

COMPARISON: EFRAG DRAFT ESRS AND EUROPEAN COMMISSION'S DRAFT DELEGATED ACT (DA) – ESRS S1 OWN WORKFORCE

16 JUNE 2023

DISCLAIMER

This paper below contains the EFRAG draft **ESRS S1 Own Workforce** which has been modified in track changes to match the version the EC proposed in the DA.

This document does not represent Accountancy Europe's views or analysis of these changes. It is a comparison run automatically by IT tools (including WordCompare) available to us. It is an Accountancy Europe's working document in view of preparing our feedback to their EC draft delegated act with the first set of European Sustainability Reporting Standards (ESRS).

Accountancy Europe makes this document available to help other stakeholders understand the detailed changes of the standards and help them in their own feedbacks to the European Commission.

~~Draft~~ **ESRS S1**
OWN WORKFORCE

Table of contents

Objective

Interaction with other ESRS Disclosure requirements

ESRS 2 General disclosures

Disclosure Requirement related to ESRS 2 SBM-2 – Interests and views of stakeholders

Disclosure Requirement related to ESRS 2 SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model(s)

Impacts, risks and opportunities management

Disclosure Requirement S1-1 – Policies related to own workforce

Disclosure Requirement S1-2 – Processes for engaging with own workers and workers' representatives about impacts

Disclosure Requirement S1-3 – Processes to remediate negative impacts and channels for own workers to raise concerns

Disclosure Requirement S1-4 – Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions

Metrics and targets

Disclosure Requirement S1-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

Disclosure Requirement S1-6 – Characteristics of the undertaking's employees

Disclosure Requirement S1-7 – Characteristics of non-employee workers in the undertaking's own workforce

Disclosure Requirement S1-8 – Collective bargaining coverage and social dialogue

Disclosure Requirement S1-9 – Diversity metrics

Disclosure Requirement S1-10 – Adequate wages

Disclosure Requirement S1-11 – Social protection

Disclosure Requirement S1-12 – Persons with disabilities

Disclosure Requirement S1-13 – Training and skills development metrics

Disclosure Requirement S1-14 – Health and safety metrics

Disclosure Requirement S1-15 – Work-life balance metrics

Disclosure Requirement S1-16 – Compensation indicators-metrics (pay gap and total compensation)

Disclosure Requirement S1-17 – Incidents, complaints and severe human rights impacts

Appendix A: ~~Defined terms~~ Application Requirements

Objective

ESRS 2 General Disclosures

Disclosure Requirement related to ESRS 2 SBM-2 – Interests and views of stakeholders

Disclosure Requirement related to ESRS 2 SBM-3 – Material impacts, risks and opportunities and their interaction of with strategy and business model

Impacts, risks and opportunities management

Disclosure Requirement S1-1 – Policies related to own workforce

Disclosure Requirement S1-2 – Processes for engaging with own workers and workers' representatives about impacts

Disclosure Requirement S1-3 – Processes to remediate negative impacts and channels for own workers to raise concerns

Disclosure Requirement S1-4 – Taking action on material impacts and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions and approaches

Metrics and targets

Disclosure Requirement S1-5 – Targets related to managing material impacts, advancing positive impacts, as well as to risks and opportunities

Disclosure Requirement S1-6 – Characteristics of the Undertaking’s Employees
Disclosure Requirement S1-7 – Characteristics of non-employee workers in the undertaking’s own workforce
Disclosure Requirement S1-8 – Collective bargaining coverage and social dialogue
Disclosure Requirement S1-9 – Diversity metrics
Disclosure Requirement S1-10 – Adequate Wages
Disclosure Requirement S1-11 – Social protection
Disclosure Requirement S1-12 – Persons with disabilities
Disclosure Requirement S1-13 – Training and Skills Development metrics
Disclosure Requirement S1-14 – Health and safety metrics
Disclosure Requirement S1-15 – Work-life balance
Disclosure Requirement S1-16 – Remuneration metrics Compensation indicators (pay gap and total remuneration)
Disclosure Requirement S1-17 – Incidents, complaints and severe human rights impacts
Appendix A.1: Application Requirements for ESRS 2 related disclosures
Appendix A.2: Application Requirements for ESRS S1-1 Policies related to own workforce
Appendix A.3: Application Requirements for ESRS S1-4 Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions
Appendix **BA**.4: Application Requirements for ESRS S1-5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

Objective

1. The objective of this ~~[draft]~~ Standard is to specify disclosure requirements which will enable **users** of the **sustainability statements statement** to understand the undertaking's material **impacts** on its **own workforce**, as well as related material **risks** and **opportunities**, including:
 - (a) how the undertaking affects its **own workforce**, **in** terms of material positive and negative actual or potential impacts;
 - (b) any **actions taken**, and the result of such actions, to prevent, mitigate or remediate actual or potential negative impacts, **and to address risks and opportunities**;
 - (c) the nature, type and extent of the undertaking's material risks and opportunities related to its impacts and **dependencies** on its own workforce, and how the undertaking manages them; and
 - (d) the **financial effects** on the undertaking over the short-, medium- and long-term time horizons of material risks and opportunities arising from the undertaking's impacts and dependencies on its own workforce.
2. In order to meet the objective, this ~~[draft]~~ Standard also requires an explanation of the general approach the undertaking takes to identify and manage any material actual and potential impacts on its **own workforce** in relation to the following social, including human rights, ~~factors or factors or~~ matters:
 - (a) working conditions, including:
 - i. secure employment;
 - ii. working time;
 - iii. **adequate wages**;
 - iv. **social dialogue**;
 - v. freedom of association, the existence of works councils and the information, consultation and participation rights of workers;
 - vi. **collective bargaining**, including the rate of ~~worker~~the undertaking's workforce covered by collective agreements;
 - vii. work-life balance; and
 - viii. health and safety.
 - (b) **equal treatment** and **opportunities** for all, including:
 - i. gender equality and equal **pay** for work of equal value;
 - ii. **training** and skills **development**;
 - iii. employment and inclusion of persons with disabilities;
 - iv. measures against violence and **harassment** in the workplace; and
 - v. diversity.
 - (c) other work-related rights, including:
 - i. child labour;
 - ii. **forced labour**;
 - iii. adequate housing; and
 - iv. privacy.
3. This ~~[draft]~~ Standard also requires an explanation of how such **impacts**, as well as the undertaking's **dependencies** on its **own workforce**, can create material **risks** or **opportunities** for the undertaking. For example, on the matter of equal opportunities, **discrimination** in hiring and **_**promotion against women can reduce the undertaking's access to qualified labour and harm its reputation. Conversely, policies to increase the representation of women in the workforce and in upper levels of management can have positive effects, such as increasing the pool of qualified labour and improving the undertaking's reputation.

4. This ~~[draft]~~ Standard covers an undertaking's "**own workforce**", which is understood to include both ~~workers~~ **people** who are in an employment relationship with the undertaking ("**employees**") and non-~~employee-workers~~ **employees** who are either ~~individuals~~ **people** with contracts with the undertaking to supply labour ("self-employed ~~workers~~ **people**") or ~~workers~~ **people** provided by undertakings primarily engaged in "employment activities" (NACE Code N78). See Application Requirement 3 for examples of who falls under own workforce. The information required to be disclosed with regard to non-employees shall not affect their status pursuant to applicable labour law.
 5. This ~~[draft]~~ Standard does not cover workers in the undertaking's upstream or downstream value chain; these categories of workers are covered in ESRS S2 *Workers in the value chain*.
 6. The ~~[draft]~~ Standard requires undertakings to describe their **own workforce**, including key characteristics of the **employees** and non-~~employee-worker~~ **employees** that are part of it. This description provides **users** with an understanding of the structure of the undertaking's **own workforce** and helps to contextualise information provided through other disclosures.
- ~~1. The terms "own workforce" and "own workers" are used interchangeably in this [draft] Standard.~~
7. The objective of the ~~[draft]~~ Standard is also to ~~ensure that the reporting requirements enable undertakings~~ **users** to ~~disclose alignment~~ understand the extent to which the undertaking aligns or complies with international and European human rights instruments and conventions, including the International Bill of Human Rights, the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work and ILO fundamental conventions, the UN Convention on Persons with Disabilities, the European Convention of Human Rights, the revised European Social Charter, the Charter of Fundamental Rights of the European Union, the EU **policy** priorities as set out by the European Pillar of Social Rights, and EU legislation, including the EU labour law acquis, ~~the Sustainable Finance Disclosure Regulation and the EU Benchmark Regulation.~~

Interaction with other ESRS

8. This ~~[draft]~~ Standard shall be read in conjunction with ESRS 1 *General principles* and ESRS 2 *General requirements*.
9. This ~~[draft]~~ Standard shall be read in conjunction with ESRS S2 *Workers in the value chain*, ESRS S3 *Affected communities* and ESRS S4 *Consumers and end-users*.
10. The reporting under this ~~[draft]~~ Standard shall be consistent, coherent and where relevant clearly linked with reporting on the undertaking's **own workers** workforce under ESRS S2, in order to ensure effective reporting.

Disclosure requirements

- ~~2. This [draft] Standard shall be applied as follows:~~
- (a) ~~for undertakings with 250 or more employees:~~
 - i. ~~Disclosure Requirements S1-1 to S1-9 shall always be applied, irrespective of the outcome of the materiality assessment set out in ESRS 1 Chapter 3 Double materiality as the basis for sustainability disclosures and ESRS 2 IRO-1 Description of the processes to identify and assess material impacts, risks and opportunities;~~
 - ii. ~~With regards to Disclosure Requirements S1-10 and S1-11, the undertaking shall report as follows:~~
 1. ~~For Disclosure Requirement S1-10 Adequate wages, if all own workers are paid an adequate wage in line with applicable benchmarks, and "adequate wages" therefore has not been identified as a material impact, risk or opportunity for the undertaking in its materiality assessment set out in~~

~~ESRS 2, the undertaking shall state that all workers in its own workforce are paid an adequate wage, in line with applicable benchmarks, and no further information is required. In the absence of being able to provide such a statement, the undertaking shall disclose the remaining datapoints in Disclosure Requirement S1-10.~~

~~2. For Disclosure Requirement S1-11 on Social protection, if all own workers are covered by social protection against loss of income due to the major life events listed in S1-11, and “Social Protection” therefore has not been identified as a material impact, risk or opportunity for the undertaking in its materiality assessment set out in ESRS 2, the undertaking shall state that all workers in its own workforce are covered by social protection against loss of income due to sickness, unemployment, employment injury and acquired disability, maternity leave, and retirement, and no further information is required. In the absence of being able to provide such a statement, the undertaking shall disclose the remaining datapoints in Disclosure Requirement S1-11.~~

~~iii. Disclosure Requirements S1-12 to S1-17 shall be reported on when the undertaking has identified the relevant matter as material through the materiality assessment process laid out in ESRS 2.~~

~~(b) for undertakings with less than 250 employees all Disclosure Requirements in this [draft] Standard apply only in relation to material impacts, risks and opportunities that have been identified through their entity level materiality assessment process set out in ESRS 2.~~

ESRS 2 General disclosures

11. The requirements of this section should be read in conjunction with the disclosures required by ESRS 2 on Strategy (SBM). The resulting disclosures shall be presented alongside the disclosures required by ESRS 2, except for ESRS 2 SBM-3, for which the undertaking has an option to present the disclosures alongside the topical disclosure.

Strategy

Disclosure Requirement related to ESRS 2 SBM-2 – Interests and views of stakeholders

12. When responding to ESRS 2 SBM-2 ~~paragraph 43~~, the undertaking shall disclose how the interests, views, and rights and expectations of ~~(actual and potential) materially affected people in its own workers workforce~~, including respect for their human ~~(including labour)-rights~~, inform its strategy and business model(s). The undertaking's ~~own workers are~~ workforce is a key group of affected **stakeholders**.

Disclosure Requirement related to ESRS 2 SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model(s)

13. When responding to ESRS 2 SBM-3 ~~paragraphs 46 (a), paragraph 48~~, the undertaking shall disclose:
- (a) whether and how actual and potential impacts on its **own workforce** as identified in ESRS 2 IRO-1 Description of the processes to identify and assess material impacts, risks and opportunities: (i) originate from or are connected to the undertaking's strategy and business models, and (ii) inform and contribute to adapting the undertaking's strategy and business model(s); and
- (b) the relationship between its material risks and opportunities arising from impacts and **dependencies** on own workforce and its strategy and business model(s).
14. When fulfilling the requirements of paragraph ~~46 (a) and (c), 48~~, the undertaking shall disclose whether all ~~of people in~~ its **own workers workforce** who can be materially impacted by the undertaking, are included in the scope of its disclosure under ESRS 2. These material **impacts** shall include impacts that are ~~caused or contributed by~~ connected with the ~~undertaking or~~

~~directly linked to its undertaking's~~ own operations, ~~and its value chain, including through its~~ products, ~~or services, as well as~~ through its business relationships. In addition, the undertaking shall provide the following information:

- (a) a brief description of the types of employees and non-employees in its own ~~workers/workforce~~ subject to material impacts by its operations, and specify whether they are **employees**, ~~individual contractors (i.e. self-employed workers), people,~~ or ~~workers/people~~ provided by third party undertakings primarily engaged in employment activities;
- (b) in the case of material negative impacts, whether they are either (i) widespread or systemic in contexts where the undertaking operates (for example, **child labour** or **forced labour** or compulsory labour in specific countries or regions outside the EU), or ~~whether they are~~ (ii) related to individual **incidents** (for example, an industrial accident or an oil spill);
- ~~(b)(c)~~ (c) in the case of material positive impacts, a brief description of the activities that result in the positive impacts ~~and~~, the types of employees and non-employees in its own ~~workers/workforce~~ that are positively affected or could be positively affected, ~~including their geographic location; the undertaking may also disclose whether the positive impacts occur in specific countries or regions;~~
- (d) any material **risks** and opportunities for the undertaking arising from impacts and **dependencies** on its own ~~workers/workforce~~;
- ~~(e)~~ (e) any material impacts on its **own workforce** that may arise from transition plans for reducing negative impacts on the environment and achieving greener and climate-neutral operations, including information on the impacts on own workforce caused by the undertaking's plans and **actions** to reduce carbon **emissions** in line with international agreements. Impacts, risks and opportunities include restructuring and employment loss as well as opportunities arising from job creation and reskilling or upskilling;
- ~~(e)~~ (f) operations at significant risk of **incidents** of **forced labour** or compulsory labour⁷¹ either in terms of:
- i. type of operation (such as manufacturing plant); or
 - ii. countries or geographic areas with operations considered at risk;
- ~~(e)~~ (g) operations at significant risk of incidents of child labour⁷² either in terms of:
- i. type of operation (such as manufacturing plant); or
 - ii. countries or geographic areas with operations considered at risk.
15. In describing the main types of ~~own workers/people~~ in ~~the undertaking's~~ **own workforce** who are or may be negatively affected, based on the **materiality** assessment set out in ESRs 2 IRO 1, the undertaking shall disclose whether and how it has developed an understanding of how ~~workers/people~~ with particular characteristics, those working in particular contexts, or those undertaking particular activities may be at greater risk of harm.
16. The undertaking shall disclose which, if any, of its material risks and opportunities arising from impacts and **dependencies** on people in its own ~~workers are impacts on~~ **workforce** relate to specific groups of people (for example, particular age groups, ~~employees or other temporary workers, or workers/people working~~ in a particular factory or country) rather than ~~impacts that affect to~~ all of the ~~undertaking's~~ own ~~workers/workforce~~ (for example, a general pay cut, or training offered to all people in its own ~~workers~~). ~~Such circumstances arise when a material impact on own workers could lead to financial effects for the undertaking/workforce).~~

