necessarily entire DR). Might not be as material/relevant across sectors at granular level.			
---	--	--	--

ESRS SI.13 – Work-life balance indicators (Q85)

18 SR TEG provided the following comments on this question:

Comment	Classification	EFRAG SECRETARIAT PRELIMINARY ASSESSMENT	CONCLUSION
37. Breadth of Disclosure Requirements i) Requires additional alignment - assumes European standards for paternity/maternity leaves. Disregards that in some countries, a 'mild' employment may be best option for parents. ii) This data will largely depend on the legislation of countries of operation	Legal considerations	Under review of Secretariat	Draft to be amended
38. Additional datapoints Part A: Work-life balance involves more than family-related leaves. This disclosure requirement should be expanded to include: flexible working time arrangements, and availability of childcare facilities, to name a few.	Alternative drafting/ proposal		To be discussed

ESRS SI.14 – Fair remuneration (Q86)

19 SR TEG provided the following comments on this question:

Comment	Classification	EFRAG SECRETARIAT PRELIMINARY ASSESSMENT	CONCLUSION
39. Breadth of Disclosure Requirements i) Fair remuneration is a complex concept. In order to allow clear methodology, the DR might be postponed ii) There is not a commonly accepted definition and/or benchmark related to living wages that can be used to	Granularity / Complex	This social sustainability matter is defined in the CSRD Art 19.	To be discussed

TEG Survey: Social ESRS drafts

standardize this disclosure. Also, different sectors and countries of operations make this information not comparable. This disclosure should be focused on commitment and strategy regarding living wages.			
40. Additional datapoints This disclosure requirement is essential to understanding whether the undertaking is respecting international and European norms and paying a 'fair/living' wage. It should however be expanded to report the ratio between the lowest wage and the 'fair' wage on a country-by-country basis	Alternative drafting/ proposal		To be discussed

ESRS SI.15 – Social security eligibility coverage (Q87)

20 SR TEG provided the following comments on this question:

Comment	Classification	EFRAG SECRETARIAT PRELIMINARY ASSESSMENT	CONCLUSION
41. Breadth of Disclosure Requirements This data will largely depend on the legislation of countries of operation. [2 members]	Complexity /legal considerations	This social sustainability matter is defined in the CSRD Art 19.	To be discussed

ESRS SI.16 – Pay gap between women and men (Q88)

21 SR TEG provided the following comments on this question:

Comment	Classification	EFRAG SECRETARIAT PRELIMINARY ASSESSMENT	CONCLUSION
42. Breadth of Disclosure Requirements There are different methodologies to calculate the pay gap, some of which reflects better the reality of some companies/sectors and so they should be allowed	Alternative drafting /Proposal	This indicator derives from the SFDR.	No further action for November

TEG Survey: Social ESRS drafts

43. Audit Largely incompatible with future plans for 'reasonable assurance', as likely to impose very significant audit cost for large international companies.	Audit	See above	No further action for November
---	-------	-----------	--------------------------------

ESRS SI.17 –Annual total compensation ratio (Q89)

22 SR TEG provided the following comments on this question:

Comment	Classification	EFRAG SECRETARIAT PRELIMINARY ASSESSMENT	CONCLUSION
44. Breadth of Disclosure Requirements Different sectors and countries of operations make this information not comparable.	Comparability	This indicator derives from the SFDR.	No further action for November

ESRS SI.18 –Discrimination incidents related to equal opportunities (Q90)

23 SR TEG provided the following comments on this question:

Comment	Classification	EFRAG SECRETARIAT PRELIMINARY ASSESSMENT	CONCLUSION
---------	----------------	---	------------

TEG Survey: Social ESRS drafts

<p>45. Breadth of Disclosure Requirements</p> <p>i) A high number of incidents recorded and handled could be an indicative a sound and functioning grievance mechanism. This DR should include such context.</p> <p>ii) Information may not be comparable in this way. Maybe a ratio of cases versus remediation/ no problem could be more relevant?</p>	<p>Alternative drafting/proposal</p>	<p>i)Contextual information is recommended in par 88 e) ii)This is a SFDR indicator</p>	<p>No further action for November</p>
---	--------------------------------------	---	---------------------------------------

