



EFRAG SECRETARIAT ANALYSIS OF THE COMMENTS – Survey 2 – ESRS S2

General Comments across ESRS S2 (Workers in the value chain)

Abbreviation	Comment	Type	Already in TEG survey/ISSB alignment/GRI alignment	EFRAG Secretariat comments	EFRAG Secretariat conclusion (*)	Issue paper needed?
ISSB	Key standard for alignment ISSB does not yet cover the topic	Alignment with ISSB	No	There is no social standard yet under ISSB to take into account. The comment is more relevant for the discussion of higher alignment in CCS in SRB / SRT.	No action	No
Digital Guidance	Align use of terminology for digital tagging of key words is essential. Suggestion to provide reference tables in the sustainability statements with anchored hyperlinks to facilitate access to information, avoid loss, and support comparability.	Digital tagging	No	Noted for digital taxonomh	To be considered	No
Key words	Include reference table with anchored hyperlinks if the sustainability statement is not tagged and align key terminology with EU legislation	Format reporting	No	Should be addressed by tagging.	No action	No

ESRS S2 (Workers in the value chain) – Q99: Please, rate to what extent do you think S2-1 – Policies related to value chain workers – A-I

n.	Comment	Type	Already in TEG survey/ISSB alignment/GRI alignment	EFRAG Secretariat comments	EFRAG Secretariat conclusion (*)	Issue paper needed?
1	add disclosure point on alignment with UNGC principles / OECD, including all the alignment points required for EU Taxonomy (minimum social safeguards)	add disclosure points alignment with international frameworks (UNGC / OECD, ...)	No	Table available in the ESRS S2 Basis for Conclusion (mapping of DRs against CSRD, SFDR, OECD Guidelines and UNGPs as well as other reporting frameworks such as GRI). Issue paper on due diligence addresses this further.	No action	No
2	prioritize DR because of SFDR-relevant data points	phasing-in / prioritization	No	The issues of materiality/rebuttable presumption are under discussion at SRT/SRB level. SFDR PAIs not subject to rebuttable presumption.	No action	No
3	alignment with ISSB which does not yet cover this topic	alignment with ISSB	No	There is no social standard yet under ISSB to take into account. The comment is more relevant for the discussion of higher alignment in CCS in SRB / SRT.	No action	No

n.	Comment	Type	Already in TEG survey/ISSB alignment/GRI alignment	EFRAG Secretariat comments	EFRAG Secretariat conclusion (*)	Issue paper needed?
4	<p>DR S2-1 paragraph 18 (engagement with affected stakeholders about the human rights policy):</p> <p>+include disclosure on how stakeholders are identified and prioritized, for which areas or how regular stakeholder engagement has been performed, and for what purpose.</p> <p>+include disclosure on the outcome of the stakeholder engagement</p>	granularity of information	No	Issue paper on due diligence. Such disclosures are also linked to cross-cutting standards.	To be discussed	Yes
5	adapt Objective section 2 (b) to non-discrimination	guidance for reporting	No	Current reference is to discrimination. Proposed change unclear.	No action	No
6	rephrase DR S2-1 paragraph 17: an undertaking “may should report a timeframe in which it aims to have such policy or objectives in place”.	rephrase requirement	No	Comment unclear. Text currently reads: ‘may report’ (and not ‘may should report’).	No action	No
7	place DR S2-1 paragraph 18 (a) in ESRS 2 (35) as this is key information which should not be subject to an undertaking’s materiality assessment	information in S2 vs. ESRS 2	No	Issue paper on due diligence addresses this.	To be discussed	Yes

n.	Comment	Type	Already in TEG survey/ISSB alignment/GRI alignment	EFRAG Secretariat comments	EFRAG Secretariat conclusion (*)	Issue paper needed?
8	aligned use of terminology for digital tagging of key words is essential. Suggestion to provide reference tables in the sustainability statements with anchored hyperlinks to facilitate access to information, avoid loss, and support comparability.	digital tagging	No	Noted for digital taxonomy.	To be aligned	No
9	different proposals to report information on workforce working for franchised/licensed operators either as the undertaking's own workforce or as workers in the (downstream) value chain.	definition of own workforce vs. workers in the value chain	Yes	Noted and developed within the affected stakeholders' definition paper.	To be discussed (in relation to S1)	Yes -
10	full country-by-country reporting needed as social impacts frequently vary significantly across countries. Reporting at an aggregate level for the undertaking obscures country-specific impacts.	disaggregation of disclosure requirement	No	The level of granularity for the disclosures is connected with how granular the IRO assessment is given where geography is a consideration.	To be discussed	No