Impacts, risks and opportunities management

Disclosure Requirement S1-1 – Policies related to own workforce

17. The undertaking shall describe its policies that address the management of its material impacts on its own workforce, as well as associated material risks and opportunities; ~~and provide a summary of the content of the policies.~~
18. The objective of this Disclosure Requirement is to enable an understanding of the extent to which the undertaking has **policies** that address the identification, assessment, management and/or **remediation** of material **impacts** on the undertaking's **own workforce** specifically, as well as policies that cover material **impacts, risks** and **opportunities** related to its own workforce.
19. The disclosure required by paragraph ~~19~~17 shall contain ~~summarised~~the information on the undertaking's policies ~~that address the management of~~ to manage its material **impacts, risks** and **opportunities** related to its **own workers** ~~(as required by~~ workforce in accordance with ESRS 2 ~~DCMDR-P Policies adopted to manage material sustainability matters)~~. In addition, the undertaking shall specify if such policies cover specific groups within its own workforce or all of its own ~~workers~~workforce.
20. The undertaking shall describe its human rights **policy commitments**³~~commitments~~⁷³ that are relevant to its **own workforce**, including those processes and mechanisms to monitor compliance with the UN ~~Global Compact principles~~ Guiding Principles on Business and Human Rights, ILO Declaration on Fundamental Principles and Rights at Work and the OECD Guidelines for Multinational ~~enterprises~~ Enterprises⁷⁴. In its disclosure it shall focus on those matters that are material in relation to, as well as its general approach to, ~~in relation to~~⁴:
- respect for the human rights, including labour rights, of people in its own ~~workers~~workforce;
 - engagement with ~~affected stakeholders~~ people in its own workforce; and
 - measures to provide and/or enable **remedy** for human rights impacts.
21. The undertaking shall disclose whether and how its policies with regard to its own workforce are aligned with relevant internationally recognised instruments, including the UN Guiding Principles on Business and Human Rights⁷⁵.
22. The undertaking shall state whether its policies in relation to its **own workforce** explicitly address trafficking in human beings⁷⁶, **forced labour** or compulsory labour and **child labour**.
- 22-23. The undertaking shall state whether it has a workplace accident prevention **policy** or management system⁷⁷.
- 23-24. The undertaking shall disclose:
- whether it has specific policies aimed at the elimination of **discrimination**, including **harassment**, promoting **equal opportunities** and other ways to advance diversity and inclusion;
 - whether the following grounds for **discrimination** ~~and diversity~~ are specifically covered in the **policy**: racial and ethnic origin, colour, sex, sexual orientation, gender identity, disability, age, religion, political opinion, national extraction or social origin, ~~and any~~ other forms of discrimination covered by EU regulation and national law;
 - whether the undertaking has specific policy commitments related to inclusion ~~and/or affirmative~~ positive action for people from groups at particular risk of vulnerability in its **own workforce** and, if so, what these commitments are; and
 - whether and how these policies are implemented through specific procedures to ensure **discrimination** is prevented, mitigated and acted upon once detected, as well as to advance diversity and inclusion in general.

⁷¹ This information supports the information needs of financial market participants subject to Regulation (EU) 2019/2088 as reflecting additional indicators related to principal adverse impacts as set out by indicator #13 in Table 3 of Annex 1 of the related Delegated Regulation with regard to disclosure rules on sustainable investments ("Operations and suppliers at significant risk of incidents of forced or compulsory labour").

⁷² This information supports the information needs of financial market participants subject to Regulation (EU) 2019/2088 as reflecting additional indicators related to principal adverse impacts as set out by indicator #12 in Table 3 of Annex 1 of the related Delegated Regulation with regard to disclosure rules on sustainable investments ("Operations and suppliers at significant risk of incidents of child

labour”).

⁷³³ This information supports the information needs of financial market participants subject to Regulation (EU) 2019/2088 as reflecting an additional indicator related to principal adverse impacts as set out by indicator #9 in Table 3 of Annex 1 of the related Delegated Regulation with regard to disclosure rules on sustainable investments (←“Lack of a human rights policy”).

⁴⁷⁴ This information supports the information needs of financial market participants subject to Regulation (EU) 2019/2088 as reflecting a mandatory indicator related to principal adverse impacts as set out by indicator #11 in Table 1 of Annex 1 of the related Delegated Regulation with regard to disclosure rules on sustainable investments.

DRAFT

Disclosure Requirement S1-2 – Processes for engaging with own ~~workers~~workforce and workers' representatives about impacts

24.25. The undertaking shall disclose its general processes for engaging with **people in its own ~~workers~~workforce** and workers' representatives about actual and potential ~~material~~ impacts on its own workforce.

25.26. The objective of this Disclosure Requirement is to enable an understanding of how the undertaking engages, as part of its ongoing ~~sustainability~~-due diligence process, with **people in its own ~~workers~~workforce** and **workers' representatives** about material, actual and potential, positive and/or negative impacts that do, or ~~may, are likely to~~ affect them, and whether and how perspectives of **its own ~~workers~~workforces** are taken into account in the decision-making processes of the undertaking.

26.27. The undertaking shall disclose whether and how the perspectives of its **own workforce** inform its decisions or activities aimed at managing the actual and potential ~~material~~ impacts on its own workforce. This shall include, where relevant, an explanation of:

- (e) whether engagement occurs directly with the undertaking's own ~~workers~~workforce or workers' representatives;
- (f) the stage(s) at which engagement occurs, the type of engagement and frequency of the engagement;
- (g) the function and the most senior role within the undertaking that has operational responsibility for ensuring that this engagement happens and that the results inform the undertaking's approach;
- (h) where applicable, a Global Framework Agreement or other agreements that the undertaking has with **workers' representatives** related to the respect of human rights of its own workforce, including an explanation of how the agreement enables the undertaking to gain insight into ~~those own workers' the~~ perspectives, ~~where applicable, of its own workforce; and~~
- (i) where applicable, how the undertaking assesses the effectiveness of its engagement with ~~theits~~ own ~~workers~~workforce, including, where relevant, any agreements or outcomes that result; ~~and.~~

27.28. Where applicable, the undertaking shall disclose the steps it takes to gain insight into the perspectives of **people in its own ~~workers that~~workforce who** may be particularly vulnerable to impacts and/or marginalised (for example, ~~women workers, migrant workers, workers, migrants, people~~ with disabilities).

28.29. If the undertaking cannot disclose the above required information because it has not adopted a general process to engage with ~~theits~~ **own workforce**, it shall disclose this to be the case. It may disclose a timeframe in which it aims to have such a process ~~to be~~ in place.

⁷⁵ This information supports the needs of benchmark administrators to disclose ESG factors subject to Regulation (EU) 2020/1816 as set out by indicator "Exposure of the benchmark portfolio to companies without due diligence policies on issues addressed by the fundamental International Labour Organisation Conventions 1 to 8" in section 1 and 2 of Annex 2.

⁷⁶ This information supports the information needs of financial market participants subject to Regulation (EU) 2019/2088 as reflecting an additional indicator related to principal adverse impacts as set out by indicator #11 in Table 3 of Annex 1 of the related Delegated Regulation with regard to disclosure rules on sustainable investments ("Lack of processes and measures for preventing trafficking in human beings").

⁷⁷ This information supports the information needs of financial market participants subject to Regulation (EU) 2019/2088 as reflecting an additional indicator related to principal adverse impact as set out by indicator #1 in Table 3 of Annex 1 of the related Delegated Regulation with regard to disclosure rules on sustainable investments ("Investments in companies without workplace accident prevention policies").

Disclosure Requirement S1-3 – Processes to remediate negative impacts and channels for own workersworkforce to raise concerns

~~29-30.~~ The undertaking shall describe the processes it has in place to provide for or cooperate in the remediation of negative impacts on people in its own workersworkforce that the undertaking ~~has identified it has caused or contributed to~~ is connected with, as well as channels available to its own workersworkforce to raise concerns and have them addressed.

~~30-31.~~ The objective of this Disclosure Requirement is to enable an understanding of the formal means by which the undertaking's own workersworkforce can make their concerns and needs known directly to the undertaking and/or through which the undertaking supports the availability of such channels (for example, ***grievance mechanisms***) in the workplace ~~of own workers~~, and how follow up is ~~performed~~ carried out with ~~these workers~~ the people concerned regarding the issues raised and the effectiveness of these channels.

~~31-32.~~ The undertaking shall describe the processes in place to cover the matters defined within paragraph 2 of the Objective section by disclosing the following information:

- (j) its general approach to and processes for providing or contributing to ***remedy*** where it ~~has identified that it has caused or contributed to~~ is connected with a material negative impact on people in its own workersworkforce, including whether and how the undertaking assesses that remedy provided is effective;
- (k) any specific channels it has in place for its own workersworkforce to raise their concerns or needs directly with the undertaking and have them addressed, including whether these are established by the undertaking itself and/or through participation in third-party mechanisms;
- (l) ~~the lack of whether or not the undertaking has a~~ grievance/complaints handling mechanisms ~~mechanism~~ related to employee ~~matters⁷⁸; matters⁷⁸; and~~
- (m) ~~its~~ the processes through which the undertaking supports ~~or requires~~ the availability of such channels through such channels in the workplace of its own workersworkforce; and
- (n) how it tracks and monitors issues raised and addressed, and, how it ensures the effectiveness of the channels, including through the involvement of ***stakeholders*** who are intended ***users***.

~~32-33.~~ The undertaking shall disclose whether and how it assesses that people in its own workersworkforce are aware of, and trust, these structures or processes as a way to raise their concerns or needs and have them addressed. In addition, the undertaking shall disclose whether ~~the undertaking~~ it has policies in place regarding the protection of individuals that use them, including workers' representatives, against retaliation. If such information has been disclosed in accordance with ESRG G1-1, the undertaking may refer to that information.

~~33-34.~~ If the undertaking cannot disclose the above required information because it has not adopted a channel for raising concerns and/or does not support the availability of mechanisms such a channel in the workplace for its own workersworkforce, it shall disclose this to be the case. It may disclose a timeframe in which it aims to have such a channel ~~to be~~ in place.

⁷⁸ This information supports the information needs of financial market participants subject to Regulation (EU) 2019/2088 as reflecting an additional indicator related to principal adverse impacts as set out by indicator #5 in Table 3 of Annex 1 of the related Delegated Regulation with regard to disclosure rules on sustainable investments (~~respectively~~ “(Lack of grievance/complaints handling mechanisms related to employee matters))

Disclosure Requirement S1-4 – Taking action on material impacts on own workforce, and approaches to managing material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions

34.35. The undertaking shall disclose how it takes action to address material negative and positive impacts, and to manage material risks and pursue material opportunities related to its own workforce, and the effectiveness of those actions.

36. The objective of this Disclosure Requirement is twofold. Firstly, it is to enable an understanding of any actions and initiatives through which the undertaking seeks to:

(a) to prevent, mitigate and remediate negative material impacts on its own workforce; and/or

(b) to achieve positive material impacts for its own workforce.

Secondly, it is to provide an ~~enable~~ understanding of the ways in which the undertaking is addressing the material risks and pursuing the material opportunities related to its own workers ~~workforce~~.

37. ~~what~~ The undertaking shall provide a summarised description of the action plans and resources to manage its material impacts, risks, and opportunities on its own workforce in accordance with ESRS 2 MDR-A Actions and resources in relation to sustainability matters.

35.38. In relation to the material **impacts** related to its **own workforce**, the undertaking shall describe:

(a) ~~is~~ actions taken, planned or underway to prevent, ~~or~~ mitigate ~~or remediate~~ material negative impacts on its own workforce;

(b) whether and how it has taken action to provide or enable remedy in relation to an actual material impact;

~~(b)~~ (c) any additional actions or initiatives ~~or processes~~ it has in place with the primary purpose of delivering positive impacts for its own workforce; and

~~(e)~~ (d) how it tracks and assesses the effectiveness of these actions, ~~programmes,~~ and ~~processes~~ initiatives in delivering outcomes for its own workforce.

3. In relation to paragraph 36, the undertaking shall describe ~~its approaches to:~~

36.39. ~~identifying the processes through which it identifies~~ what action is needed and appropriate in response to a particular actual or potential ~~material~~ negative **impact** on its **own workers**; workforce.

~~(a) taking action in relation to specific material impacts on its own workers; and~~

~~(a) ensuring that processes to provide or enable remedy in the event of material negative impacts on its own workforce are available and effective in their implementation and outcomes.~~

37.40. In relation to material risks and opportunities, the undertaking shall describe:

~~(d)~~ (e) what action is planned or underway to mitigate material risks for the undertaking arising from its impacts and **dependencies** on its own workers workforce and how it tracks effectiveness in practice; and

~~(e)~~ (f) what action is planned or underway to pursue material opportunities for the undertaking in relation to its own workers workforce.

38.41. The undertaking shall disclose whether and how it ensures that its own practices do not cause or contribute to material negative impacts on **own workers** workforce, including, where relevant, its practices in relation to procurement, sales and data use. This may include disclosing what approach is taken when tensions arise between the prevention or mitigation of material negative impacts and other business pressures.

4. ~~The undertaking shall provide a summarised description of~~ When disclosing the action plans and resources to manage its material impacts, risks, and opportunities on own workers as per ESRS 2 DC-A Actions and resources in relation to sustainability matters. In addition information required under paragraph 40, the undertaking shall ~~describe the approaches and processes through which it tracks the effectiveness of the actions it takes to address material impacts (see ESRS 2 DC)~~ consider ESRS 2 MDR-T Tracking effectiveness of policies and actions through targets.

~~39.42. In the event of actual material negative impacts on own workers during the reporting period, the undertaking shall disclose whether and how it has taken action to provide or enable remedy in relation to the actual material impact if it evaluates the effectiveness of an action by setting a target.~~

40.43. The undertaking shall disclose what resources are allocated to the management of its material impacts, with ~~specific and detailed~~ information that allows ~~readers~~users to gain an understanding of how the material impacts are managed.

Metrics and targets

Disclosure Requirement S1-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

41.44. The undertaking shall disclose the time-bound and outcome-oriented targets it may have set related to:

- (a) reducing negative impacts on its own workforce; and/or
- (b) advancing positive impacts on its own workforce; and/or
- (c) managing material risks and opportunities related to its own workforce.

42.45. The objective of this Disclosure Requirement is to enable an understanding of the extent to which the undertaking is using outcome-oriented **targets** to drive and measure its progress in addressing its material negative impacts and/or advancing positive impacts on its **own workforce**, and/or in managing material risks and opportunities related to its own workforce.

43.46. The summarised description of the **targets** to manage its material impacts, risks and opportunities on the undertaking's own workforce shall contain the information requirements defined in ESRS 2 DCMDR-T.

44.47. The undertaking shall disclose the process for setting the **targets**, including whether and how the undertaking engaged directly with its own workers~~workforce~~ or **workers' representatives** in:

- (a) setting any such targets;
- (b) tracking the undertaking's performance against them; and
- (c) identifying, ~~if any,~~ lessons or improvements as a result of the undertaking's performance.

Disclosure Requirement S1-6 – Characteristics of the undertaking's employees

45.48. The undertaking shall describe key characteristics of employees in its own workforce.

46.49. The objective of this Disclosure Requirement is to provide insight into the undertaking's approach to employment, including the scope and nature of **impacts** arising from its employment practices, to provide contextual information that aids an understanding of the information reported in other disclosures, and to serve as the basis for calculation for quantitative **metrics** to be disclosed under other disclosure requirements in this Standard.

47.50. The disclosure required by paragraph 4948 shall include:

- (a) ~~a report by head count of~~ the total number of **employees by head count**, and breakdowns by gender and by country for countries in which the undertaking has 50 or more employees; representing at least 10% of its total number of employees;
- (b) ~~a report the total number~~ by head count or full time equivalent (FTE) of:
 - i. permanent employees, and ~~breakdowns~~breakdown by gender ~~and by region~~;
 - ii. temporary employees, and ~~breakdowns~~breakdown by gender ~~and by region~~; and
 - iii. non-guaranteed hours employees, and ~~breakdowns~~breakdown by gender ~~and by region~~.
- (c) total number and rate of ~~own~~ employee turnover in the reporting period in head count.
- (d) a description of the methodologies and assumptions used to compile the data, including whether the numbers are reported:

- iv. in head count or full-time equivalent (FTE) (including an explanation of how FTE is defined); and
 - v. at the end of the reporting period, as an average across the reporting period, or using another methodology.
- (e) where applicable, ~~the~~ provision of contextual information necessary to understand the data (for example, to understand fluctuations in number of employees during the reporting period); and
- (f) a cross-reference of the information reported under (a) above to the most representative number in the financial statements.

