

# EFRAG SRT 30 September 2022

EFRAG Secretariat recommendations to the SRT  
on S1

30 September 2022



## Social Team Members

### Co-leads

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## 1. Overview of simplification measures and changes

### a) Simplifications:

- merging DRs with potential duplications and rationalisation of datapoints
- scaling down datapoints within a disclosure requirement
- refinement of levels of granularity (ie country-by-country, gender or employee categories)

### b) Phase- in:

- at disclosure requirement level
- at datapoint or granularity level

### c) Postponement to set 2 for a set of disclosure requirements

### d) Enhancements of a few datapoints of the ED as per final text of the CSRD.

**The decisions taken are based on the public consultation feedback and the text of the final CSRD Art 29 b) 2 e) that defines the exhaustive list of social and human rights factors (together with its recital 43).**

## 2. Recap on preliminary decisions agreed on SRT 22 September 2022

1. Employee turnover is not explicitly covered in ESRS S1 and, as per public consultation, this is a financial materiality performance measure that is useful for investors. Do you support adding employee turnover (per GRI Disclosure 401-1 New employees and employee turnover) to S1-7 (Characteristics of the Undertaking's Employees) per alignment with GRI and requests in the public consultation? **YES INCLUSION OF TURNOVER – only as one figure.**
2. Do you support GRI's suggestion for greater alignment by moving S1-7 (Characteristics of the Undertaking's Employees), S1-8 (Characteristics of Non-employee Workers in the Undertaking's Own Workforce) and S1-22 (Collective Bargaining Coverage) to ESRS 2? **Agnostic location but mandatory for S1-7 and S1-8. Decision not made on S1-22**
3. For Disclosure Requirement S1-9 – Training and Skills Development: do you consider DP 57c “average expenses on training per full-time equivalent (FTE) for the reporting year” to be an essential indicator for financial materiality? Should equal weight be given to internal and external training efforts? Should a gender breakdown for DP 57a performance and career development reviews be included for closer alignment with GRI? **57 c) to be removed and 57a) ok to include gender.**
4. For Disclosure requirement S1-12 - Do you consider the sustainability matter “working time” in CSRD 29b adequately covered by S1-7 (which reports on full/part/zero time contracts) and the development of sector-specific standards focusing on specific aspects of working time (seasonal work, night work, long shifts, etc.)? **Ok to sector-specific with one dissent**
5. For Disclosure requirement S1-13 - Currently S1-13 (Work-Life Balance) only includes family-related leave, whereas there are other aspects to Work-Life Balance. How can we include other aspects of work-life balance while striking a balance with preparers' concerns? **Decision to take it to sector-specific**
6. Do you agree on streamlining S1-15 (Social security eligibility coverage) and S1-20 (Differences in the provision of benefits to employees with different employment contract types) to focus on access of workers to basic levels of social security? **Yes**
7. Do you agree on combining S1-18 – Discrimination incidents related to equal opportunities and S1-21 – Grievances and complaints related to other work-related rights in one DR? **Yes**
8. How do we best draft provisions that indicate that preparers are not requested to provide sustainability information in violation to national privacy laws? Should these provisions sit in ESRS S1 or CCS? (e.g. persons with disabilities) **Only for diversity – at datapoint level rather than general provision.**
9. Do you have any other comments or suggestions on the ESRS S1 assessment analysis performed by EFRAG Secretariat? **Further discussions**

Conclusion: to revisit AG for potential streamlining . -Some of the AG may relate to qualitative data already included in PTAPR . example of DR22 of Collecting bargaining on c)

Pending: Discussion on DR1-DR6.