ESRS SI.19 – Employment of persons with disabilities (Q91)

24 SR TEG provided the following comments on this question:

Comment	Classification	EFRAG SECRETARIAT PRELIMINARY ASSESSMENT	CONCLUSION
<p>46. Breadth of Disclosure Requirements</p> <p>Cost benefit: not applicable for countries where disability is not a defined term - would require company to do (inappropriate) medical screening among workforce. DR should be limited to EU-countries. [2 members]</p>	<p>Alternative drafting/proposal</p>	<p>Revised CSRD text in Art19 includes disability.</p>	<p>To be discussed</p>

ESRS SI.20 – Differences in the provision of benefits to employees with different employment contract types (Q92)

25 SR TEG provided the following comments on this question:

Comment	Classification	EFRAG SECRETARIAT PRELIMINARY ASSESSMENT	CONCLUSION
<p>47. Breadth of Disclosure Requirements</p> <p>i) DR not practical in international context, especially outside EU where benefits may not be defined or different. Leads</p>	<p>Too granular</p>		<p>To be discussed</p>

TEG Survey: Social ESRS drafts

<p>to country-by-country reporting, creating significant overreporting burden for international companies</p> <p>ii) This data will largely depend on legislation of countries of operation. Also "significant employment" shall be defined. May not be relevant across countries and industries. Corporates cannot be accountable for national policies. [2 members]</p>			
---	--	--	--

ESRS SI.21 – Grievances and complaints related to other work-related rights (Q93)

26 SR TEG provided the following comments on this question:

Comment	Classification	EFRAG SECRETARIAT PRELIMINARY ASSESSMENT	CONCLUSION
<p>48. Breadth of disclosure requirement This information will probably be sensitive to disclose for companies</p>	Too granular	This is a SFDR indicator	No further action for November

ESRS SI.22 – Collective bargaining coverage (Q94)

27 SR TEG provided the following comments on this question:

Comment	Classification	EFRAG SECRETARIAT PRELIMINARY ASSESSMENT	CONCLUSION
<p>49. Breadth of disclosure requirement This data will largely depend on legislation of countries of operation. This DR should focus on how the undertaking guarantees the right of collective bargaining</p>	Too granular		To be discussed

ESRS SI.23 – Work stoppages (Q95)

28 SR TEG provided the following comments on this question:

Comment	Classification	EFRAG SECRETARIAT PRELIMINARY ASSESSMENT	CONCLUSION
50. Breadth of disclosure requirement This DR should include which mechanisms the undertaking has to prevent and resolve this type of disputes	Too granular		To be discussed

ESRS SI.24 – Social dialogue (Q96)

29 SR TEG provided the following comments on this question:

Comment	Classification	EFRAG SECRETARIAT PRELIMINARY ASSESSMENT	CONCLUSION
51. Breadth of disclosure requirement This DR should focus on how the undertaking builds and facilitates social dialogue (Global Framework Agreements, dialogue with unions...) and not so much on quantifying "bodies" without considering even their effectiveness or representativeness	Alternative drafting/ proposal		To be discussed

ESRS SI. 25 – Identified cases of severe human rights issues and incidents (Q97)

30 SR TEG provided the following comments on this question:

Comment	Classification	EFRAG SECRETARIAT PRELIMINARY ASSESSMENT	CONCLUSION
52. Breadth of disclosure requirement i) Definition of severity is linked in the application guidance to where/how the case has been made and not on how severe the impact is. ii) While this is mandated by the SFDR, there are limitations with this type of indicator. As included in BfC	Alternative drafting/ proposal	Under review by Secretariat	Draft to be amended