51. ~~For the information specified in point (b) of paragraph 50, the~~ undertaking may ~~report in addition~~ disclose the breakdown by region.

48-52. The undertaking may disclose by head count or full time equivalent (FTE) the following information:

- (g) full-time **employees**, and breakdowns by gender and by region; and
- (h) part-time employees, and breakdowns by gender and by region.

Disclosure Requirement S1-7 – Characteristics of non-employees in the undertaking's own workforce

49-53. ~~The undertaking shall describe key characteristics of non-employee worker~~ employees in its own workforce.

50-54. The objective of this Disclosure Requirement is to provide insight into the undertaking's approach to employment, including the scope and nature of impacts arising from its employment practices, to provide contextual information that aids the understanding of the information reported in other disclosures, and to serve as the basis for calculation for quantitative **metrics** to be disclosed under other disclosure requirements in this Standard. It also allows an understanding of how much the undertaking relies on ~~workers who are not non-employees~~ as part of its workforce.

54-55. The disclosure required by paragraph 53 shall include:

- (a) a disclosure of the total number of non-~~employee worker~~ employees in the undertaking's own workforce, i.e., either ~~individuals~~ people with contracts with the undertaking to supply labour ("self-employed ~~workers~~ people") or ~~workers~~ people provided by undertakings primarily engaged in "employment activities" (NACE Code N78), ~~including a description of:~~
 - ~~i. the most common types of non-employee workers and their relationship with the undertaking; and~~
 - ~~ii. the type of work they perform.~~
- (b) an explanation of the methodologies and assumptions used to compile the data, including whether the number of non-~~employee worker~~ employees is reported:
 - vi. in headcount or full-time equivalent (FTE) (including a definition of how FTE is defined); and
 - vii. at the end of the reporting period, as an average across the reporting period, or using another methodology.
- (c) where applicable, ~~the~~ provision of contextual information necessary to understand the data (for example, significant fluctuations in the number of non-~~employee worker~~ employees in the undertaking's **own workforce** during the reporting period and between the current and the previous reporting period).

56. For the information specified in point (a) of paragraph 55, the undertaking may disclose the most common types of non-employees (for example, self-employed people, people provided by undertakings primarily engaged in employment activities, and other types relevant to the undertaking), their relationship with the undertaking, and the type of work that they perform.

52-57. Where data is not available ~~for detailed information~~, the undertaking shall estimate the number and state that it has done so. When the undertaking performs estimates, it shall describe the

basis of preparation of this estimation.

- ~~5. When reporting its employment relationship with the most common types of non-employee workers in its own workforce, the undertaking shall provide a general description as to whether it engages them directly (as self-employed contractors) or indirectly through a third party. The undertaking is not required to report the type of worker, contractual relationship, and work performed for every worker who is not an employee.~~

Disclosure Requirement S1-8 – Collective bargaining coverage and social dialogue

~~53-58.~~ The undertaking shall disclose information on the extent to which the working conditions and terms of employment of its ~~own workforce~~ **employees** are determined or influenced by collective bargaining agreements and ~~to~~ **on** the extent to which its employees are ~~covered~~ **represented** in social dialogue in the EEA at the establishment and European level.

~~54-59.~~ The objective of this Disclosure Requirement is to enable an understanding of the coverage of ~~The disclosure required by paragraph 58 shall include the following information in relation to~~ **collective bargaining agreements and social dialogue** for the undertaking's own **employees**.

~~55-60.~~ The undertaking shall disclose:

- (a) the percentage of its total **employees** covered by **collective bargaining** agreements;
- (b) ~~for~~ in the European Economic Area, whether it has one or more collective **bargaining agreements** and, if so, the overall percentage of its **employees** covered by such agreement(s) for each country in which it has significant employment, defined as at least 50 employees by head count representing at least 10% of its total number of employees; and
- (c) outside the European Economic Area, the percentage of its own employees covered by collective bargaining agreements by region.

~~56-61.~~ For employees not covered by collective bargaining agreements, ~~a description of whether~~ the undertaking may disclose whether it determines their working conditions and terms of employment based on collective bargaining agreements that cover its other employees or based on collective bargaining agreements from other undertakings; ~~and~~.

~~57-62.~~ ~~a description of~~ The undertaking may disclose the extent to which the working conditions and terms of employment of non-~~employee worker~~ **employees** in ~~their~~ **its own workforce** are determined or influenced by collective bargaining agreements, including an estimate of the coverage rate.

- ~~6. In the EEA, the disclosure required by paragraph 60 shall include a disclosure of whether the undertaking has one or more collective bargaining agreements and, if so, the overall percentage covered by such agreement(s) for each country in which the undertaking has significant employment, defined as at least 50 employees by head count. Outside of the EEA, the collective bargaining coverage rate may be reported by region.~~

- ~~7. The disclosure required by Paragraph 58 shall also include the following information in relation to social dialogue:~~

~~63.~~ The undertaking shall disclose the following information in relation to **social dialogue**:

- (a) the global percentage of **employees** covered at the establishment level by workers' representatives, reported at the country level for each EEA country in which the undertaking has significant employment; and
- (b) the existence of any agreement with its employees for representation by a European Works Council (EWC), ~~and~~ Societas Europaea (SE) Works Council, or ~~and~~ Societas Cooperativa Europaea (SCE) Works Council.

Disclosure Requirement S1-9 – Diversity indicators metrics

~~58-64.~~ The undertaking shall disclose the gender distribution at top management and the age distribution amongst its employees.

~~59-65.~~ The objective of this Disclosure Requirement is to enable an understanding of gender diversity

at top management level and the age distribution of its **employees**.

~~60-66.~~ The undertaking shall disclose:

- (a) the gender distribution in number and percentage at top management level amongst its **employees**; and
- (b) the distribution of employees by age group: under 30 years old, 30-50 years old; over 50 years old.

Disclosure Requirement S1-10 – Adequate wages

~~64-67.~~ The undertaking shall disclose whether or not ~~all workers in its own workforce~~ **employees** are paid an adequate wage, and if they are not all paid an adequate wage, in line with applicable benchmarks; and if not, which type of workers do not receive an adequate wage ~~the countries and what percentage of its own workforce is paid below the adequate wage~~ **employees concerned**.

~~62-68.~~ The objective of this Disclosure Requirement is to enable an understanding of whether or not all ~~of an~~ the undertaking's ~~own workers~~ **employees** are paid an **adequate wage**, in line with applicable benchmarks.

~~63-69.~~ The undertaking shall disclose whether ~~or not~~ all ~~workers in its own workforce~~ **employees** are paid an **adequate wage**, in line with applicable benchmarks. If so, stating this will be sufficient to fulfil this disclosure requirement and no further information is needed.

~~8.~~ If not all ~~workers in the undertaking's own workforce~~ its **employees** are paid an **adequate wage** in line with applicable benchmarks, the undertaking shall ~~in disclosing~~ **disclose** the countries where ~~worker~~ **employees** earn below the applicable adequate wage benchmark; and, ~~for each of these countries:~~

~~(a)~~ whether this is the case just for direct employees, just for non-employee workers, or for both; and

~~64-70.~~ ~~the~~ the percentage of ~~the own workforce paid~~ **employees** that earn below the applicable adequate wage, with a breakdown for employees and non-employee workers **benchmark for each of these countries**.

~~71.~~ The undertaking may also disclose the information specified in this disclosure requirement with regard to non-employees in its workforce.

Disclosure Requirement S1-11 – Social protection

~~72.~~ The undertaking shall disclose whether its ~~own workers~~ **employees are covered by social protection against loss of income due to major life events, and, if not, the countries where this is not the case**.

~~65-73.~~ The objective of this Disclosure Requirement is to enable an understanding of whether the ~~undertaking's~~ **employees** are covered by **social protection** against loss of income due to major life events, and, if not, the countries where this is not the case ~~and the percentages in those countries that are not protected~~.

~~9.~~ The objective of this Disclosure Requirement is to enable an understanding of whether the ~~undertaking's own workers~~ are covered by social protection against loss of income due to major life events, and, if not, the countries where this is not the case ~~and the percentages in those countries that are not protected~~.

~~66-74.~~ The undertaking shall disclose whether ~~or not~~ all ~~workers in its own workforce~~ **employees** are covered by **social protection**, through public programs or through benefits offered by the undertaking, against loss of income due to any of the following major life events:

- (a) sickness;
- (b) unemployment starting from when the own worker is working for the undertaking;
- (c) employment injury and acquired disability;

- (d) maternity leave; and
- (e) retirement.

If so, stating this ~~will be~~ sufficient to fulfil this disclosure requirement and no further information is needed.

10. If not all ~~workers in the undertaking's own workforce~~ of its **employees** are covered by **social protection** in accordance with paragraph 72, the undertaking shall in addition disclose:

~~67.75. the countries where ~~worker~~employees do not have social protection with regard to one or more of the types of events listed in paragraph 72; and, and for each of those countries the types of employees who do not have social protection with regard to each applicable major life event.~~

~~68.76. for each of these countries, The undertaking may also disclose the types of employees and of non-employees who do not have social protection information specified in this disclosure requirement with regard to each applicable type of event non-employees in its workforce.~~

Disclosure Requirement S1-12– Persons with disabilities

~~69.77. The undertaking shall disclose the percentage of ~~persons~~its own employees with disabilities in its own workforce.~~

~~70.78. The objective of this Disclosure Requirement is to enable an understanding of the extent to which **persons with disabilities** are included among the undertaking's **employees**.~~

~~79. The undertaking shall disclose the percentage of **persons with disabilities** amongst its **employees** subject to legal restrictions on the collection of data.~~

~~74.80. The undertaking may disclose the percentage of **employees** with disabilities with a breakdown by gender.~~

Disclosure Requirement S1-13 – Training and skills development ~~indicators~~metrics

~~72.81. The undertaking shall disclose the extent to which training and skills development is provided to its employees.~~

~~73.82. The objective of this Disclosure Requirement is to enable an understanding of the **training** and skills **development**-related activities that have been offered to **employees**, within the context of continuous professional growth, to upgrade employees' skills and facilitate continued employability.~~

~~74.83. The disclosure required by paragraph ~~78~~81 shall include:~~

~~(a) the percentage of **employees** that participated in regular performance and career **development** reviews; such information shall be broken down by ~~employee category and by~~ gender;~~

~~(b) the average number of **training** hours per ~~person-employee and by~~ gender.~~

~~75.84. The undertaking may disclose breakdowns by employee category for the percentage of employees, by that participated in regular performance and career development and for the average number of training hours per employee ~~category and by~~ gender.~~

~~76.85. The ~~undertaking may also disclose the~~ information ~~disclosed~~specified in 80 (a) and (b) may also be provided for this disclosure requirement with regard to non-employee ~~worker~~employees in its workforce.~~

Disclosure Requirement S1-14 – Health and safety ~~indicators~~metrics

~~77.86. The undertaking shall disclose information on the extent to which its own workforce is covered by its health and safety management system and the number of incidents associated with work-related injuries, ill health and fatalities of its own ~~workers~~workforce. In addition, it shall disclose the number of fatalities as a result of work-related injuries and work-related ill health of other workers working on the undertaking's sites.~~

~~78.87. The objective of this Disclosure Requirement is to allow an understanding of the coverage, quality~~

and performance of the health and safety management system established to prevent work-related injuries.

~~79.88.~~ The disclosure required by paragraph ~~8286~~ shall include the following information, where applicable broken down between **employees** and non-~~employee worker~~employees in the undertaking's own workforce:

- (a) the percentage of people in its own workers~~workforce~~ who are covered by the undertaking's health and safety management system based on legal requirements and/or recognised standards or guidelines;
- (b) the number of fatalities⁷⁹ as a result of work-related injuries and work-related ill health;
- (c) the number and rate of recordable work-related accidents;
- (d) with regard to the undertaking's employees, the number of cases of **recordable work-related ill health**, subject to legal restrictions on the collection of data; and
- (e) with regard to the undertaking's employees, the number of days lost to work-related injuries and fatalities from work-related accidents, work-related ill health and fatalities from ill health⁸⁰.

The information for (b) shall also be reported for other workers working on the undertaking's sites, such as **value chain workers** if they are working on the undertaking's sites.

~~80.89.~~ The undertaking may also disclose the information specified in points (d) and (e) of paragraph 88 with regard to non-employees.

~~81.90.~~ In addition, the undertaking may include the following additional information on the health and safety coverage: the percentage of its own workers ~~who are~~ covered by a health and safety management system which is based on legal requirements and/or recognised standards or guidelines and which has been internally audited and/or audited or certified by an external party.

9

Disclosure Requirement S1-15 – Work-life balance metrics indicators

~~82.91.~~ The undertaking shall disclose the extent to which employees are entitled to and make use of family-related leave.

~~83.92.~~ The objective of this Disclosure Requirement is to provide an understanding of the entitlement and actual practices amongst the **employees** to take family-related leave in a gender equitable manner, as it is one of the dimensions of **work-life balance**.

~~84.93.~~ The disclosure required by paragraph 91 shall include:

- (a) the percentage of **employees** entitled to take family-related leave; and
- (b) the percentage of entitled employees that took family-related leave, and a breakdown by gender.

~~94.~~ If all of the undertaking's ~~own workers~~employees are entitled to family-related leave through social policy and/or **collective bargaining** agreements, it is sufficient ~~this Disclosure Requirement~~ to disclose this in order to meet the requirement of paragraph 93a.

Disclosure Requirement S1-16 – Compensation indicators Remuneration metrics (pay gap and total remuneration)

~~85.95.~~ The undertaking shall disclose the percentage gap in pay between its female and ~~men~~male employees and the ratio between the compensation remuneration of its highest paid individual and the median compensation remuneration for its employees.

~~86.96.~~ The objective of this Disclosure Requirement is twofold. ~~Firstly,~~ to allow an understanding of the extent of any gap in the **pay** between women and men amongst the undertaking's **employees**. ~~And secondly,~~ and to provide insight into the level of compensation remuneration inequality inside the undertaking and whether wide pay disparities exist.

~~87.97.~~ The disclosure required by paragraph ~~9095~~ shall include:

- (a) the ~~male-female~~gender **pay** gap, defined as the difference of average pay levels

between ~~average gross hourly earnings of male paid~~ female and male employees ~~and of female paid employees,~~ expressed as a percentage of the average gross hourly earnings ~~pay level~~ of male ~~paid employees~~¹² employees⁸¹;

- (b) ~~the ratio of the~~ **annual total compensation** remuneration ratio of the highest paid individual to the median annual total ~~compensation~~ remuneration for all **employees** (excluding the highest-paid individual)¹³⁸²; and
- (c) where applicable, any contextual information necessary to understand the data and how the data has been compiled and other changes to the underlying data that are to be considered.

~~88-98.~~ 98-98. The undertaking may disclose a breakdown of the ~~male-female~~ gender **pay** gap as defined in paragraph ~~92 (a) 97~~ by employee category and/or by country/segment ~~as this granularity provides increased understandability and relevance.~~ The undertaking may also ~~report an adjusted pay gap which accounts for other factors affecting pay, in which case it shall describe the methodology for this calculation~~ disclose the gender pay gap between employees by categories of employees broken down by ordinary basic salary and complementary or variable components.

~~89-99.~~ 99-99. In relation to paragraph ~~9297~~ (b), the undertaking may report this figure adjusted for purchasing power differences between countries, in which case it shall report the methodology used for the calculation.