ESRS S2 (Workers in the value chain) – Q100: Please, rate to what extent do you think S2-2 – Processes for engaging with value chain workers about impacts – A-I

n.	Comment	Type	Already in TEG survey/ISSB alignment/GRI alignment	EFRAG Secretariat comments	EFRAG Secretariat conclusion (*)	Issue paper needed?
1	aligned use of terminology for digital tagging of key words is essential. Suggestion to provide reference tables in the sustainability statements with anchored hyperlinks to facilitate access to information, avoid loss, and support comparability.	digital tagging	No	Issue addressed within EFRAG	Ongoing	No
2	different proposals to report information on workforce working for franchised/licensed operators either as the undertaking's own workforce or as workers in the (downstream) value chain.	definition of own workforce vs. workers in the value chain	No		To be discussed (in relation to S1)	No
3	full country-by-country reporting needed as social impacts frequently vary significantly across countries. Reporting at an aggregate level for the undertaking obscures country-specific impacts.	disaggregation of disclosure requirement	No	The level of granularity for the disclosures is connected with how granular the IRO assessment is given where geography is a consideration.	To be discussed	No

ESRS S2 (Workers in the value chain) – Q101: Please, rate to what extent do you think S2-3 – Channels for value chain workers to raise concerns – A-I

n.	Comment	Type	Already in TEG survey/ISSB alignment/GRI alignment	EFRAG Secretariat comments	EFRAG Secretariat conclusion (*)	Issue paper needed?
1	aligned use of terminology for digital tagging of key words is essential. Suggestion to provide reference tables in the sustainability statements with anchored hyperlinks to facilitate access to information, avoid loss, and support comparability	digital tagging	No	Issue addressed within EFRAG	Ongoing	No
2	different proposals to report information on workforce working for franchised/licensed operators either as the undertaking's own workforce or as workers in the (downstream) value chain.	definition of own workforce vs. workers in the value chain	No		To be discussed (in relation to S1)	No
3	full country-by-country reporting needed as social impacts frequently vary significantly across countries. Reporting at an aggregate level for the undertaking obscures country-specific impacts.	disaggregation of disclosure requirement	No	The level of granularity for the disclosures is connected with how granular the IRO assessment is given where geography is a consideration.	To be discussed	No

ESRS S2 (Workers in the value chain) – Q102: Please, rate to what extent do you think S2-4 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities – A-I

n.	Comment	Type	Already in TEG survey/ISSB alignment/GRI alignment	EFRAG Secretariat comments	EFRAG Secretariat conclusion (*)	Issue paper needed?
1	aligned use of terminology for digital tagging of key words is essential. Suggestion to provide reference tables in the sustainability statements with anchored hyperlinks to facilitate access to information, avoid loss, and support comparability	digital tagging	No	Issue addressed within EFRAG	Ongoing	No
2	different proposals to report information on workforce working for franchised/licensed operators either as the undertaking's own workforce or as workers in the (downstream) value chain.	definition of own workforce vs. workers in the value chain	No		To be discussed (in relation to S1)	No
3	full country-by-country reporting needed as social impacts frequently vary significantly across countries. Reporting at an aggregate level for the undertaking obscures country-specific impacts.	disaggregation of disclosure requirement	No	The level of granularity for the disclosures is connected with how granular the IRO assessment is given where geography is a consideration.	To be discussed	No

ESRS S2 (Workers in the value chain) – Q103: Please, rate to what extent do you think S2-5 – Taking action on material impacts on value chain workers and effectiveness of those actions – A-I

n.	Comment	Type	Already in TEG survey/ISSB alignment/GRI alignment	EFRAG Secretariat comments	EFRAG Secretariat conclusion (*)	Issue paper needed?
1	rephrase title of DR S2-5 about the risks and opportunities arising from the undertaking's operations on the value chain workers and DR S2-6 about the risks and opportunities arising for the undertaking due to the value chain workers issues	rephrase requirement	No	Comment relates to S2-6. Unclear what improvement the proposed change would achieve.	No action	No
2	aligned use of terminology for digital tagging of key words is essential. Suggestion to provide reference tables in the sustainability statements with anchored hyperlinks to facilitate access to information, avoid loss, and support comparability.	digital tagging	No	Issue addressed within EFRAG	Ongoing	No
3	different proposals to report information on workforce working for franchised/licensed operators either as the undertaking's own workforce or as workers in the (downstream) value chain.	definition of own workforce vs. workers in the value chain	No		To be discussed (in relation to S1)	No