### 3.1 How social and human rights factors listed in Art 29 b) are covered by ESRS S1?

*These are subject to the double materiality assessment performed by the undertaking as per ESRS 2 IRO 1-2*

Exhaustive list

i) equal **treatment and\*** opportunities for all, including:

CSRD Art 29 b)	Recital 43 To specify, amongst other things, ..	PTAPR (DR 1 – DR 6)	Performance measure DR
Gender equality and equal work for equal pay	information to be reported about the gender pay gap, taking into account of other relevant EU legislation	YES Datapoint on actions to reduce gender pay gap	S1- 7 and other DRs - Gender breakdown of employees S1- 16 Male-female pay gap <span style="background-color: yellow;">SFDR</span>
Training and skills development	Information to be reported about the rate and breakdown of workers participating in training and regular performance reviews	YES	S1-9 <b>Datapoints remaining:</b> <ul style="list-style-type: none"> <li>• % employee in regular performance and career development</li> <li>• Average training hours per employee</li> </ul>
The employment and inclusion of people with disabilities	Information to be reported about accessibility measures taken by the undertaking	YES <b>New datapoint related to accessibility measures</b>	S1- 19 Persons with disabilities (% and total number of workers) <b>NEW – Renamed Diversity DR</b>
<b>Measures against violence and harassment in the workplace*</b>		YES	S1-18 Discrimination incidents related to equal opportunities <span style="background-color: yellow;">SFDR</span> <b>NEW – It forms part of the merged incidents and grievance DR</b>
<b>Diversity *</b>	Information to be reported on gender diversity at top management and the number of members of the under-represented sex on their boards	YES –NEW <b>Included within para 2 of the objective of ESRS S1. It covers all diversity characteristics.</b>	<b>NEW S1- 19 Diversity DR</b> <ul style="list-style-type: none"> <li>• % of women in top management</li> <li>• Age distribution of employees</li> <li>• Ongoing: ethnicity background</li> </ul>

### 3.2. How social and human rights factors listed in Art 29 b) are covered by ESRS S1?

*These are subject to the double materiality assessment performed by the undertaking as per ESRS 2 IRO 1-2*

Exhaustive list

#### ii) Working conditions, including:

CSRD Art 29 b)	Recital 43 To specify, amongst other things, ..	PTAPR (DR 1 – DR 6)	Performance measure DR
Secure employment		YES	DR- 15 Social security eligibility coverage and S1-20 Differences in the provision of benefits to employees with different employment contracts. <b>Merged and datapoints streamlined.</b>
<b>Working time*</b>		YES	<b>NO.</b> S1-12 Working hours <b>moved to sector-specific</b>
Adequate wages		YES	S1-14 Fair remuneration
<u>social dialogue</u> / <b>existence of work councils*</b> / <del>the involvement information,</del> <b>consultation and participation rights of workers*</b>	Information to be disclosed about the existence of works council as well as the existence of collective agreements and the rate of workers covered by such agreements. Information of workers in administrative and supervisory boards.	YES	S1-24 Social dialogue
<b>freedom of association*</b> / collective bargaining <b>including the rate of workers covered by collective agreements*</b>		YES	S1-22 Collective bargaining coverage

### 3.3. How social and human rights factors listed in Art 29 b) are covered by ESRS S1?

*These are subject to the double materiality assessment performed by the undertaking as per ESRS 2 IRO 1-2*

Exhaustive list

ii) Working conditions, including:

CSRD Art 29 b)	Recital 43 To specify, amongst other things, ..	PTAPR (DR 1 – DR 6)	Performance measure DR
work-life balance		YES	To be discussed
<b>health and safety*</b> <del>a healthy, safe and well-adapted work environment</del>		YES Datapoint on describing the health and management system	S1-10 Coverage of the health management system merged with S1-12 Performance of the health and management system

### 3.4. How social and human rights factors listed in Art 29 b) are covered by ESRS S1?

iii) respect for the human rights, fundamental freedoms, democratic principles and standards established in:

- the International Bill of Human Rights and other core UN human rights conventions, including **the UN Convention on Persons with Disabilities\***
  - **the UN Declaration on the Rights of Indigenous Peoples\***
  - the International Labour Organization's Declaration on Fundamental Principles and Rights at Work
  - the ILO fundamental conventions
  - **the European Convention of Human Rights\***
  - **the revised European Social Charter\***
  - the Charter of Fundamental Rights of the European Union
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- Many human rights in these instruments (including three of the five ILO core rights) included in 29a sub-subtopics
  - Child labour and forced or compulsory labour not listed in 29a but are:
    - Two of the five ILO Fundamental Principles and Rights at Work
    - Described in CSRD Recital 43\*
    - Included in SFDR PAIs
  - A CSDDD may expand the list of rights to be included in sustainability reporting

\* Recital 43 of the CSRD: " The information that undertakings disclose about human rights should include information about forced labour and child labour in their value chains where relevant. Reporting requirements on forced labour should not replace the public authorities' responsibility to address the import of goods, produced as a result of human rights abuses, including forced labour, through trade policy and diplomatic means".



# 4. Visual summary of amendments to ESRS S1

**26 DRs**

ESRS S1 Disclosure requirements		
<b>S1-1</b> – Policies related to own workforce	<b>S1-11</b> – Performance of the health and safety management system	<b>S1-21</b> – Grievances and complaints related to other work-related rights
<b>S1-2</b> – Processes for engaging with own workers about impacts	<b>S1-12</b> – Working Hours - optional disclosure	<b>S1-22</b> – Collective bargaining coverage
<b>S1-3</b> – Channels to raise concerns	<b>S1-13</b> – Work Life Balance indicators	<b>S1-23</b> – Work stoppages
<b>S1-4</b> – Targets	<b>S1-14</b> – Fair remuneration	<b>S1-24</b> – Social dialogue
<b>S1-5</b> – Taking action	<b>S1-15</b> – Social security eligibility coverage	<b>S1-25</b> – Identified cases of severe human rights issues and incidents
<b>S1-6</b> – Approaches to mitigating material risks and pursuing opportunities	<b>S1-16</b> – Pay gap between women and men	<b>S1-26</b> – Privacy at work
<b>S1-7</b> – Characteristics of the Undertaking’s Employees	<b>S1-17</b> – Annual total compensation ratio	
<b>S1-8</b> – Characteristics of non-employee workers in the undertaking’s own workforce	<b>S1-18</b> – Discrimination incidents	
<b>S1-9</b> – Training and Skills Development indicators	<b>S1-19</b> – Employment of persons with disabilities	
<b>S1-10</b> – Coverage of the health and safety management system	<b>S1-20</b> – Differences in the provision of benefits to employees with different employment contract types	

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**15- 16 DRs**

**ESRS S1 Disclosure requirements**

<b>S1-1</b> – Policies related to own workforce	<b>S1-10</b> – Fair remuneration
<b>S1-2</b> – Processes for engaging with own workers about impacts	<b>S1-11</b> – Social security eligibility coverage / provision of benefits to employees
<b>S1-3</b> – Channels to raise concerns	<b>S1-12</b> – Compensation indicators (ie pay gap and total compensation)
<b>S1-4</b> – Targets	
<b>S1-5</b> – Taking on material impacts,- and approaches to mitigating material risks and pursuing material opportunities	<b>S1-13</b> – Incidents and grievances related to employee matters and severe cases of human rights issues and incidents
<b>S1-6</b> – Characteristics of the Undertaking’s Employees	<b>S1-14</b> Diversity
<b>S1-7</b> – Characteristics of non-employee workers in the undertaking’s own workforce	<b>S1-15</b> Collective bargaining coverage and social dialogue
<b>S1-8</b> – Training and Skills Development indicators	
<b>S1-9</b> – Health and safety management system	<b>S1-16</b> Work Life balance indicators

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Note:

- **Postponement or sector-specific**
- **In discussion following SRT 22 September**
- Colours – Merged DRs