Disclosure Requirement S1-17 – Incidents, complaints and severe human rights impacts ~~and incidents~~

~~90-100.~~ 100-100. The undertaking shall disclose the number of work-related incidents and/or complaints and severe human rights impacts ~~and incidents~~ within its own workforce, and any ~~related material~~ related material fines ~~or~~ sanctions or compensation for the reporting period.

~~94-101.~~ 101-101. The objective of this Disclosure Requirement is to allow an understanding of the extent to which **work-related incidents** and severe cases of human rights ~~issues and incidents~~ impacts are affecting its **own workforce**.

~~92-102.~~ 102-102. The disclosure required by paragraph ~~95100~~ shall include, subject to the relevant privacy regulations, **work-related incidents** of **discrimination** on the grounds of gender, racial or ethnic origin, nationality, religion or belief, disability, age, sexual orientation, or other relevant forms of discrimination involving internal and/or external **stakeholders** across operations in the reporting period. This includes incidents of **harassment** as a specific form of discrimination.

~~11.~~ 11. ~~The undertaking shall disclose the following information in relation to the work-related grievances, incidents and complains related to the social and human rights matters specified in paragraph 2 of the Objective section:~~

⁷⁹ This information supports the information needs of benchmark administrators to disclose ESG factors subject to Regulation (EU) 2020/1816 as set out by indicator “Weighted average ratio of accidents, injuries, fatalities” in section 1 and 2 of Annex 2. 10 This information supports the information needs of financial market participants subject to Regulation (EU) 2019/2088 as reflecting an additional indicator related to principal adverse impacts as set out by indicator #2 in Table 3 of Annex 1 of the related Delegated Regulation with regard to disclosure rules on sustainable investments (“Rate of accidents”) and benchmark administrators to disclose ESG factors subject to Regulation (EU) 2020/1816 as set out by indicator “Weighted average ratio of accidents, injuries, fatalities” in section 1 and 2 of Annex 2.

¹⁴⁸⁰ This information supports the information needs of financial market participants subject to Regulation (EU) 2019/2088 as reflecting an additional indicator related to principal adverse impacts as set out by indicator #3 in Table 3 of Annex 1 of the related Delegated Regulation with regard to disclosure rules on sustainable investments (“Number of days lost to injuries, accidents, fatalities or illness”).

103. The undertaking shall disclose:

- (a) the total number of incidents of **discrimination**, including **harassment**, reported in the reporting period⁸³;
- (b) ~~for the remaining social and human rights matters (i.e. excluding discrimination or harassment),~~ the number of complaints filed through channels for people in the undertaking's own workers workforce to raise concerns (including ***grievance mechanisms***) and, where ~~applicable, to~~ applicable, to the National Contact Points for OECD Multinational Enterprises related to the matters defined in paragraph 2 of this Standard, excluding those already reported in (a) above;
- (c) ~~the total amount of material fines, penalties, and compensation for damages for as a result of the incidents and complaints disclosed above, and a reconciliation of such monetary amounts disclosed with the most relevant amount presented in the financial statements; and~~
- ~~(d)~~ (d) where applicable, contextual information necessary to understand the data and how such data has been compiled.

93-104. The undertaking shall disclose the following information regarding identified cases of severe human rights incidents (e.g., forced labour, human trafficking or child labour):

- ~~(d)~~ (e) ~~issues and~~ the number of severe human rights incidents connected to the undertaking's workforce in the reporting period, including an indication of how many of these are cases of non- respect of the UN Guiding Principles on Business and Human Rights, ILO Declaration on Fundamental Principles and Rights at Work or OECD Guidelines for Multinational Enterprises. If no such incidents have occurred, the undertaking shall state this⁸⁴; and
- ~~(e)~~ (f) the total amount of fines, penalties and compensation for damages for the incidents described in (a) above ~~together with, and~~ a reconciliation of the monetary amounts disclosed in the most relevant amount in the financial statements.

~~In addition, the undertaking may disclose the number of severe human rights cases where the undertaking played a role securing remedy for those affected during the reporting period.~~

The undertaking

⁸¹ This information supports the information needs of financial market participants subject to Regulation (EU) 2019/2088 as reflecting a mandatory indicator related to principal adverse impacts as set out by indicator #12 in Table 1 of Annex 1 of the related Delegated Regulation with regard to disclosure rules on sustainable investments ("Unadjusted gender pay gap") and benchmark administrators to disclose ESG factors subject to Regulation (EU) 2020/1816 as set out by indicator "Weighted average gender pay gap" in section 1 and 2 of Annex 2.

⁸² This information supports the information needs of financial market participants subject to Regulation (EU) 2019/2088 as reflecting an additional indicator related to principal adverse impacts as set out by indicator #8 in Table 3 of Annex 1 of the related Delegated Regulation with regard to disclosure rules on sustainable investments ("Excessive CEO pay ratio").

⁸³ This information supports the information needs of financial market participants subject to Regulation (EU) 2019/2088 as reflecting an additional indicator related to principal adverse impacts as set out by indicator #7 in Table 3 of Annex 1 of the related Delegated Regulation with regard to disclosure rules on sustainable investments ("Incidents of discrimination").

~~⁴⁵ This information supports the information needs of financial market participants subject to Regulation (EU) 2019/2088 as reflecting a mandatory and additional indicator related to principal adverse impacts as set out by indicator #10 in Table 1 of Annex 1 and by indicator #14 in Table 3 of Annex 1 of the related Delegated Regulation with regard to disclosure rules on sustainable investments ("Violations of UNGC principles and OECD" and "Number of identified cases of severe human rights issues and incidents") and benchmark administrators to disclose ESG factors subject to Regulation (EU) 2020/1816 as set out by indicator "Number of benchmark constituents subject to social violations (absolute number and relative divided by all benchmark constituents), as referred to in international treaties and conventions, United Nations principles and, where applicable, national law" in section 1 and 2 of Annex 2.~~

Appendix A: Defined termsApplication Requirements

This appendix is an integral part of the ~~[draft]~~ ESRS S1 and has the same authority as the other parts of the ~~[draft]~~ Standard.

<p>Adequate wage</p>	<p>A wage that provides for the satisfaction of the needs of the worker and his / her family in the light of national economic and social conditions.</p>
<p>Annual total compensation</p>	<p>Annual total compensation includes salary, bonus, stock awards, option awards, non-equity incentive plan compensation, change in pension value, and nonqualified deferred compensation earnings provided over the course of a year.</p>
<p>Child labour</p>	<p>Work that deprives children of their childhood, their potential and their dignity, and that is harmful to physical and mental development. It refers to work that:</p> <ul style="list-style-type: none"> i. is mentally, physically, socially or morally dangerous and harmful to children; and/or ii. interferes with their schooling by depriving them of the opportunity to attend school; obliging them to leave school prematurely; or requiring them to attempt to combine school attendance with excessively long and heavy work. <p>For the purpose of this definition, a child refers to a person under the age of 15 years, or under the age of completion of compulsory schooling, whichever is higher. Exceptions can occur in certain countries where economies and educational facilities are insufficiently developed, and a minimum age of 14 years applies. These countries of exception are specified by the International Labour Organisation (ILO) in response to a special application by the country concerned and in consultation with representative organisations of employers and workers.</p>
<p>Collective bargaining</p>	<p>All negotiations which take place between an employer, a group of employers or one or more employers' organisations, on the one hand, and one or more trade unions or, in their absence, the representatives of the workers duly elected and authorised by them in accordance with national laws and regulations, on the other, for:</p> <ul style="list-style-type: none"> i. determining working conditions and terms of employment; and/or

	<p>ii. regulating relations between employers and workers; and/or</p> <p>iii. regulating relations between employers or their organisations and a workers' organisation or workers' organisations.</p>
Confirmed incident (child or forced labour or human trafficking)	Incident of child or forced labour or human trafficking that has been found to be substantiated. Confirmed incidents do not include incidents of child or forced labour or human trafficking that are still under investigation in the reporting period.
Development (personal and career development)	For the aim of this Standard, development is defined as those initiatives put in place by the undertaking aimed at personal and career advancement of its workers.
Discrimination	Discrimination can occur directly or indirectly— Direct discrimination will have occurred when an individual is treated less favourably by comparison to how others, who are in a similar situation, have been or would be treated, and the reason for this is a particular characteristic they hold, which falls under a “protected ground”. Indirect discrimination occurs when an apparently neutral rule disadvantages a person or a group sharing the same characteristics. It must be shown that a group is disadvantaged by a decision when compared to a comparator group.
Employee	An employee is an individual who is in an employment relationship with the undertaking according to national law or practice.
Equal opportunities	Equal opportunities refer to an equal and non-discriminatory access to, among individuals, of opportunities for education, training, employment, career development and the exercise of power without their being disadvantaged on the basis of criteria such as gender, racial or ethnic origin, nationality, religion or belief, disability, age or sexual orientation.
Equal treatment	The principle of equal treatment is a general principle of European law which presupposes that comparable situations or parties in comparable situations are treated in the same way. There shall be no direct or indirect discrimination based on criteria such as gender, racial or ethnic origin, nationality, religion or

	<p>belief, disability, age or sexual orientation. In the context of the present standard, own workforce has the same rights to receive the same treatment and not to be discriminated either directly or indirectly against on the basis of protected grounds such as gender, racial or ethnic origin, nationality, religion or belief, disability, age or sexual orientation.</p>
<p>Forced labour</p>	<p>All work or service which is exacted from any person under the threat of penalty and for which the person has not offered himself or herself voluntarily. The term encompasses all situations in which persons are coerced by any means to perform work and includes both traditional “slave-like” practices and contemporary forms of coercion where labour exploitation is involved, which may include human trafficking and modern slavery.</p>
<p>Grievance mechanisms</p>	<p>Grievance mechanisms refer to any routinized, state-based or non-state-based, judicial or non-judicial processes through which stakeholders can raise grievances and seek remedy. Examples of state-based judicial and non-judicial grievance mechanisms include courts, labour tribunals, national human rights institutions, National Contact Points under the OECD Guidelines for Multinational Enterprises, ombudsman offices, consumer protection agencies, regulatory oversight bodies, and government-run complaints offices.</p> <p>Non-state-based grievance mechanisms include those administered by the organisation, either alone or together with stakeholders, such as operational level grievance mechanisms and collective bargaining, including the mechanisms established by collective bargaining. They also include mechanisms administered by industry associations, international organisations, civil society organisations, or multi-stakeholder groups.</p> <p>Operational level grievance mechanisms are administered by the organisation either alone or in collaboration with other parties and are directly accessible by the organisation’s stakeholders. They allow for grievances to be identified and addressed early and directly, thereby preventing both harm and grievances from escalating. They also provide important feedback on the</p>

	<p>effectiveness of the organisation's due diligence from those who are directly affected.</p> <p>According to UN Guiding Principle 31, effective grievance mechanisms are legitimate, accessible, predictable, equitable, transparent, rights-compatible, and a source of continuous learning. In addition to these criteria, effective operational-level grievance mechanisms are also based on engagement and dialogue. It can be more difficult for the organisation to assess the effectiveness of grievance mechanisms that it participates in compared to those it has established itself.</p>
Harassment	<p>Harassment is defined as a course of comments or actions that are unwelcome or should reasonably be known to be unwelcome, to the person towards whom they are addressed. Harassment occurs when one or more employees are deliberately abused, threatened and/or humiliated in circumstances relating to work. Harassment may be carried out by one or more employees, with the purpose or effect of violating the employees' dignity, affecting [their] health and/or creating a hostile work environment.</p>
Incident	<p>A legal action or complaint registered with the undertaking or competent authorities through a formal process, or an instance of non-compliance identified by the undertaking through established procedures. Established procedures to identify instances of non-compliance can include management system audits, formal monitoring programs, or grievance mechanisms.</p>
Non-employee workers in own workforce	<p>Non-employee workers in an undertaking's own workforce include both individual contractors supplying labour to the undertaking ("self-employed workers") and workers provided by undertakings primarily engaged in "employment activities" (NACE Code N78).</p>
Overtime	<p>Overtime hours are the number of hours actually worked by a worker in excess of his or her contractual hours of work.</p>
Own workforce/own workers	<p>"Own workforce" includes workers who are in an employment relationship with the undertaking ("employees") and non-employee workers who are either individual contractors supplying labour</p>

	to the undertaking ("self-employed workers") or workers provided by undertakings primarily engaged in "employment activities" (NACE Code N78).
Pay	Gross hourly earnings, which are the wages and salaries earned by full-time and part-time employees, per hour paid, before any tax and social security contributions are deducted. Wages and salaries include any overtime pay, shift premiums, allowances, bonuses, and commissions.
Persons with disabilities	Persons with disabilities include those who have long term physical, mental, intellectual or sensory impairments which in interaction with various barriers may hinder their full and effective participation in society on an equal basis with others. Disability is the umbrella term for impairments, activity limitations and participation restrictions, referring to the negative aspects of the interaction between an individual (with a health condition) and that individual's contextual factors (environmental and personal factors)
Recordable work-related injury or ill health	Work-related injury or ill health that results in any of the following: death, days away from work, restricted work or transfer to another job, medical treatment beyond first aid, or loss of consciousness; or significant injury or ill health diagnosed by a physician or other licensed healthcare professional, even if it does not result in death, days away from work, restricted work or job transfer, medical treatment beyond first aid, or loss of consciousness.
Remedy / remediation	Means to counteract or make good a negative impact or provision of remedy. Examples: apologies, financial or non financial compensation, prevention of harm through injunctions or guarantees of non-repetition, punitive sanctions (whether criminal or administrative, such as fines), restitution, restoration, rehabilitation.
Social dialogue	All types of negotiation, consultation or simply exchange of information between, or among, representatives of governments, employers, their organisations and workers' representatives, on issues of common interest relating to economic and social policy. It can exist as a tripartite

	<p>process, with the government as an official party to the dialogue or it may consist of bipartite relations only between workers' representatives and management (or trade unions and employers' organisations).</p>
Social protection	<p>Social protection is defined as the set of measures designed to reduce and prevent poverty and vulnerability across the life cycle.</p>
Training	<p>For the aim of this Standard, training is defined as those initiatives put in place by the undertaking aimed at the maintenance and/or improvement of skills and knowledge of its own workers. It can include different methodologies, such as on-site training, and online training.</p>
Wage	<p>Gross wage, excluding variable components such as overtime and incentive pay, and excluding allowances unless they are guaranteed.</p>
Work-related hazards	<p>Work-related hazards (sources or situations with the potential to cause injury or ill health) can be:</p> <ul style="list-style-type: none"> i. physical (e.g., radiation, temperature extremes, constant loud noise, spills on floors or tripping hazards, unguarded machinery, faulty electrical equipment); ii. ergonomic (e.g., improperly adjusted workstations and chairs, awkward movements, vibration); iii. chemical (e.g., exposure to solvents, carbon monoxide, flammable materials, or pesticides); iv. biological (e.g., exposure to blood and bodily fluids, fungi, bacteria, viruses, or insect bites); v. psychosocial (e.g., verbal abuse, harassment, bullying); vi. related to work organisation (e.g., excessive workload demands, shift work, long hours, night work, workplace violence).
Work-related incident	<p>Occurrence arising out of or in the course of work that could or does result in injury or ill health. Incidents might be due to, for example, electrical problems, explosion, fire; overflow, overturning, leakage, flow; breakage, bursting, splitting; loss of control, slipping, stumbling and falling; body movement without stress; body movement</p>

	<p>under/with stress; shock, fright; workplace violence or harassment (e.g., sexual harassment).</p> <p>An incident that results in injury or ill health is often referred to as an “accident”. An incident that has the potential to result in injury or ill health but where none occurs is often referred to as a “close call”, “near-miss”, or “near-hit”.</p>
Work-life balance	<p>Satisfactory state of equilibrium between an individual’s work and private life. Work life balance encompasses not only the balance between work and private life given family or care responsibilities, but also time allocation between time spent at work and in private life beyond family responsibilities.</p>
Workers’ representatives	<p>Workers’ representatives’ means:</p> <ul style="list-style-type: none"> i. trade union representatives, namely, representatives designated or elected by trade unions or by members of such unions in accordance with national legislation and practice; ii. duly elected representatives, namely, representatives who are freely elected by the workers of the organisation, not under the domination or control of the employer in accordance with provisions of national laws or regulations or of collective agreements and whose functions do not include activities which are the exclusive prerogative of trade unions in the country concerned and which existence is not used to undermine the position of the trade unions concerned or their representatives.

