

DISCLAIMER

General disclaimer for SR TEG public agenda papers

This paper has been prepared by the EFRAG Secretariat for discussion at a public meeting of EFRAG SR TEG. The paper forms part of an early stage of the development of a potential EFRAG position. Consequently, the paper does not represent the official views of EFRAG or any individual member of the EFRAG SRB or EFRAG FR TEG. The paper is made available to enable the public to follow the discussions in the meeting. Tentative decisions are made in public and reported in the EFRAG Update. EFRAG positions, as approved by the EFRAG SRB, are published as [Draft] ESRS, comment letters, discussion or position papers, or in any other form considered appropriate in the circumstances.

Additional disclaimer for SR TEG public agenda papers 25 October 2022

This paper is a draft [Draft] standard prepared by the EFRAG Secretariat for approval of SR TEG and, once approved, it forms the advice that according to EFRAG Due Process SR TEG delivers to SRB as recommended content of the [Draft] final standards to be delivered to the European Commission in November 2022.

This draft reflects the tentative decisions of the SRT in the meetings from June to October 2022 (and reflects the content of the Agenda Papers prepared for those meetings). It has been developed starting from the ESRS Exposure Draft of April 2022, taking into account:

- the revised CSRD text released at the end of June;
- alignment with EDs IFRS S1, S2 and GRI standards as required by the new CSRS whenever possible;
- feedback received from the public consultation.

This draft is an intermediate version of the [Draft] standard and quality checks are still in progress that will result in editorial changes and further presentation/language streamlining. This includes editorial and presentation review, consistency of language across the standards, update of the references to paragraphs/chapters/sessions within the standard and across all the standards, alignment of definitions and glossary across all standards, possible changes of terminology due to recent IFRS decisions. The items in yellow are also subject to change (reflecting the ongoing quality check or pending other external confirmations). In ESRS 2 items in grey mark the datapoints that have been added for alignment with IFRS S1.

Changes are also possible in the next steps of SRB deliberation and approval, including changes other than editorial.

This Exposure Draft has to be read in conjunction with the cover note for ESRS public consultation. It has been prepared under the sole responsibility of the EFRAG PTF-ESRS and is submitted for public consultation by EFRAG SRB to inform the upcoming standard-setting steps. It therefore does not reflect the EFRAG SRB's position at this stage, nor the position of the European Union nor European Commission DG Financial Stability, Financial Services and Capital Markets Union (DG FISMA), nor the position of organisations with which the EFRAG PTF-ESRS has cooperated. The final version of the [draft] Standard will be produced by the EFRAG SRB starting from this Exposure Draft, taking into consideration the outcome of the public consultation and the requirements of the final CSRD.

[Draft] ESRS S1 Own workforce is set out in paragraphs 1–118 and Appendices A: Defined terms and B: Application Guidance. All the paragraphs, including those in the Appendices A and B, have equal authority. Each Disclosure Requirement objective is stated in a bold paragraph, followed by

a paragraph that illustrates the principle to be followed in the preparation of the respective disclosures. The [draft] Standard also uses terms defined in other [draft] ESRS and should be read in the context of its objective.

DRAFT

Table of contents

Objective	5
Interaction with other ESRS	7
Disclosure requirements	7
General Disclosures	7
Policies, targets, action plans and resources	7
Disclosure Requirement S1-1 – Policies related to own workforce	7
Disclosure Requirement S1-2 – Processes for engaging with own workers and workers’ representatives about impacts	8
Disclosure Requirement S1-3 – Processes to remediate negative impacts and channels for own workers to raise concerns	9
Disclosure Requirement S1-4 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	10
Disclosure Requirement S1-5 – 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 and approaches	10
Performance measures	11
Disclosure Requirement S1-6 – Characteristics of the Undertaking’s Own employees	11
Disclosure Requirement S1-7– Characteristics of non-employee workers in the undertaking’s own workforce	12
Disclosure Requirement S1-8 – Training and Skills Development indicators	13
Disclosure Requirement S1-9 – Health and safety indicators	14
S1-10 – Work-Life Balance indicators	15
Disclosure Requirement S1-11 – Adequate wages	15
Disclosure Requirement S1-12 – Social Protection	15
Disclosure Requirement S1-13 –Compensation indicators (pay gap and total compensation)	16
Disclosure Requirement S1-14 – Work-related incidents and complaints and severe cases of human rights issues and incidents	17
Disclosure Requirement S1-15 – Diversity indicators	18
Disclosure Requirement S1-16 – Collective bargaining coverage and social dialogue	19
Appendix A: Defined terms	20
Appendix B: Application Requirements	27
Objective	27
Own workforce-related specific application guidance on ESRS 2 Disclosure Requirement SBM 5 (paragraphs 51 (a) and (b)) on the views, interests, rights and expectations of stakeholders	27
Own workforce-related specific application guidance on ESRS 2 Disclosure Requirement SBM 4 (paragraphs 47 (a) to (b)) on Material impacts, risks and opportunities and their interaction with strategy and business models	27