## 5. Individual assessment by DRs

DR	CONFIRMED?	SIMPLIFICATION /CHANGES	MANDATORY	PHASE IN
S1-1 – Policies related to own workforce	YES	<b>'where applicable'</b> , i.e. if the undertaking doesn't have policy/target/actions it complies stating this fact/the plan to implement  In addition, reduction of potential duplications of S1-2.	YES (where applicable) SFDR indicator	YES for non-employee workers
S1-2 – Processes for engaging with own workers about impacts	YES		YES (where applicable)	YES for non-employee workers
S1-3– Channels to raise concerns	YES .Renamed grievance mechanisms		YES (where applicable)	YES for non-employee workers
S1-4– Targets	YES		YES (where applicable)	YES for non-employee workers
S1-5 – Taking action	Proposal. Merge into one disclosure requirement with differentiated datapoints.		YES (where applicable)	YES for non-employee workers
S1-6 – Approaches to mitigating material risks and pursuing opportunities			YES (where applicable)	YES for financial risks and opportunities as per E1
S1-7– Characteristics of the Undertaking's Employees	Ongoing.	Reduce granularity of breakdowns. Addition of staff turnover rate datapoint. Enhanced guidance on FTE and headcount calculations.	YES - either S1 or ESRS 2	YES for breakdowns
S1-8– Characteristics of non-employee workers in the undertaking's own workforce	YES	Additional guidance and examples.	YES – either S1 or ESRS 2	YES for non-employee workers
S1-9– Training and Skills Development indicators	YES	Reduction of datapoints (ie expenses)	YES	No
S1-10– Coverage of the health and safety management system	No. Merged with S1-11.	First datapoint on system included within PTPAR	N/A	N/A

## 5. Individual assessment by DRs

DR	CONFIRMED?	SIMPLIFICATION /CHANGES	MANDATORY	PHASE IN
<b>S1-11</b> – Performance of the health and safety management system	YES	Alignn to GRI to include workers on site covered by the H&S management system.	YES SFDR	NO
<b>S1-12</b> – Working Hours - optional disclosure		Move to sector-specific. Enhance AG on IRO assessment and PTAPR	N/A	N/A
<b>S1-13</b> – Work Life Balance indicators			YES	YES
<b>S1-14</b> – Fair remuneration	YES	Redution Removal of %		YES for non employee workers
<b>S1-15</b> – Social security eligibility coverage	YES	Merge with S1-20 and streamlining of datapoints for key risks only	YES	YES
<b>S1-16</b> – Pay gap between women and men	YES	Merge with S1-17 To allow reporting on ‘adjusted’ as well as ‘unadjusted’ pay gap	YES SFDR	NO
<b>S1-17</b> – Annual total compensation ratio	YES	Merge with S1-16 To allow multi-country reporting with purchasing power adjustments	YES SFDR	NO
<b>S1-18</b> – Discrimination incidents	YES	Merge with S1-21 and S1-25 and reduction of datapoints	YES SFDR	NO
<b>S1-19</b> – Employment of persons with disabilities	YES	To add new CSRD requirements on diversity . Discussion ongoing re ethnicity	YES required by recital 43	NO
<b>S1-20</b> – Differences in the provision of benefits to employees with different employment contract types	YES	Merge with S1-15 and streamlining of datapoints	YES	YES

## 5. Individual assessment by DRs

DR	CONFIRMED?	SIMPLIFICATION	MANDATORY	PHASE IN
<b>S1-21</b> – Grievances and complaints related to other work-related rights	YES	Merge with S1-18 and 21 and streamlining datapoints	YES SFDR	NO
<b>S1-22</b> – Collective bargaining coverage	YES	Merge S1-24	YES	YES for non employee workers
<b>S1-23</b> – Work stoppages	YES	Postponed	N/A	N/A
<b>S1-24</b> – Social dialogue	YES	Merge with S1-22. To delete 110 d	YES	
<b>S1-25</b> – Identified cases of severe human rights issues and incidents	YES	Merge with S1-18 and 21 and streamlining datapoints	YES SFDR	NO
<b>S1-26</b> – Privacy at work	YES	Postponed	N/A	N/A