Appendix B: Application Requirements

~~This appendix is an integral part of the [draft] ESRS S4 Own workforce. It supports the application of the disclosure requirements set forth in paragraphs 13-100 this standard and has the same authority as the other parts of this [draft] Standard.~~

Objective

- AR 1. ~~The~~In addition to the issues listed in paragraph 2, the undertaking may also ~~highlight special~~consider disclosing information about other issues relevant to a material impact for a shorter period of time, for instance initiatives regarding the health and safety of its own workers~~workforce~~ during a pandemic.
- AR 2. The overview of social matters provided in paragraph 2 is not meant to imply that all of these issues should be reported on in each Disclosure Requirement in this [draft] Standard. Rather, they provide a list of matters derived from the CSRD that ~~undertaking~~the undertaking shall consider for the ESRS 2 **materiality** assessment related to its own workforce and, ~~subsequently~~as appropriate, report as material **impacts, risks** and **opportunities** within the scope of this [draft] Standard.
- AR 3. ~~Examples of workers~~people that fall within the scope of “**Own workforce**” are:
- (a) ~~Examples of contractors (self-employed persons) in the undertaking’s own workforce~~

include:

- i. Contractors hired by the undertaking to perform work that would otherwise be carried out by an **employee**
- ii. Contractors hired by the undertaking to perform work in a public area (e.g., on a road, on the street).
- iii. Contractors hired by the undertaking to deliver the work/service directly at the workplace of a client of the undertaking.

(a) — Examples of **workerspeople** employed by a third party engaged in 'employment activities' include:

(b) **Workers people** who perform the same work that employees carry out, **includingsuch as:**

workers

- i. **people** who fill in for employees who are temporarily absent (due to illness, holiday, parental leave, etc.);
- ii. **workerspeople** performing work additional to regular employees;
- iii. **workerspeople** who are dispatched temporarily from another EU member state to work for the undertaking ('posted workers').

ESRS 2 General Disclosures

Strategy

Disclosure Requirement related to ESRS 2 SBM-2 – Interests and views of stakeholders

AR 4. ESRS 2 SBM-2 requires the undertaking to provide an understanding of **whether** and how it considers ~~whether the role that~~ its strategy and business model(s) ~~may~~ play ~~a role~~ in creating, exacerbating or ~~(conversely)~~ mitigating significant material **impacts** on its **own workers workforce**, and whether and how the business model(s) and strategy are adapted to address such material impacts.

AR 5. While ~~the undertaking's~~ own **workersworkforce** may not be engaging with ~~an~~the undertaking at the level of its strategy or business model(s),¹ their views can inform the undertaking's assessment of its strategy and business model(s).² The undertaking shall consider ~~reporting on~~ the views of ~~the (actual or potential) materially affected own~~ workers' legitimate representatives ~~(trade unions or works councils) that have insight into their situation when applicable to fulfil this disclosure.~~

⁸⁴ This information supports the information needs of financial market participants subject to Regulation (EU) 2019/2088 as reflecting a mandatory and additional indicator related to principal adverse impacts as set out by indicator #10 in Table 1 of Annex 1 and by indicator #14 in Table 3 of Annex 1 of the related Delegated Regulation with regard to disclosure rules on sustainable investments ("Violations of UNGC principles and OECD" and "Number of identified cases of severe human rights issues and incidents"); and the information needs of benchmark administrators to disclose ESG factors subject to Regulation (EU) 2020/1816 as set out by indicator "Number of benchmark constituents subject to social violations (absolute number and relative divided by all benchmark constituents), as referred to in international treaties and conventions, United Nations principles and, where applicable, national law" in section 1 and 2 of Annex 2.

Disclosure Requirement related to ESRS 2 SBM-3 – Material impacts, risks and opportunities and their interaction ~~of~~ with strategy and business model(s)

- AR 6. —Impacts on ~~its~~the undertaking's own workers/workforce can originate in ~~the undertaking's~~its strategy or ~~business model(s)~~business model(s) in a number of different ways. For example, impacts may relate to the undertaking's value proposition (~~for example, such as~~ providing lowest cost products or services, or high-speed delivery, in ways that put pressure on labour rights in its own operations), or its cost structure and the revenue model (~~for example, such as~~ shifting inventory risk to **suppliers**, with knock-on effects on the labour rights of ~~their own workers/people who work for them~~).
- AR 7. —Impacts on ~~its~~the undertaking's own workers/workforce that originate in the strategy or ~~business model(s)~~business model(s) can also bring material **risks** to the undertaking. For example, risks arise if some ~~own workers/people in the workforce~~ are at risk of **forced labour**, and the undertaking is importing products into countries where the law allows for the confiscation of imported goods that are suspected of being made with forced labour. An example of opportunities for the undertaking may result from providing opportunities for the workforce such as job creation and upskilling in the context of a “just transition”. Another example, in the context of a pandemic or other severe health crisis, relates to the undertaking potentially relying on contingent labour with little to no access to sick care and health benefits that may face severe operational and business continuity risks as workers have no choice but to keep working while sick, further exacerbating the spread of the disease and causing major **supply chain** breakdowns. Reputational and business opportunity risks linked to the exploitation of low-skilled, low-paid workers in sourcing geographies with minimal protections for them are also increasing with media backlash and **consumer** preferences moving to more ethically sourced or sustainable goods.
- AR 8. Examples of particular characteristics of people in the undertaking's own workers/workforce that may be considered by the undertaking when responding to paragraph 17.15 relate to young ~~workers/people~~ that may be more susceptible to impacts on their physical and mental development, or women ~~workers~~ in a context where women are routinely discriminated against in the terms and conditions of work, or ~~migrant workers/migrants~~ in a context where the market for the supply of labour is poorly regulated and workers are routinely charged recruitment fees. For some workers/people in the workforce, the inherent nature ~~of the/of the~~ activity that they are required to undertake may put them at risk (for example, ~~workers/people~~ required to handle chemicals or operate certain equipment or low paid ~~worker/employees~~ who are on “zero hours” contracts).
- AR 9. With regard to paragraph 18, ~~the business risks, which can lead to 16~~, material risks, could also arise because of the undertaking's dependency on its own workers/workforce where low-likelihood but high-impact events may trigger **financial effects**; for example, where a global pandemic leads to severe health impacts on ~~worker/the undertaking's workforce~~ resulting in major disruptions to production and distribution.
- Other examples of ~~business~~-risk related to the undertaking's dependency on workers/its workforce include a shortage in skilled workers or political decisions or legislation affecting its own operations and **own workforce**.

Impacts, risks and opportunities management

Disclosure Requirement S1-1 – Policies related to own workforce

- AR 10. —~~The summary shall include the key information necessary to ensure a faithful representation of the policies in relation to own workers and, therefore, the~~ undertaking shall consider ~~disclosing whether~~ explanations of significant changes to the policies adopted during the reporting year (for example, new expectations for foreign subsidiaries, new or additional approaches to ~~sustainability~~ due diligence and remedy)-) provide contextual information for users and may disclose such explanations. This includes policies and commitments of the undertaking to prevent or mitigate the risks and negative impacts on people in its own workforce of reducing carbon **emissions** and transitioning to greener and climate-neutral operations ~~on workers~~ as well as to provide opportunities for the workforce such as job creation and upskilling, including explicit commitments to a 'just transition'.

- AR 11. —The **policy** may take the form of a stand-alone policy regarding the undertaking's own workers/workforce or be included in a broader document such as a code of ethics or a general sustainability policy that has ~~already been~~already been disclosed by the undertaking as part of another ~~[draft]~~—ESRS. In those cases, the undertaking shall provide an accurate cross-reference to identify the aspects of the policy that satisfy the requirements of this Disclosure Requirement.
- AR 12. ~~In reporting on its~~When disclosing the alignment of its policies with the UN Guiding Principles on Business and Human Rights, the undertaking shall consider that the Guiding Principles refer to the International Bill of Human Rights, which consist of the Universal Declaration of Human Rights and the two Covenants that implement it, as well as the International Labour Organisation's Declaration on Fundamental Rights and Principles at Work and the core conventions that underpin it, and may report on alignment with these underlying standards/instruments.
- AR 13. When explaining how external-facing policies are embedded, ~~undertakingsthe undertaking~~ may, for example, consider internal policies of responsible sourcing, and alignment with other policies relevant to own workers, for example, regarding forced labour. With regard to supplier codes of conduct that the undertaking may have, ~~the summaryit~~ shall indicate whether they include provisions addressing the safety of workers, including precarious work (i.e., use of workers on short-term or limited hours contracts, workers employed via third parties, subcontracting to third parties or use of informal workers), human trafficking, the use of forced labour or child labour, and whether such provisions are fully in line with applicable ILO standards.
- AR 14. ~~As~~The undertaking may provide an illustration of the types of communication of its policies to those individuals, group of individuals or entities for whom they are relevant, either because they are expected to implement them (for example, the undertaking's **employees**, contractors and **suppliers**), or because they have a direct interest in their implementation (for example, ~~own workers, investors~~), ~~to help ensure that the policy is accessible and that they understand its implications, the undertakingpeople in its own workforce, investors~~. It may disclose communication tools and channels (for example, flyers, newsletters, dedicated websites, social media, face to face interactions, workers' representatives) ~~and / or the identification and removal of~~, aimed at ensuring that the policy is accessible and that different audiences understand its implications. The undertaking may also explain how it identifies and removes potential barriers for dissemination, such as through translation into relevant languages or the use of graphic depictions.
- AR 15. **Discrimination** in employment and occupation occurs when ~~a~~ someone is treated differently or less favourably because of characteristics that are not related to merit or the inherent requirements of the job. These characteristics are commonly defined in national laws. Besides the grounds mentioned in the Disclosure Requirement, ~~undertakingsthe undertaking~~ shall consider other grounds for discrimination prohibited under national legislation.
- AR 16. **Discrimination** can arise in a variety of work-related activities. These include access to employment, particular occupations, **training** and vocational guidance and social security. Moreover, it can occur with respect to the terms and conditions of employment, such as: recruitment, remuneration, hours of work and rest, paid holidays, maternity protection, security of tenure, job assignments, performance assessment and advancement, training opportunities, promotion prospects, occupational safety and health, termination of employment. The undertaking may address these areas specifically when disclosing its policies and underlying procedures to fulfil the disclosure requirement.
- AR 17. The disclosure may ~~further address~~disclose whether the undertaking has or is planning to ~~have~~:
- (a) have policies and procedures which make qualifications, skills and experience the basis for the recruitment, placement, **training** and advancement ~~of workers~~ at all levels, while accounting for the fact that some individuals may have more difficulty than others to acquire such qualifications, skills and experience;
 - (b) assigned~~assign~~ responsibility at top management level for **equal treatment and opportunities** in employment ~~issues at a high level~~, issue clear company-wide policies and procedures to guide equal employment practices, and link advancement to desired performance in this area.
 - (c) provide staff training on non-**discrimination** policies and practices, with a particular focus ~~on middle~~on middle and upper management to raise awareness and address

- resolution strategies for preventing and addressing systemic and incidental discrimination;
- (d) ~~made~~**make** adjustments to the physical environment to ensure health and safety for workers, customers and other visitors with disabilities;
 - (e) ~~evaluation~~**evaluate** whether ~~a distinction there~~ is ~~an inherent requirement of a job, and avoid applications of a risk that~~ job requirements ~~have been defined~~ in a way that would systematically disadvantage certain groups;
 - (f) ~~keep~~ up-to-date records on recruitment, training and promotion that provide a transparent view of opportunities for **employees** and their progression within the undertaking;
 - (g) ~~where discrimination is identified, put in place~~ grievance procedures to address complaints, handle appeals and provide recourse for employees (especially in the context of negotiations and collective agreements); ~~when discrimination is identified,~~ and is alert to formal structures and informal cultural issues that can prevent employees from raising concerns and grievances; and
 - (h) programs to promote access to skills **development**.

Disclosure Requirement S1-2 – Processes for engaging with own ~~workers~~**workforce** and workers' representatives about impacts

AR 18. When describing what function or role has operational responsibility for such engagement and/or ultimate accountability, ~~and whether it requires certain skills of, or provides training or capacity building for, relevant staff to undertake engagement. The~~ undertaking may disclose whether this is a dedicated role or function or part of a broader role or function, ~~and whether any capacity building activities have been offered to support the staff to undertake engagement.~~ If it cannot identify such a position or function, it may state ~~so that this is the case.~~ This disclosure could also be fulfilled ~~with~~**by** making reference to ~~information disclosed according to~~ ESRS 2 GOV-1 *The role of the administrative, management and supervisory bodies.*

AR 19. When preparing the disclosures described in paragraph ~~28~~**27** b) and c), the following illustrations may be considered:

- (a) ~~for stage(s)~~**examples of stages** at which engagement occurs, ~~examples could be in are i)~~ determining ~~the approach to~~ mitigation ~~approaches or in and ii)~~ evaluating ~~the~~ effectiveness of mitigation;
- (b) for type of engagement, these could be participation, consultation and/or information;
- (c) for the frequency of the engagement, information may be provided on whether engagement occurs on a regular basis, at certain points in a project or business process, (for example, when a new harvest season begins or a new production line is opened), as well as whether it occurs in response to legal requirements and/or in response to **stakeholder** requests and whether the result of the engagement is being integrated into the undertaking's decision-making processes; and
- (d) for the role with operational responsibility, whether ~~the~~ **undertaking** requires ~~relevant staff to have~~ certain skills ~~of,~~ or ~~whether it~~ provides **training** or capacity building to relevant staff to undertake engagement.

AR 20. Global Framework Agreements (GFA) serve to establish an ongoing relationship between a multinational enterprise and a Global Union Federation to ensure that the undertaking adheres to the same standards in every country in which it operates.

AR 21. To illustrate how the perspectives of **its own workers workforce** have informed specific decisions or activities ~~of the undertaking,~~ the undertaking may provide examples from the current reporting period.

AR 22. Where the undertaking has agreements with national, European or international trade unions or works councils related to the rights of people its own **workers workforce**, this can be disclosed to illustrate how the agreement enables the undertaking to gain insight into ~~these workers' the~~ perspectives of such people.

AR 23. Where possible, the undertaking shall consider providing examples from the reporting period

to illustrate how the perspectives of its **own workers workforce** and **workers' representatives** have informed specific decisions or activities of the undertaking.

AR 24. The undertaking shall consider the following aspects when fulfilling this Disclosure Requirement:

- (a) the type of ~~worker~~ engagement (for example, information, consultation or participation) and its frequency (for example, ongoing, quarterly, annually);
- (b) how ~~worker~~ feedback is recorded and integrated into decision-making, and how **workers people in the workforce** are informed about the way in which their feedback has influenced decisions;
- (c) whether ~~worker~~ engagement activities take place at the organisational level or at a lower level, such as at the **site** or project level, and in the latter case, how ~~worker~~ information from engagement activities is centralised;
- (d) the resources (for example, financial or human resources) allocated to ~~worker~~ engagement; and
- (e) how it engages with **workers people in its workforce** and **workers' representatives** on the impacts on its **own workforce** that may arise from reducing carbon **emissions** and transitioning to greener and climate-neutral operations, in particular restructuring, employment loss or creation, training and up/reskilling, gender and social equity, **and health** and safety ~~and health~~.