61 of ESRS S2: It's important to indicate in the standards how financial market participants can mitigate the limitations of such indicator by looking into third party sources or further information, such as NCP (National Contact Point) cases or incidents captured by service providers.			
--	--	--	--

ESRS S1. 26 – Privacy at work (Q98)

31 SR TEG provided the following comments on this question: No new comments

Draft ESRS S2 Workers in the value chain – feedback per DR

ESRS S2.1 – Policies related to value chain workers (Q99)

32 SR TEG provided the following comments on this question:

Comment	Classification	EFRAG SECRETARIAT PRELIMINARY ASSESSMENT	CONCLUSION
<p>53. Breadth of disclosure requirement</p> <p>i) This disclosure requirements is the duplication of ESRS S1 and</p> <p>ii) the only relevant requirement would be whether there is a Human Rights policy covering the value chain with a specific scope description in terms of subjects covered and geography.</p> <p>iii) Potential simplifications (e.g. change DP1 par 97f to include Par 17 of ESRS S1; Par15: Drafting should be "Shall describe its policies relating to human rights including.." ; Par16: Redundant with 97f of ESRS 1 DP1; Par17: Redundant with 98 of ESRS 1)</p>	Alternative drafting/ proposal	This reflects the structure of standards per stakeholder group with cross-references to S1 where applicable.	No further action for November

ESRS S2.2 – Processes for engaging with value chain workers about impacts (Q100)

33 SR TEG provided the following comments on this question:

Comment	Classification	EFRAG SECRETARIAT PRELIMINARY ASSESSMENT	CONCLUSION
<p>54. Breadth of disclosure requirement</p> <p>i) There is no value of engaging with workers in the value chain on top of SBM2 as they don't have representatives as Trade Unions for own workforce. All this kind of impacts, risks & opportunities are captured by the due diligence risk mapping, not by a specific disclosure requirement.</p> <p>ii) Par20(e): The only agreement we are referring to in this disclosure requirement are local agreements to monitor specific human rights risks. The granularity of such a requirement is not relevant for the management report.</p> <p>iii) DR disregards diversity and complexity of many companies value-chain and overestimates its ability to influence</p>	Alternative drafting/ proposal	Under the review of Secretariat	Draft to be amended

ESRS S2.3 – Channels for value chain workers to raise concerns (Q101)

34 SR TEG provided the following comments on this question:

Comment	Classification	EFRAG SECRETARIAT PRELIMINARY ASSESSMENT	CONCLUSION
<p>55. Breadth of disclosure requirement</p> <p>i) This disclosure requirement on "Channels for raising concerns" is disconnected from the SC3D logic, which is to identify granular risks in the value chain and offer whistleblowing systems intended to allow collecting the alerts issued by external people regarding situations that are contrary to the company's code of conduct.</p>	Alternative drafting/ proposal	Under the review of Secretariat	Draft to be amended

TEG Survey: Social ESRS drafts

<p>ii) Specific considerations: a) Par 23 is too demanding: consider whether it is the role of the undertaking to offer a mechanism for value chain workers to express their needs; b) Par21(c): This is the purpose of CS3D to identified human rights risks. This DR is not valid at all for workers in the value chain; c) Par24: How is it possible to substantiate this paragraph by the protection of whistle blowers?</p>			
--	--	--	--

ESRS S2.4 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities (Q102)

35 SR TEG provided the following comments on this question:

Comment	Classification	EFRAG SECRETARIAT PRELIMINARY ASSESSMENT	CONCLUSION
<p>56. Breadth of disclosure requirement This is akin to S1 but the need for measurable targets is questionable for workers in value chain. The only valuable target would be to reduce the number of hot spots (human risks in value chain). Rather require the details and objectives (qualitative ones) of the policies than targets. This DR is not relevant as targets are supposed to be measurable. [2 members]</p>	Alternative drafting/ proposal	Under the review of Secretariat	Draft to be amended
<p>57. Sector Setting target for workers in the value chain will probably be most relevant for companies in the production sector and not as relevant for companies in service sectors like financial institutions etc.</p>	Sector	Value chain is a sector agnostic sub-topic and as such it requires Implementation measures.	No further action for November