n.	Comment	Type	Already in TEG survey/ISSB alignment/GRI alignment	EFRAG Secretariat comments	EFRAG Secretariat conclusion (*)	Issue paper needed?
4	full country-by-country reporting needed as social impacts frequently vary significantly across countries. Reporting at an aggregate level for the undertaking obscures country-specific impacts.	disaggregation of disclosure requirement	No	The level of granularity for the disclosures is connected with how granular the IRO assessment is given where geography is a consideration.	To be discussed	No

ESRS S2 (Workers in the value chain) – Q104: Please, rate to what extent do you think S2-6 – Approaches to mitigating material risks and pursuing material opportunities related to value chain workers – A-I

n.	Comment	Type	Already in TEG survey/ISSB alignment/GRI alignment	EFRAG Secretariat comments	EFRAG Secretariat conclusion (*)	Issue paper needed?
1	rephrase title of DR S2-5 about the risks and opportunities arising from the undertaking's operations on the value chain workers and DR S2-6 about the risks and opportunities arising for the undertaking due to the value chain workers issues	rephrase requirement	No	S2 is about impacts on people, which has been reflected in the wording used throughout the standards. Wording reflects focus on	No action	No

n.	Comment	Type	Already in TEG survey/ISSB alignment/GRI alignment	EFRAG Secretariat comments	EFRAG Secretariat conclusion (*)	Issue paper needed?
				people of the S standards.		
2	aligned use of terminology for digital tagging of key words is essential. Suggestion to provide reference tables in the sustainability statements with anchored hyperlinks to facilitate access to information, avoid loss, and support comparability.	digital tagging	No	Issue addressed within EFRAG	Ongoing	No
3	different proposals to report information on workforce working for franchised/licensed operators either as the undertaking's own workforce or as workers in the (downstream) value chain.	definition of own workforce vs. workers in the value chain	No		To be discussed (in relation to S1)	No
4	full country-by-country reporting needed as social impacts frequently vary significantly across countries. Reporting at an aggregate level for the undertaking obscures country-specific impacts.	disaggregation of disclosure requirement	No	The level of granularity for the disclosures is connected with how granular the IRO assessment is given where geography is a consideration.	To be discussed	No

n.	Comment	Type	Already in TEG survey/ISSB alignment/GRI alignment	EFRAG Secretariat comments	EFRAG Secretariat conclusion (*)	Issue paper needed?
5	Requirements of the ESRS should be aligned with the requirements of the proposal for a CS3D (COM(2022) 71 final); it should be further clarified how the CSRD and the CS3D interact with each other.	Alignment with EU legislation – CS3D	No	It is not foreseen to include disclosure requirements in ESRS that anticipate final legislative decisions. However, the ESRS should be adjusted as appropriate after law comes into force.	No action	No
6	Standard would duplicate many regulations on consumer information (e.g.: digital passport, etc.). Given the information that is requested in CSRD, it does not seem necessary to have a dedicated standard to the customers	Alignment with EU legislation		CSRD requires disclosure of impacts along the undertaking's value chain; and requires standards to specify disclosures for a given list of international frameworks/conventions. One of these, the Charter of Fundamental Rights of the European	No action	No

n.	Comment	Type	Already in TEG survey/ISSB alignment/GRI alignment	EFRAG Secretariat comments	EFRAG Secretariat conclusion (*)	Issue paper needed?
				Union, includes consumer protection under Art. 38.		
7	<p>Delete reference to stakeholders in para. 13(a) and (c) and to only refer to the category of “consumers and end-users” to avoid confusion</p> <p>Distinction between consumer/end-user and customer is important, since the undertaking has less leverage on consumers/end-users than on customers</p> <p>DR is missing criteria on Health and Safety, which are more a customer/end-user issue. Environment could also have been added more explicitly.</p> <p>Paragraph 13 sometimes refers to consumers and end-users, and sometimes to ‘all stakeholders’. This is a lack of clarity that should be remedied by stating clearly that this paragraph only refers to human rights commitments that are relevant to consumers and end-users.</p>	Definition adjustment / rephrasing required	Yes (TEG.S4-2.P18b; TEG.S4-4.P24)	<p>Fine-tune definitions. Issue paper on definitions.</p> <p>Sector-specific standards will address specific sub-topics in more detail.</p> <p>Proposal to update paragraph 13 with “human rights commitments that are relevant to consumers and end-users”.</p>	<p>To be discussed</p> <p>No action</p> <p>To be aligned</p>	<p>Yes</p> <p>No</p> <p>No</p>