AR 25. The undertaking may also disclose the following information in relation to paragraph **2528** on diversity:

- (a) how it engages with at-risk or **persons in vulnerable groups situations** (for example whether it takes specific approaches and gives special attention to potential barriers);
- (b) how it takes into account potential barriers to ~~worker~~ engagement **with people in its workforce** (for example, language and cultural differences, gender and power imbalances, divisions within ~~a community~~ **community** or group);
- (c) how it provides **workers people in its workforce** with information that is understandable and accessible through appropriate communication channels;
- (d) any conflicting interests that have arisen among ~~different workers~~ **sits workforce** and how the undertaking has resolved these conflicting interests; and
- (e) how it seeks to respect the human rights of all **stakeholders** engaged, for example, their rights to privacy, freedom of expression, and peaceful assembly and protest.

AR 26. The undertaking may also report information about the effectiveness of processes for engaging with **its own workers workforce** from previous reporting periods. This applies in cases where the undertaking has assessed the effectiveness of these processes or derived lessons during the current reporting period. Processes used to track ~~the~~ effectiveness can include internal or external auditing or verification, impact assessments, measurement systems, **stakeholder** feedback, **grievance mechanisms**, external performance ratings, and benchmarking. ~~The undertaking shall state what process was used to track effectiveness, and what the outcomes was.~~

Disclosure Requirement S1- 3 – Processes to remediate negative impacts and channels for own workers to raise concerns

AR 27. In fulfilling the requirements set out by the disclosure criteria of Disclosure Requirement ESRS S1-3, the undertaking may be guided by the content of the UN Guiding Principles on Business and Human Rights and the OECD Due Diligence Guidance for Responsible Business Conduct focused on **remediation** and **grievance mechanisms**.

AR 28. Channels for raising concerns or needs include **grievance mechanisms**, hotlines, trade unions (where **workers people in the workforce** are unionised), works councils, dialogue processes or other means through which **the undertaking's own workers workforce** or **workers' representatives** can raise concerns about impacts or explain needs that they would like the undertaking to address. This could include both channels provided by the undertaking directly and channels provided by the entities where their own ~~workers are~~ **workforce is working** ~~and are to be reported~~, in addition to any other mechanisms an undertaking may use to gain insight

into the management of impacts on workersits own workforce, such as compliance audits. Where the undertaking is relying solely on information about the ~~existence~~existence of such channels provided by its **business relationships** to answer this requirement, it may state that.

AR 29. Third party mechanisms could include those operated by the government, NGOs, industry associations and other collaborative initiatives. ~~With regard to the scope of these mechanisms, the~~The undertaking may disclose whether these are accessible to all ~~own workers who may be potentially or actually materially impacted by the undertaking of its own workforce~~ (or **workers' representatives** or, in their absence, individuals or organisations acting on their behalf or who are otherwise in a position to be aware of negative impacts), ~~through which its own workforce (or workers' representatives or, in their absence, individuals or organisations acting on their behalf or who are otherwise in a position to be aware of negative impacts), can raise complaints or concerns related to the undertaking's own activities.~~

AR 30. The undertaking shall consider whether and how people in its own ~~workers~~workforce that may be affected and their **workers' representatives** are able to access channels at the level of the undertaking they are employed by, or contracted to work for, in relation to each material impact. Relevant channels may include hotlines, trade unions (where ~~workers~~people in the workforce are unionised) or works councils, or other **grievance mechanisms** operated by the relevant undertaking or by a third party.

AR 31. In explaining whether and how the undertaking knows that people in its own ~~workers~~workforce are aware of and ~~trust any~~trust any of these channels, the undertaking may provide relevant and reliable data about the effectiveness of these channels from the perspective of ~~own workers themselves~~the people concerned. Examples of sources of information are surveys of ~~workers~~people in the undertaking's workforce that have used such channels and their levels of satisfaction with the process and outcomes.

AR 32. In describing the effectiveness of channels for its own ~~workers~~workforce and **workers' representatives** to raise concerns, the undertaking may be guided by the following questions, based on the "effectiveness criteria for non-judicial **grievance mechanisms**", as laid out in the UN Guiding Principles on Business and Human Rights, in particular principle 31. The considerations below may be applied to individual channels or to a collective system of channels:

- (a) do the channels have legitimacy by providing appropriate accountability for their fair conduct and building stakeholder trust?
- (b) are the channels known and accessible to **stakeholders**?
- (c) do the channels have clear and known procedures, with indicative timeframes?
- (d) do the channels ensure reasonable access for **stakeholders** to sources of information, advice and expertise?
- (e) do the channels ~~offer~~ ~~transparency~~ ~~by providing~~ sufficient information both to complainants and, where applicable, to meet any public interest?
- (f) do outcomes achieved through the channels accord with internationally recognised human rights?
- (g) does the undertaking identify insights from the channels that support continuous learning in both improving the channels and preventing future impacts?
- (h) does the undertaking focus on dialogue with complainants as the means to reach agreed solutions, rather than seeking to unilaterally determine the outcome?

~~For more information, see Principle 31 of the UN Guiding Principles on Business and Human Rights.~~

Disclosure Requirement S1-4 – Taking action on material impacts and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions and approaches

AR 33. It may take time to understand negative impacts and how the undertaking may be involved with them through its **own workforce**, as well as to identify appropriate responses and put ~~them~~

~~intothem into~~ practice). Therefore, the undertaking ~~shall consider disclosing may disclose~~:

- (a) its general and specific approaches to addressing material negative impacts;
- (b) its initiatives aimed at contributing to additional material positive impacts;
- (c) how far it has progressed in its efforts during the reporting period; and
- (d) its aims for continued improvement.

AR 34. –Appropriate action can vary according to whether the undertaking causes or contributes to a material impact, or whether it is involved because the impact is directly linked to its operations, products or services by a business relationship.

AR 35. Given that material negative impacts affecting **its own workersworkforce** that have occurred during the reporting period may ~~notalso be caused or contributed to by the undertaking alone and may be linked to~~**connected with other** entities or operations outside its direct control, the undertaking may disclose whether and how it seeks to use its leverage ~~with relevant in its~~ **business relationships** to manage those impacts. This may include using commercial **leverage** (for example, enforcing contractual requirements with business relationships or implementing incentives), other forms of leverage within the relationship (such as providing **training** or capacity-building on workers' rights to ~~entities with which the undertaking has a~~ **business relationshipsrelationship**) or collaborative leverage with peers or other actors (such as initiatives aimed at responsible recruitment or ensuring workers receive ~~a living an~~ **adequate wage**).

AR 36. When the undertaking discloses its participation in an industry or multi-stakeholder initiative as part of its **actions** to address material negative impacts, the undertaking may disclose how the initiative, and its own involvement, is aiming to address the material impact concerned. It may report under ESRS S1-5 the relevant **targets** set by the initiative and progress towards them.

AR 37. When disclosing whether and how the undertaking considers actual and potential impacts on **its own workersworkforce** in decisions to terminate **business relationships** and whether and how it seeks to address any negative impacts that may result from termination, the undertaking may include examples.

AR 38. – Processes used to track the effectiveness of **actions** can include internal or external auditing or verification, court proceedings and/or related court decisions, impact assessments, measurement systems, stakeholder feedback, **grievance mechanisms**, external performance ratings, and benchmarking.

AR 39. Reporting on effectiveness is aimed at enabling the understanding of the links between **actions** taken by an undertaking and the effective management of impacts. Additional information that the undertaking may provide includes data showing a decrease in the number of **incidents** identified.

AR 40. With regard to initiatives or processes whose primary aim is to deliver positive impacts for ~~the undertaking-people in the undertaking's~~ **own workforce** that are based on ~~affected workers' their needs,~~ and ~~their level of with regard to~~ **progress in the** implementation ~~of such initiatives or processes,~~ the undertaking may disclose:

- (a) information about whether and how **people in its own workersworkforce** and **workers' representatives** play a role in decisions regarding the design and implementation of these programmes or processes; and
- (b) information about the intended or achieved positive outcomes for the undertaking's own workforce of these programmes or processes.

AR 41. The undertaking may explain whether any such initiatives are designed also to support the achievement of one or more Sustainable Development Goals. For example, an undertaking committing to SDG 8 to “promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all” may be actively working towards eliminating **forced labour** or compulsory labour or supporting higher levels of productivity on activities in developing countries through technological upgrades and **training** of local labour, which can benefit both the specific **people in its own workersworkforce** targeted by the **actions**, ~~but~~and also their local communities.

AR 42. – When disclosing the intended or achieved positive outcomes of its **actions** for ~~the undertaking's~~ **own workersworkforce** a distinction is to be made between evidence of certain activities

having occurred (for example, that x number of ~~workers~~people have received financial literacy **training**) from evidence of actual outcomes for ~~workers~~the people concerned (for example, that x ~~workers~~people report that they are able to better manage their pay and their household budgets ~~so as to meet their savings goals~~).

AR 43. ~~If the case of~~undertaking has taken measures to mitigate negative impacts on its own workforce that arise from the transition to a greener, climate-neutral economy, ~~the undertaking shall consider disclosing information on any measures taken to mitigate negative impacts,~~ such as **training** and

reskilling, employment guarantees, and in the case of downscaling or mass dismissal, measures such as job counselling, coaching, intra-company placements and early retirement plans, ~~the undertaking shall disclose those measures.~~ This includes measures to comply with prevailing regulation. In taking action, companies may draw on resources such as the UN Global Compact Guidance on Just Transition for Business, which builds on the ILO's Guidelines for a just transition towards environmentally sustainable economies and societies for all. The undertaking ~~shall~~may highlight present and/or expected external developments that influence whether **dependencies** turn into risks. This includes consideration of impacts that may arise from the transition to greener and climate-neutral operations.

AR 44. When disclosing the material **risks** and **opportunities** related to ~~the undertaking's~~its **impacts** or **dependencies** ~~on own workers,~~ ~~the undertaking may consider the following business risks that could lead to risks:~~

~~business on its own workforce,~~ the undertaking may consider the following:

- (a) risks related to the undertaking's impacts on its own ~~workers~~workforce may include the reputational or legal exposure where ~~workers~~people in the undertaking's workforce are found to be subject to **forced labour** or **child labour**;
- (b) ~~business~~risks related to the undertaking's dependencies on its own ~~workers~~workforce may include ~~the loss~~disruption of business ~~continuity~~operations where significant employee turnover or lack of skills/**training development** threaten the undertaking's business; and
- (c) ~~business~~opportunities related to the undertaking's impacts on its own ~~workers~~may include ~~workforce~~ ~~may include~~ market differentiation and greater customer appeal from guaranteeing decent **pay** and conditions for ~~its gig workers~~non-employees.

AR 45. When explaining whether **dependencies** turn into **risks**, the undertaking shall consider external developments.

AR 46. When disclosing policies, ~~action~~actions and resources and **targets** related to the management of material risks and opportunities, in cases where risks and opportunities arise from a material impact, the undertaking may cross-reference its disclosures on policies, ~~action~~actions and ~~resources and~~resources and targets in relation to that impact.

AR 47. The undertaking shall consider ~~the extent to which~~whether and how its process(es) to manage material risks related to own ~~workers~~workforce are integrated into its existing risk management process(es) ~~and how~~.

AR 48. When disclosing the resources allocated to the management of material impacts, the undertaking may explain which internal functions are involved in managing the impacts and what types of action they take to address negative and advance positive impacts.

Metrics and targets

Disclosure Requirement S1-5 – Targets related to managing material impacts, advancing positive impacts, as well as to risks and opportunities

AR 49. When disclosing ~~the~~information about **targets** in accordance with paragraph 46, the undertaking ~~shall consider disclosing, where applicable~~may disclose:

- (a) the intended outcomes to be achieved in the lives of a certain number of people in its own workersworkforce;
- (a) ——— that these are measurable/verifiable;

- (b) ~~the~~ the stability of the targets over time in terms of definitions and methodologies to enable comparability over time; and/or
- (c) ~~references to the~~ standards or commitments which the targets are based on are to be clearly defined in the reporting (for instance code codes of conducts conduct, sourcing policies, global frameworks, or industry codes).

AR 50. **Targets** related to **risks** and **opportunities** may be the same as or distinct from targets ~~related~~ to impacts. ~~Therefore, no distinction is to be made per se, but what the target is aiming at is to be disclosed (i.e., impact and/or risks and opportunities).~~ For example, a target to reach **adequate wages** for non-~~employee worker~~employees could both reduce impacts on those ~~workers~~people and reduce associated business risks in terms of the quality and reliability of their output.

AR 51. The undertaking may also distinguish between short-~~-,~~ medium- and long-term **targets** ~~covering~~ the covering the same **policy** commitment. For example, the undertaking may have a long-term target to achieve an 80% reduction in health and safety incidents affecting its delivery drivers by 2030 and a near-term target to reduce the **overtime** hours of delivery drivers by x% while maintaining their income by 2024.

AR 52. When modifying or replacing a target in the reporting period, the undertaking may explain the change by cross-referencing it to significant changes in the business model~~(s)~~ or to broader changes in the accepted standard or legislation from which the target is derived to provide contextual information as per ESRS 2 BP-2 *Disclosures in relation to specific circumstances*.

Disclosure Requirement S1-6 – Characteristics of the Undertaking’s Employees

AR 53. This Disclosure Requirement covers all **employees** who perform work for any of the undertaking’s entities included in its sustainability reporting. ~~An employee is an individual who is in an employment relationship with the undertaking according to national law or practice.~~

AR 54. Providing a breakdown of **employees** by country gives insight into the distribution of activity across countries. The number of employees in each country is also a key trigger for many information, consultation and participation rights for workers and workers’ representatives, both in the EU labour law acquis (for example, the European Works Councils Directive and the Information and Consultation Directive) and in national law (for example, rights to establish a works council or to have board level employee representation). Providing a breakdown of employees by gender and type of employment relationship gives insight into gender representation across the undertaking. Additionally, providing a breakdown of employees by region gives insight into regional variations. A region can refer to a country or other geographic locations, such as a city region within a country or a world region.

AR 55. The undertaking shall disclose the requested disclosures in the following tabular formats:

Table 1: Template for presenting information on employee head count by gender

Gender	Number of employees (head count)
Male	
Female	
Other	
Not reported	
Total	
Employees	

In some Member States it is possible for persons to legally register themselves as having a third, often neutral, gender, which is categorised as “other” in the table above. However, if the undertaking is disclosing data about employees where this is not possible, it may explain this and indicate that the “other” category is not applicable.

Table 2: Template for presenting employee head count in countries with at least 50 employees representing at least 10% of the undertaking’s total number of employees

Country	Number of employees (head count)

Country A	
Country B	
Country C	
Country D	

Table 3: Template for presenting information on employees by contact type, broken down by gender (head count or FTE)

[Reporting period]				
FEMALE	MALE	OTHER*	NOT DISCLOSED	TOTAL
Number of employees (head count / FTE)				
Number of permanent employees (head count / FTE)				
Number of temporary employees (head count / FTE)				
Number of non-guaranteed hours employees (head count / FTE)				
Number of full-time employees (head count / FTE)				
Number of part-time employees (head count / FTE)				

* Gender as specified by the employees themselves.

Table 4: Template for presenting information on employees by contract type, broken down by region (head count or FTE) (reporting on full-time and part-time employees is voluntary)

[Reporting period]		
REGION A	REGION B	TOTAL
Number of employees (head count / FTE)		
Number of permanent employees (head count / FTE)		
Number of temporary employees (head count / FTE)		
Number of non-guaranteed hours employees (head count / FTE)		
Number of full-time employees (head count / FTE)		
Number of part-time employees (head count / FTE)		

AR 56. The definitions of permanent, temporary, non-guaranteed hours, full-time, and part-time **employees** differ between countries. If the undertaking has employees in more than one country, it shall use the definitions as per the national laws of the countries where the employees are based to calculate country-level data. The country-level data shall then be added up to calculate total numbers, disregarding differences in national legal definitions. Non-guaranteed hours employees are employed by the undertaking without a guarantee of a minimum or fixed number of working hours. The employee may need to make themselves available for work as required, but the undertaking is not contractually ~~obligated~~ **obliged** to offer the employee a minimum or fixed number of working hours per day, week, or month. Casual employees, employees with zero-hour contracts, and on-call employees are examples that fall under this category.