36 Q102 to Q104: DR disregards diversity and complexity of the value chains of many companies and overestimates its ability to influence

ESRS S2.5 – Taking action on material impacts on value chain workers and effectiveness of those actions (Q103)

37 SR TEG provided the following comments on this question:

Comment	Classification	EFRAG SECRETARIAT PRELIMINARY ASSESSMENT	CONCLUSION
---------	----------------	---	------------

TEG Survey: Social ESRS drafts

<p>58. Breadth of disclosure requirement</p> <p>i) 2 DRs on Policies and Actions are enough but should only be based on ESRS 1 DP1 & 3. The Due diligence action plans should cover: risk mapping, supply chain management and suppliers assessment, mitigation/remediation actions (training, audits, etc.) and alert mechanism</p> <p>ii) Effectiveness should be assessed through Performance section. Iii) Par 31(c) and par 35 should be deleted.</p> <p>iii) What action can actually impact value chain workers as they are not affected stakeholders? Undertakings have no legal channel to do so. Might lead to "social washing"</p>	<p>Alternative drafting/ proposal</p>	<p>Under the review of Secretariat</p>	<p>Draft to be amended</p>
<p>59. Prioritisation</p> <p>As it might take time to both assess materiality define relevant policies and targets, supporting action plans are not the first thing to disclose in year one.</p>	<p>Prioritisation</p>		

ESRS S2.6 – Approaches to mitigating material risks and pursuing material opportunities related to value chain workers (Q104)

38 SR TEG provided the following comments on this question:

Comment	Classification	EFRAG SECRETARIAT PRELIMINARY ASSESSMENT	CONCLUSION
<p>60. Breadth of disclosure requirement</p> <p>Potential duplication of previous DR as managing risks to the company is intrinsically linked to managing impact for people. [3 members]</p>	<p>Alternative drafting/ proposal</p>		<p>To be discussed</p>

Draft ESRS S3 Affected communities– feedback per DR

ESRS S3.1 – Policies related to affected communities (Q105)

39 SR TEG provided the following comments on this question:

Comment	Classification	EFRAG SECRETARIAT PRELIMINARY ASSESSMENT	CONCLUSION
<p>61. Breadth of disclosure requirement Para 16 states that a company that does not disclose information about policies related to affected communities 'may report a timeframe in which it aims to have such policy or objectives in place'. We suggest making this disclosure mandatory by rephrasing this passage as follows: '[...] shall report whether or not it intends to have such policies or objectives in place, and, if yes, by when'.</p>	Alternative drafting/ proposal		Draft to be amended
<p>62. Granularity Relevance depends highly on required granularity as companies may act differently for different communities in different countries, however, this cannot be disclosed at such a granular level, otherwise, there is high risk of information overload.</p>	Granularity	This forms part of the PTAPR of a sub-topic identified at CSRD level.	No further action for November

ESRS S3.2 – Processes for engaging with affected communities about impacts (Q106)

40 SR TEG provided the following comments on this question:

Comment	Classification	EFRAG SECRETARIAT PRELIMINARY ASSESSMENT	CONCLUSION
<p>63. Breadth of disclosure requirement Sector-agnostic standards shall cover policies towards affected stakeholders resulting for the undertaking materiality assessment. Then all other requirement material for some kinds of stakeholders might be transferred in sector specific standards [2 members]</p>	Sector	This requirement follows the due diligence principles and it relates to a stakeholder group defined by the CSRD.	No further action for November

ESRS S3.3 – Channels for consumers and end-users to raise concerns (Q107)

41 SR TEG provided the following comments on this question:

Comment	Classification	EFRAG SECRETARIAT PRELIMINARY ASSESSMENT	CONCLUSION
<p>64. Breadth of disclosure requirement Par 23 is a bit too demanding: is it the role of the undertaking to offer a mechanism for communities to express their needs at Corporate level or only at local level when engaging dialogue ?</p>	Complexity	Refer to AG33-AG37 where various examples of types of channels and engagements are provided.	No further action for November

ESRS S3.4 –Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities (Q108)

42 SR TEG provided the following comments on this question:

No new comments provided.