n.	Comment	Type	Already in TEG survey/ISSB alignment/GRI alignment	EFRAG Secretariat comments	EFRAG Secretariat conclusion (*)	Issue paper needed?
8	The key standard for alignment is ISSB and ISSB does not (yet) cover this topic.	Alignment with ISSB	No	There is no social standard yet under ISSB to take into account. The comment is more relevant for the discussion of higher alignment in CCS in SRB / SRT.	No action	No
9	Add disclosure point on alignment with UNGC principles / OECD, preferably including all the alignment points required for EU Taxonomy (minimum social safeguards)	Alignment with EU legislation – EU Taxonomy	No	Table available in the ESRS S2 Basis for Conclusion (mapping of DRs against CSRD, SFDR, OECD Guidelines and UNGPs as well as other reporting frameworks such as GRI).	No action	No

n.	Comment	Type	Already in TEG survey/ISSB alignment/GRI alignment	EFRAG Secretariat comments	EFRAG Secretariat conclusion (*)	Issue paper needed?
10	It will be essential to ensure an aligned use of terminology so that tagging of key words will be enabled and used in the digital reporting taxonomy. If tagging of all information is not required (yet) it is important to provide reference tables in the sustainability statements with anchored hyperlinks to facilitate access to information, avoid the loss of information, and support comparability of data.	Digital tagging	No	Issue addressed within EFRAG	Ongoing	No
11	The DRs that are part of ESRS S4 is already incorporated and connected with other standards, for instance pollution is already reported for the supply chain etc. This means that the added value of ESRS S4 is limited with the exception of DR ESRS S4-3 which is the possibility of consumers and end users to flag concerns. Suggest skipping the DRs in ESRS S4, except for S4-3. Possibly the information that is part of ESRS S4 could be integrated in sector-specific standards.	Architecture of social standards	Yes (GRI.S4-1.P13a+c; GRI.S4-2; GRI.S4-3)	This reflects the structure of standards per stakeholder group with cross-references to other ESRS where applicable. Discussions on amending the CCS/due diligence via issue paper on due diligence. Discussion are going on at SRT and SRB.	To be discussed	No

n.	Comment	Type	Already in TEG survey/ISSB alignment/GRI alignment	EFRAG Secretariat comments	EFRAG Secretariat conclusion (*)	Issue paper needed?
12	Disclosures about stakeholder engagement should be integrated into ESRS 2, DR 2-SBM 2, so that they become mandatory for all reporting companies. This would also be in line with the GRI approach. Alternatively, 2SBM-2 could be amended to require a description of the process of and engagement with stakeholders in general, while sector-specific standards would then define which disclosures related to engagement with specific stakeholders are mandatory.	Architecture of social standards	Yes (GRI.S4-1.P13a+c; GRI.S4-2; GRI.S4-3);	This reflects the structure of standards per stakeholder group with cross-references to other ESRS where applicable. Discussions on amending the CCS/due diligence via issue paper on due diligence. Discussion are going on at SRT and SRB.	To be discussed	No
13	It will be essential to ensure an aligned use of terminology so that tagging of key words will be enabled and used in the digital reporting taxonomy. If tagging of all information is not required (yet) it is important to provide reference tables in the sustainability statements with anchored hyperlinks to facilitate access to information, avoid the loss of information, and support comparability of data.	Digital tagging	No	Issue addressed within EFRAG	Ongoing	No

n.	Comment	Type	Already in TEG survey/ISSB alignment/GRI alignment	EFRAG Secretariat comments	EFRAG Secretariat conclusion (*)	Issue paper needed?
14	Positive practices could also be underlined, such as VOC (Voice of the Customer), Customer Satisfaction, number of customer consultations prior to a product launch, number of customer tests, governance of these issues (existence of a dedicated Chief Customer Officer responsible of these subject) inclusion in the remuneration	Include opportunities	No	One of the objectives of S4 is clearly defined as the disclosure of opportunities linked to consumers. S4 includes a number of DRs where undertakings may disclose related opportunities (S4-4 targets and S4-6), which can be used to include such types of information.	No action	No