AR 57. ~~Reporting~~ **Disclosing** the number of **employees** at the end of the reporting period provides information for that point in time, without capturing fluctuations during the reporting period. ~~Reporting~~ **Disclosing** these numbers in averages across the reporting period takes into account fluctuations during the reporting period.

AR 58. Quantitative data, such as the number of temporary or part-time **employees**, is unlikely to be sufficient on its own. For example, a high proportion of temporary or part-time employees could indicate a lack of employment security for employees, but it could equally signal workplace flexibility when offered as a voluntary choice. For this reason, the undertaking is required to disclose contextual information to help information **users** interpret the data. The undertaking can explain the reasons for temporary employment. An example of such a reason is the recruitment

of employees to undertake work on a temporary or seasonal project or event.

Another example is the standard practice ~~to offer~~ offering a temporary contract (for example, six months) to new employees before an offer of permanent employment is made. The undertaking may also explain the reasons for non-guaranteed hours employment.

AR 59. For the own employee turnover calculation, the undertaking shall calculate the aggregate of the number of **employees** who leave voluntarily or due to dismissal, retirement, or death in service. The undertaking shall use this number for the numerator of the employee turnover rate and may determine the denominator used to calculate this rate and describe its methodology.

AR 60. Where data is not available for detailed information, the undertaking shall use an estimation of the employee number or ratios, in accordance with ESRS 1, and clearly identify where the use of estimates has taken place.

Disclosure Requirement S1-7 – Characteristics of non-employees in the undertaking's own workforce

AR 61. This Disclosure Requirement provides insight into the undertaking's approach to employment, as well as the scope and nature of impacts arising from its employment practices. It also provides contextual information that aids an understanding of the information reported in other disclosures. This disclosure covers both individual contractors supplying labour to the undertaking ("self-employed workerspeople") and workers provided by undertakings primarily engaged in "employment activities" (NACE Code N78). If all the workerspeople performing work for the undertaking are **employees** and the undertaking does not have any workerspeople in its workforce who are not employees, this Disclosure Requirement is not material for the undertaking; notwithstanding, the undertaking may state this fact when disclosing the information required by Disclosure Requirement DR S1-6 as contextual information as this information can be relevant for the **users** of the **Sustainability Statements Statement**.

AR 62. Examples of contractors (self-employed personspeople) in the undertaking's own workforce include: contractors hired by the undertaking to perform work that would otherwise be carried out by an employee; contractors hired by the undertaking to perform work in a public area (for example, on a road, on the street); and contractors hired by the undertaking to deliver the work/service directly at the workplace of a client of the organization. Examples of workerspeople employed by a third party engaged in 'employment activities' whose work is under the direction of the undertaking include: workerspeople who perform the same work that **employees** carry out, such as workers who fill people who fill in for employees who are temporarily absent (due to illness, holiday, parental leave, etc.); workerspeople performing regular work at the same **site** as employees; and workers who are dispatched temporarily from another EU member state to work for the undertaking ('posted workers'). Examples of **value chain workers** (and thus of workers not in the undertaking's own workforce and reported under the scope of ESRS S2) include: workers for a **supplier** contracted by the undertaking who work on the supplier's premises using the supplier's work methods; workers for a 'downstream' entity which purchases goods or services from the undertaking; and workers of an equipment supplier to

the undertaking who, at one or more of the undertaking's workplaces, perform regular maintenance on the supplier's equipment (for example, photocopier) as stipulated in the contract between the equipment supplier and the undertaking.

AR 63.— If the undertaking cannot report exact figures, it shall use estimates according to the provisions in ESRS 1 to disclose the number of workerspeople in its own workforce who are not **employees** to the nearest ten or, where the number of workerspeople in its own workforce who are not employees is greater than 1,000, to the nearest 100, and explain this. In addition, it shall clearly identify the information that derives from actual data and estimates.

AR 64. ~~Reporting~~ Disclosing the number of workerspeople in the undertaking's own workforce who are not **employees** at the end of the reporting period provides information for that point in time without capturing fluctuations during the reporting period. ~~Reporting~~ Disclosing this number as an average across the reporting period considers fluctuations during the reporting period and can provide more insightful and relevant information for ~~the~~ **users**.

AR 65. The information disclosed by the undertaking allows ~~stakeholders~~ users to understand how the

number of non-~~employee workers~~employees in ~~its~~the undertaking's **own workforce** varies during the reporting period or compared to the previous reporting period (i.e., whether the numbers have increased or decreased). ~~The undertaking~~ may also ~~included~~disclose the reasons for the fluctuations. For example, an increase in the number of non-~~employee workers~~employees in ~~its own workforce~~employees during the reporting period could be due to a seasonal event. Conversely, a decrease in the number of non-~~employee workers~~employees compared to the previous reporting period could be due to the completion of a temporary project. ~~It is the criteria of~~ if the undertaking discloses fluctuations, it shall also explain the criteria used to determine which fluctuations ~~in the number of workers it considers significant to report and to describe its threshold for determining significant fluctuations. it discloses.~~ If there are no significant fluctuations in the number of non-~~employee workers~~employees in ~~its own workforce~~employees during the reporting period or between the ~~current and current and~~ previous reporting period, the undertaking may disclose this information.

Disclosure Requirement S1-8 – Collective bargaining coverage and social dialogue

Collective bargaining coverage

AR 66. The percentage of ~~employees, non-employee workers, and own workers~~ covered by **collective bargaining** agreements is calculated using the following ~~formulas~~formula:

Number of employees covered by collective bargaining agreements

x 100

Number of employees

AR 67. The **employees and non-employee workers** in the undertaking's own workforce covered by **collective bargaining** agreements are those individuals to whom the undertaking is obliged to apply the agreement. This means that if none of the employees ~~and non-employee workers in its own workforce~~ are covered by a collective bargaining agreement, the percentage reported is zero. An employee ~~and non-employee worker in~~ the undertaking's own workforce covered by more than one collective bargaining agreement only needs to be counted once.

AR 68. This requirement is not aimed at obtaining the percentage of **employees** represented by a works council or belonging to trade unions, which can be different. The percentage of employees covered by **collective bargaining** agreements can be higher than the percentage of unionised employees when the collective bargaining agreements apply to both union and non-union members. Alternatively, the percentage of employees covered by collective bargaining agreements can be lower than the percentage of unionised employees. This ~~may be~~ may be the case when there are no collective bargaining agreements available or when the collective bargaining agreements do not cover all unionised employees.

Social Dialogue

AR 69. For calculating the information required by paragraph ~~403-63~~ (a), the undertaking shall identify in which European Economic Area (EEA) countries it has significant employment (i.e., at least 50 employees) ~~representing at least 10% of its total employees~~. For these countries it shall report the percentage of **employees** in that country which are employed in establishments in which employees are represented by **workers' representatives** at the establishment level. Establishment is defined as any place of operations where the undertaking carries out a non-transitory economic activity with human means and goods. Examples include: a factory, a branch of a retail chain, or an undertaking's headquarters. For countries in which there is only one establishment the percentage reported shall be either 100% or 0%.

Number of employees working in establishments with workers' representatives

x 100

Number of employees

AR 70. The information required by this Disclosure Requirement shall be reported as follows

Table 1: Reporting template for collective bargaining coverage and social dialogue

	<u>Collective Bargaining Coverage</u>		<u>Social dialogue</u>
<u>Coverage Rate</u>	<u>Employees – EEA</u> <small>(for countries with >50 empl. representing >10% total empl.)</small>	<u>Employees – Non-EEA</u> <small>(estimate for regions with >50 empl. representing >10% total empl.)</small>	<u>Workplace representation (EEA only)</u> <small>(for countries with >50 empl. representing >10% total empl.)</small>
<u>0-19%</u>		<u>Region A</u>	
<u>20-39%</u>	<u>Country A</u>	<u>Region B</u>	
<u>40-59%</u>	<u>Country B</u>		<u>Country A</u>
<u>60-79%</u>			<u>Country B</u>
<u>80-100%</u>			

Disclosure Requirement S1-9 – Diversity indicators metrics

AR 71. In preparing the disclosure on gender at top management, the undertaking shall use the

definition of top management as one and two levels below the administrative and supervisory bodies unless this concept has already been defined with the undertaking's operations and differs from the previous description. If this is the case, the undertaking can use its own definition for top management and disclose that fact and its own definition.

Disclosure Requirement S1-10 – Adequate Wages

AR 72. The lowest **wage** shall be calculated for the lowest **pay** category, excluding interns and apprentices. This is to be based on the basic wage plus any fixed additional payments that are guaranteed to all ~~own workers~~ **employees**. The lowest wage shall be considered separately for each country in which the undertaking has operations, except outside the EEA when the relevant adequate or minimum wage is defined at a sub national level.

AR 73. The **adequate wage** benchmark used for comparison with the lowest wage shall not be lower than:

- (a) in the EEA: the minimum wage set in accordance with ~~the~~ Directive 2022/2041 of 19 October 2022 on adequate minimum wages in the European Union; and
- (b) outside of the EEA: any existing national or sub-national legislation based on an assessment of an adequate wage needed for a decent standard of living, or absent that, any national or sub-national minimum wage established by legislation or **collective bargaining**.

In the period until Directive 2022/2041 enters into application, where there is no applicable minimum wage determined by legislation or collective bargaining in an EEA country, the undertaking shall use an adequate wage benchmark that is either not lower than the minimum wage in a neighboring country with a similar socio-economic status or not lower than a commonly-referenced international norm such as 60% of the country's median wage.

AR 74. ~~The~~ Directive 2022/2041 of 19 October 2022 on adequate minimum **wages** in the European Union references both indicative reference values commonly used at international level such as 60 % of the gross median wage and 50 % of the gross average wage, and/or indicative reference values used at national level. Data for the indicative values of 60% of the national median gross wage or 50% of the national average gross wage can be obtained from the European Labour Force Survey. For countries outside the EEA, any benchmark that meets the criteria set out by the Sustainable Trade Initiative (IDH) ([Roadmap on Living Wages, A Platform to Secure Living Wages in Supply Chains](#)) may be used, including applicable benchmarks aligned with the Anker methodology, or provided by the Wage Indicator Foundation or Fair Wage Network. For countries outside the EEA where there are different **adequate wage** benchmark figures for different sub-national regions, the applicable benchmarks shall be used.

Disclosure Requirement S1-11 – Social protection

AR 75. **Social protection** ~~are~~ **refers to** all the measures that provide access to health care and income support in cases of challenging life events such as the loss of a job, being sick and in need of medical care, giving birth and raising a child, or retiring and in need of a pension.

~~AR 76. The denominators for the percentages reported under Paragraph 73 shall be calculated on the basis of the total head count figures provided for employees under Disclosure Requirement ESRS S1-6 and non-employee workers in own workforce in Disclosure Requirement ESRS S1-7. The numerators shall be calculated on the basis of head count of employees and non-employee workers that have some form of social protection through public programs or benefits offered by the undertaking or, in the case of workers provided by undertaking primarily engaged in employment activities, by the third-party employer.~~

Disclosure Requirement S1-12 – Persons with disabilities

AR 77. When disclosing the information required in paragraph ~~7477~~ regarding **persons with disabilities**, the undertaking shall provide any contextual information necessary to understand the data and how the data has been compiled (methodology). For example, information about the impact of different legal definitions of persons with disabilities in the different countries in which the undertaking has operations.

Disclosure Requirement S1-13 – Training and Skills Development *indicators/metrics*

AR 78.— A regular performance review is defined as a review based on criteria known to the ~~worker/employee~~ and his or her superior undertaken with the knowledge of the ~~worker/employee~~ at least once per year. The review can include an evaluation by the worker's direct superior, peers, or a wider ~~rangeof/rangeof~~ **employees**. The review can also involve the human resources department. In order to disclose the information required by paragraph ~~8083~~ (a), the undertaking shall use the employee headcount figures provided in Disclosure Requirement ESRS S1-6 in the denominator to calculate the:

- (a) number/proportion of performance reviews per employee; and
- (b) number of reviews in proportion to the agreed number of reviews by the management.

AR 79. To disclose the average required per paragraph ~~8083~~ (b), the undertaking shall perform the following calculation: total number of **training** hours offered to and completed by **employees** divided by the total number of employees ~~in each respective group (i.e. employee category and gender, separately).per gender category~~. For the total training average and the average by gender, the head count figures for total employment and employment by gender reported in Disclosure Requirement ESRS S1-6 shall be used.

AR 80. Employee categories are a breakdown of **employees** by level (such as senior management, middle management) or function (such as technical, administrative, production). This information is derived from the undertaking's own human resources system. In categorising the workforce, the undertaking ~~shall/may~~ define reasonable and meaningful employee categories which enable **users** of the information to understand different performance measures between the categories. ~~At a minimum, the~~The undertaking ~~shall/may~~ present a category for executive and non- executive employees.

Disclosure Requirement S1-14 – Health and safety *indicators/metrics*

AR 81. —In relation to paragraph ~~8488~~ (a), the ~~number and~~ percentage of its own ~~workers/workforce~~ who are covered by the undertaking's health and safety management system shall be disclosed on a head count basis rather than a full-time equivalent basis.

AR 82. With regard to paragraph ~~8590~~, when the undertaking's health and safety management system, or certain parts thereof, has been subject to an internal audit or external certification, the undertaking may state this fact, or absence thereof, and the underlying standards for such audits/certifications, as applicable.

~~AR 83. The undertaking shall disclose information associated with work-related injuries, work-related ill health and work-related fatalities of its own workers, and for those workers working on its sites for datapoints b) on fatalities.~~

AR 84. Fatalities may be reported separately for those resulting from work-related injuries and those resulting from work-related ill health.

Guidance on "work-related"

AR 85. Work-related injuries and work-related ill health arise from exposure to hazards at work. Notwithstanding, other types of **incidents** can occur that are not connected with the work itself. For example, the following incidents are generally not considered to be work-related, unless otherwise specified in applicable national legislation:

- (a) a ~~worker/person in the workforce~~ suffers a heart attack while at work that it is not connected with work;
- (b) ~~a worker/a person in the workforce~~ driving to or from work is injured in a car accident (when driving is not part of the work and where the transport has not been organised by the undertaking); and
- (c) a ~~worker/person in the workforce~~ with epilepsy has a seizure at work that ~~it~~ is not connected with work.

AR 86. With regard to travelling for work purposes, injuries and ill health that occur while a

workerperson is travelling are work-related if, at the time of the injury or ill health, the workerperson was engaged in work activities “in the interest of the employer”. Examples of such activities include travelling to and from customer contacts; conducting job tasks; and entertaining or being entertained to transact, discuss, or promote business (at the direction of the employer). If the undertaking is responsible for the transport commuting, **incidents** occurred while commuting are considered to be work-related. Nonetheless, incidents which arise during travel, outside of the undertaking’s responsibility (i.e., regular commuting to and from work), may be reported separately provided that the undertaking has such data available across the undertaking.

AR 87. With regard to working from home, injuries and ill health that occur when working from home are work-related, if the injury or ill health occurs while the workerperson is performing work from home; and the injury or ill health is directly related to the performance of work rather than the general home environment or setting.

AR 88. With regard to mental illness, it is considered to be work-related, if it has been notified voluntarily by the workerperson concerned and it is supported by an opinion from a licensed healthcare professional with appropriate **training** and experience; and if such opinion states that the illness is work-related.

AR 89. Health issues resulting, for example, from smoking, drug and alcohol abuse, physical inactivity, unhealthy diets, and psychosocial factors unrelated to work are not considered work-related.

AR 90. Occupational diseases are not considered work-related injuries but are covered under work-related ill health.