ESRS S3.5 – Taking action on material impacts on affected communities and effectiveness of those actions (Q109)

43 SR TEG provided the following comments on this question:

No new comments provided

ESRS S3.6 – Approaches to mitigating material risks and pursuing material opportunities related to affected communities (Q110)

44 SR TEG provided the following comments on this question:

No new comments provided

Draft ESRS S4 Consumers and end-users – feedback per DR

ESRS S4.1 – Policies related to consumers and end-users (Q111)

45 SR TEG provided the following comments on this question:

Comment	Classification	EFRAG SECRETARIAT PRELIMINARY ASSESSMENT	CONCLUSION
<p>64. Breadth of disclosure requirement Only DR in this standard, which is sector-agnostic. Other DRs only applicable, if there actually is any reasonable negative impact to end-users/consumers.</p>	Prioritisation	The implementation measures are required for all sustainability matters defined in the CSRD. Therefore, PTPAR disclosures are required for consumers and end-users.	No further action for November

ESRS S4.2 – Processes for engaging with v consumers and end-users about impacts (Q112)

46 SR TEG provided the following comments on this question:

Comment	Classification	EFRAG SECRETARIAT PRELIMINARY ASSESSMENT	CONCLUSION
<p>65. Breadth of disclosure requirement What about monitoring of customer satisfaction rather than engaging with consumers. The role of an undertaking is to answer customers' needs. They are always engaging with customers and listening to them</p>	Alternative drafting/proposal	Under review of Secretariat	Draft to be amended
<p>58. Sector B/E - not a sector agnostic requirement, not applicable to many services.</p>	Sector	The implementation measures are required for all sustainability matters defined in the CSRD. Therefore, PTPAR disclosures are required for consumers and end-users	No further action for November

ESRS S4.3 – Channels for consumers and end-users to raise concerns (Q113)

47 SR TEG provided the following comments on this question:

No new comments

ESRS S4.4 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities (Q114)

48 SR TEG provided the following comments on this question:

Comment	Classification	EFRAG SECRETARIAT PRELIMINARY ASSESSMENT	CONCLUSION
<p>66. Adding new datapoint</p> <p>Par24: To consider adding measurable targets for customers and improvement in customer satisfaction</p>	Alternative drafting/ proposal	Under review of Secretariat	Draft to be amended

ESRS S4.5 – Taking action on material impacts on consumers and end-users and effectiveness of those actions (Q115)

49 SR TEG provided the following comments on this question:

Comment	Classification	EFRAG SECRETARIAT PRELIMINARY ASSESSMENT	CONCLUSION
<p>67. Adding new datapoint</p> <p>Two DRs on Policies and Actions are enough and should be based on ESRS 1 DP1 & 3. Action plans could cover: risk mapping, Responsible marketing and communication, mitigation/remediation actions and alert mechanism Effectiveness should be assessed through Performance section.</p>	Alternative drafting/ proposal	Under review of Secretariat	Draft to be amended
<p>68. Sectors</p> <p>Consumers and end-users are material for all companies, however, there are significant differences in risks/issues associated with specific products and services; not sure whether indeed all companies would have sustainability-related action plans with respect to end users and consumers. Should be part of sector-specific standards.</p>	Sectors	The implementation measures are required for all sustainability matters defined in the CSRD. Therefore, PTPAR disclosures are required for consumers and end-users	No further action for November

ESRS S4.6 – Approaches to mitigating material risks and pursuing material opportunities related to consumers and end-users (Q116)

50 SR TEG provided the following comments on this question:
No new comments