Guidance on computing the rate

AR 91. In computing the rate of work-related injuries, the undertaking shall divide the respective number of cases by the number of total hours worked by people in its own workers workforce and multiplied by 1,000,000. Thereby, these rates represent the number of respective cases per one million hours worked. A rate based on 1,000,000 hours worked indicates the number of work-related injuries per 500 full time workerspeople in the workforce over a one-year timeframe. For comparability purposes a rate of 1,000,000 hours worked shall be used also for undertakings with less than 500 workerspeople in the workforce.

AR 92. If the undertaking cannot directly calculate the number of hours worked, it may estimate this on the basis of normal or standard hours of work, taking into account entitlements to periods of paid leave of absence from work (for example, paid vacations, paid sick leave, public holidays) and explain this in its disclosures.

AR 93. An undertaking shall include fatalities as a result of work-related injury in the calculation of the number and rate of recordable work-related injuries.

Guidance on recordable work-related ill health

AR 94. Work-related ill health can include acute, recurring, and chronic health problems caused or aggravated by work conditions or practices. These include musculoskeletal disorders, skin and respiratory diseases, malignant cancers, diseases caused by physical agents (for example, noise-induced hearing loss, vibration-caused diseases), and mental illnesses (for example, anxiety, posttraumatic post-traumatic stress disorder). For the purpose of the required disclosures, the undertaking shall, at a minimum, include in its disclosure those cases outlined in the ILO List of Occupational Diseases.

AR 95. In the context of this ~~[draft]~~ Standard, work-related musculoskeletal disorders are covered under work-related ill health (and not injuries).

AR 96. The **incidents** to be disclosed in paragraph 63388 relate to cases of work-related ill health notified to the undertaking or identified by the undertaking through medical surveillance, during the reporting period. The undertaking might be notified of cases of work-related ill

health through reports by affected workerspeople, compensation agencies, or healthcare professionals. The disclosure may include cases of work-related ill health that were detected during the reporting period among former workers reporting period among people who were formerly in the undertaking’s workforce.

Guidance on the number of days lost

AR 97. The undertaking shall count the number of days lost ~~as~~ such that the first full day and last ~~day of day of~~ absence shall be included. Days/Calendar days should be considered for the calculation, thus days on which the affected individual is not scheduled for work (for example, weekends, public holidays) ~~do not will~~ count as lost days.

Disclosure Requirement S1-15 – Work-life balance

AR 98. Family-related ~~leaves~~leave include maternity leave, paternity leave, parental leave, and carers' leave, that is available under national law or collective agreements. For the purpose of this ~~draft~~ Standard, these concepts are defined as:

- (a) maternity leave (also called pregnancy leave): employment-protected leave of absence for employed women directly around the time of childbirth (or, in some countries, adoption);
- (b) paternity leave: leave from work for fathers or, where and in so far as recognised by national law, for equivalent second parents, on the occasion of the birth or adoption of a child for the purposes of providing care;
- (c) parental leave: leave from work for parents on the grounds of the birth or adoption of a child to take care of that child, as defined by each Member State;
- (d) carers' leave from work: leave for workers to provide personal care or support to a relative, or a person who lives in the same household, in need of significant care or support for a serious medical reason, as defined by each Member State.

AR 99. ~~With regard to paragraph 8693~~ (a), ~~workers~~employees entitled to family-related leave are those ~~workers that~~who are covered by regulations, organisational policies, agreements, contracts or **collective bargaining** agreements that contain family-related leave entitlements and have reported their entitlement to the undertaking or the undertaking is aware of the entitlement.

Disclosure Requirement S1-16 – ~~Compensation indicators~~Remuneration metrics (pay gap and total ~~compensation~~remuneration)

Pay gap

AR 100. When compiling the information required under paragraph ~~8697~~ (a) for the gap in **pay** between ~~women~~its female and ~~men~~male employees (also known as the "~~male-female~~gender pay gap") the undertaking shall use the following methodology:

- (a) include all **employees'** gross hourly earningspay level; and
- (b) apply the following formula to calculate the ~~male-female~~gender pay gap:

$$\frac{\text{Average gross hourly pay level of male employees} - \text{average gross hourly pay level of female employees}}{\text{Average gross hourly pay level of male employees}}$$

x 100

Average gross hourly pay level of male employees

AR 101. When disclosing the information required under paragraph ~~8697~~ (a), the undertaking shall provide any contextual information necessary to understand the data and how the data has been compiled (methodology). Information regarding how objective factors such as type of work and country of employment influence the ~~male-female~~gender **pay** gap may be reported.

AR 102. The measure of the undertaking's ~~male-female~~gender **pay** gap shall be reported for the current reporting period and, if reported in previous sustainability reports, for the previous two reporting periods.

Total ~~compensation~~remuneration Ratio

AR 103. When compiling the information required by paragraph ~~8697~~ (b), the undertaking shall:

- (a) include all **employees**;

- (b) consider, depending on the undertaking's remuneration policies, all of the following:
- i. base salary, which is the sum of guaranteed, short-term, and non-variable cash compensation;
 - ii. ~~total benefits in cash compensation~~, which is the sum of the base salary and cash allowances, bonuses, commissions, cash profit-sharing, and other forms of variable cash payments; ~~and~~
 - iii. ~~benefits in kind, such as cars, private health insurance, life insurance, wellness programs; and~~
 - iii.iv. direct ~~compensation remuneration~~, which is the sum of ~~total benefits in cash compensation, benefits in kind~~ and total fair value of all annual long-term incentives (for example, stock option awards, restricted stock shares or units, performance stock shares or units, phantom stock shares, stock appreciation rights, and long-term cash awards).
- (c) apply the following formula for the **annual total compensation remuneration** ratio:

$$\frac{\text{Annual total } \del{compensation remuneration} \text{ for the undertaking's highest paid individual}}{\text{Median employee annual total } \del{compensation remuneration} \text{ (excluding the highest – paid individual)}}$$

AR 104. To illustrate the contextual information, the undertaking may provide an explanation to understand the data and how the data has been compiled (methodology). Quantitative data, such as the **annual total compensation remuneration** ratio, may not be sufficient on its own to understand **pay** disparity and its drivers. For example, pay ratios can be influenced by the size of the undertaking (for example, revenue, number of **employees**), its sector, its employment strategy (for example, reliance on outsourced workers or part-time employees, a high degree of automation), or currency volatility.

Disclosure Requirement S1-17 – Incidents, complaints and severe cases of human rights issues and incidents impacts

AR 105. ~~When compiling~~ In addition to the information required ~~related to corrective actions by paragraphs 103 and 104~~, the undertaking may disclose the status of incidents and/or complaints and actions taken with reference to the following:

- (a) incidents reviewed by the undertaking;
- (b) remediation plans being implemented;
- (c) remediation plans that have been implemented, with results reviewed through routine internal management review processes; and
- (d) incidents no longer subject to action.

AR 106 If the undertaking compiles the information described in AR 105, it shall consider the following:

- (a) an incident is no longer subject to action if it is resolved, the case is completed, or

no further action is required by the undertaking. For example, an incident for which no further action is required can include cases that are withdrawn or where the underlying circumstances that led to the incident no longer exist;

- (a)(b) remedial action is typically (and shall be) directed toward the alleged harasser and the alleged victim. Remedial action toward the victim may include offering to pay his/her expenses for counselling sessions, offering the victim some paid time off, offering to reinstate sick/vacation days if the victim has incurred any expenses

due to the **harassment** (such as having used sick or vacation days); and

~~(b)(c)~~ remedial action toward the harasser may include giving the harasser a verbal and/or written warning, mandating anti-harassment counselling or sending the harasser to an appropriate seminar, harassment awareness and prevention **training**. A suspension without **pay** may also be an option. If the harasser has been disciplined earlier but his/her harassment does not cease, then more serious discipline may ~~be required~~ ~~be required~~.

AR 107. Severe cases of human rights issues and incidents

~~AR 106. Severe human rights issues and incidents~~ include instances of lawsuits, formal complaints through the undertaking or third-party complaint mechanisms, serious allegations in public reports or the media, where these are connected to the undertaking's **own workforce**, and the fact of the incidents is not disputed by the undertaking, as well as any other severe impacts ~~of which the undertaking is aware. Human trafficking is defined as the recruitment, transportation, transfer, harbouring or receipt of people through force, fraud or deception, with the aim of exploiting them for profit. Confirmed incidents include incidents of child or forced labour or human trafficking that have been found to be substantiated. Confirmed incidents do not include incidents of child or forced labour or human trafficking that are still under investigation in the reporting period of which the undertaking is aware.~~

AR 108. In addition to the information required by paragraph 104 above, the undertaking may disclose the number of severe human rights incidents where the undertaking played a role securing remedy for those affected during the reporting period.

Appendix BA.1: Application Requirements for ESRS 2 related disclosures

This appendix is an integral part of ~~the [draft]~~ ESRS S1 *Own workforce*. It supports the application of the disclosure requirements from ESRS 2 ~~described set out in paragraphs 15-19~~ this standard and has the same authority as the other parts of this ~~[draft]~~ Standard. It provides a non-exhaustive list of the factors to be considered by the undertaking when complying with ESRS 2 SBM-2 and ESRS 2 SBM-3.

Social and human rights matters	Non-exhaustive list of factors to consider in Materiality Assessment
Secure employment	% of employees with temporary contracts, ratio of non- employee workers <u>employees</u> to employees, social protection
Working time	% of employees with part time or zero-hour contracts, employee satisfaction with working time
Adequate wages	EU, national or local legal definitions of adequate wages, fair wages, and minimum wages
Social dialogue / existence of work councils / information, consultation and participation rights of workers	Extent of workplace, cross-border and board-level representation through trade unions and/or works councils
Freedom of association/Collective bargaining including the rate of workforce covered by collective agreements	% of own workforce covered by collective bargaining agreements, work stoppages
Work-life balance	Family-related leave, flexible working hours, access to childcare
Health and safety	Coverage by H&S system, rate of fatalities, non-fatal accidents, work-related ill health, work days lost
Gender equality and equal pay for work of equal value	% of women in top management and workforce, male-female wage gap
Training and skills development	Amount and distribution of training, % of employees with regular performance and development reviews
The employment and inclusion of people with disabilities	% employment and accessibility measures for employees with disabilities
Measures against violence and harassment in the workplace	Prevalence of violence and harassment
Diversity	Representation of women and /or ethnic groups or minorities in own workforce. Age distribution in own workforce. Percentage of persons with disabilities within the own workforce.
Child labour	Type of operations and geographical areas at risk of child labour

Forced labour	Type of operations and geographical areas at risk of forced labour
----------------------	--

DRAFT

Appendix BA.2: Application Requirements for ESRS S1-1 Policies related to own workforce

This appendix is an integral part of the [draft] ESRS S1 *Own workforce* and has the same authority as the other parts of this [draft] Standard. It supports the application of the requirements for Disclosure Requirement ESRS S1-1 for social and human rights matters with examples of disclosures:

Social and human rights matters	Examples of policies:
Secure employment	No-layoff policy, limits on renewing temporary contracts, employer provision of social protection where state provision is lacking
Working time	Limitations on overtime, long and split shifts, and night and weekend work, adequate lead time for scheduling
Adequate wages	Policy to pay ensure all people in own workers workforce receive an adequate wage
Social dialogue / existence of work councils / information, consultation and participation rights of workers	Policy to encourage institutions for social dialogue, regular information and consultation with worker representatives, consultation before final decisions on employment-related issues are reached
Freedom of association/Collective bargaining including the rate of workers covered by collective agreements	Non-interference in trade union formation and recruitment (including trade union access to undertakings), bargaining in good faith, recognition of, adequate time off for duties, facilities and dismissal protection for workers' representatives, no discrimination of trade union members and workers' representatives
Work-life balance	Provision of family leave, flexible working time, access to day care facilities for all workers employees
Health and safety	Coverage of all own workers workforce in H&S management system
Gender equality and equal work for equal pay	Policy for gender equality and equal pay for equal work
Training and skills development	Policy for enhancing skills and career prospects for employees
The employment and inclusion of people with disabilities	Policy for making workplaces accessible to persons with disabilities
Measures against violence and harassment in the workplace	Zero tolerance policy for violence and harassment at workplace
Diversity	Policy for inclusiveness (i.e., ethnic diversity or minority groups) and affirmative positive action.
Child labour	Policy for identifying where child labour occurs, identifying where exposure of young workers to hazardous work occurs and preventing risk of exposure

Forced labour	Policy for identifying where forced labour occurs and reducing risk of forced labour
----------------------	--

DRAFT

Appendix BA.3: Application Requirements for ESRS S1–4 Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions

This appendix is an integral part of the [draft] ESRS S1 *Own workforce* and has the same authority as the other parts of this [draft] Standard. It supports the application of the requirements for Disclosure Requirement ESRS S1-4 for social and human rights matters with examples of disclosures:

Social and human rights matters	Examples of actions:
Secure employment	Offer permanent contracts to employees with temporary contracts, implement plans for social protection where state provision is lacking
Working time	Shift work rotation, extend advance notice of scheduling, reduction of excessive overtime
Adequate wages	Negotiation of fair wages in collective bargaining agreements, verification that employment agencies pay a fair wage
Social dialogue / existence of work councils / information, consultation and participation rights of workers	Expansion of sustainability issues dealt with in social dialogue, increase in number of meetings, increase in resources for works councils
Freedom of association/Collective bargaining including the rate of workers covered by collective agreements	Expansion of sustainability issues dealt with in collective bargaining, increase in resources for workers' representatives
Work-life balance	Expand family leave eligibility and flexible working time arrangements, increasing provision of day care
Health and safety	Increase health & safety training, investment in safer equipment
Gender equality and equal work for equal pay	Targeted recruitment and promotion of women, reduction in pay gap through negotiation of collective bargaining agreements
Training and skills development	Skills audits, training to fill skills gaps
The employment and inclusion of people with disabilities	Increasing accessibility measures
Measures against violence and harassment in the workplace	Improving complaint mechanisms, increasing sanctions against violence and harassment, providing training for prevention to management
Diversity	Training on diversity and inclusion (including ethnicity considerations), targeted recruitment of underrepresented groups

Child labour	Age verification measures, partnerships with organizations to eliminate child labour, measures against worst forms of child labour
Forced labour	Measures ensuring free consent to employment without threat of penalty, contracts in understandable language, freedom to terminate employment without penalty, disciplinary measures should not obligate labour, free consent to overtime, freedom of movement (including to exit workplace), fair treatment for migrant workers, monitoring employment agencies

DRAFT

Appendix BA.4: Application Requirements for ESRS S1–5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

This appendix is an integral part of the ~~[draft]~~ ESRS S1 *Own workforce* and has the same authority as the other parts of this ~~[draft]~~ Standard. It supports the application of the requirements for Disclosure Requirement ESRS S1-5 for social and human rights matters with examples of disclosures:

Social and human rights matters	Examples of targets:
Secure employment	Increasing the % of workforce with employment contracts (especially permanent contracts) and social protection
Working time	Increasing the % of workforce with flexible working time arrangements
Adequate wages	Paying Ensuring that all people in own workers workforce receive an adequate wage
Social dialogue / existence of work councils / information, consultation and participation rights of workers	Extending social dialogue to more establishments and/or countries
Freedom of association/Collective bargaining including the rate of workers covered by collective agreements	Increasing the % of own workers workforce covered by collective bargaining, negotiating collective bargaining agreements over sustainability issues
Work-life balance	Extending work- live life measures to a greater % of own workers workforce
Health and safety	Reducing the rate of injuries and worktime lost due to injuries
Gender equality and equal work for equal pay	Increasing the % of women in the workforce and top management, reducing the male-female wage gap
Training and skills development	Increasing the % of employees receiving training and regular skills development reviews
The employment and inclusion of people with disabilities	Increasing the % of persons with disabilities in own workforce
Measures against violence and harassment in the workplace	Extending measures to all workplaces
Diversity	Increasing the % of underrepresented groups in own workforce and top management
Child labour	Extending measures for preventing exposure of young persons to hazardous work to a greater % of operations
Forced labour	Extending measures for preventing child labour to a greater number of operations