Own workforce-related specific application guidance on ESRS 2 Disclosure Requirements SBM 4 (paragraphs 46 (a) and (c)) on Material impacts, risks and opportunities and their interaction	28
Disclosure Requirements	29
Disclosure Requirement S1-1 – Policies related to own workforce	29
Disclosure Requirement S1-2 – Processes for engaging with own workers and workers' representatives about impacts	30
Disclosure Requirement S1- 3 – Processes to remediate negative impacts and channels for own workers to raise concerns	31
Disclosure Requirement S1-4 – Targets related to managing material impacts, advancing positive impacts, as well as to risks and opportunities	33
Disclosure Requirement S1-5 – 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	34
Disclosure Requirement S1-6 – Characteristics of the Undertaking's Employees	36
Disclosure Requirement S1-7 – Characteristics of non-employee workers in the undertaking's own workforce	38
Disclosure Requirement S1-8 – Training and Skills Development indicators	39
Disclosure Requirement S1-9 – Performance of the health and safety indicators	39
Disclosure Requirement S1-10 – Work-life balance	41
Disclosure Requirement S1-11 – Adequate Wages	42
Disclosure Requirement S1-12 – Social protection	42
Disclosure Requirement S1-13 – Compensation indicators (pay gap and total compensation)	42
Disclosure Requirement S1-14 – Work-related incidents and severe cases of human rights issues and incidents	43
Disclosure Requirement S1-15 – Diversity indicators	44
Disclosure Requirement S1-16 – Collective bargaining coverage and social dialogue	44
Appendix B.1 : Application Requirements for ESRS 2 related AR paragraphs	46
Appendix B.2 : Application Requirements for ESRS S1 -1 Policies	47
Appendix B.3 : Application Requirements for ESRS S1 – 4 Targets	48
Appendix B.4 : Application Requirements for ESRS S1 – 5 Taking action	49

Objective

1. The objective of this [draft] Standard is to specify disclosure requirements which will enable users of the sustainability statements to understand:
 - (a) how the undertaking affects 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 adverse impacts;
 - (c) the nature, type and extent of the undertaking's material risks and opportunities related to its impacts and dependencies on own workforce, and how the undertaking manages them; and
 - (d) the effects of risks and opportunities, related to the undertaking's impacts and dependencies on own workforce, on the undertaking's development, performance and position over the short, medium and long term and therefore on its ability to create enterprise value.
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 and human rights factors or matters:
 - (a) working conditions, including:
 - i. secure employment;
 - ii. working time;
 - iii. adequate wages;
 - iv. social dialogue;
 - v. freedom of association;
 - vi. existence of works councils;
 - vii. collective bargaining, including the rate of workers covered by collective agreements;
 - viii. the information, consultation and participation rights of workers;
 - ix. work-life balance; and
 - x. 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) human rights, fundamental freedoms, democratic principles and standards, including rights related to:
- i. child labour; and
 - ii. forced labour.
3. This [draft] Standard derives from the [draft] CSRD, which states that sustainability reporting standards shall specify information to be disclosed about social and human rights factors in relation to own workforce.
4. 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.
5. This [draft] Standard covers an undertaking's "own workforce", which is understood to include both workers who are in an employment relationship with the undertaking ("employees") and non-employee workers who are either individuals with contracts with the undertaking to supply labour ("self-employed workers") or workers provided by undertakings primarily engaged in "employment activities" (NACE Code N78).
6. This [draft] Standard does not cover (i) workers in the undertaking's upstream or downstream value chain for whom neither work nor workplace are controlled by the undertaking; or (ii) workers whose work and/or workplace is controlled by the undertaking but are neither employees, nor individual contractors ("self-employed workers"), nor workers provided by undertakings primarily engaged in "employment activities" (NACE Code N78); these categories of workers are covered in ESRS S2 Workers in the value chain.
7. The [draft] Standard requires undertakings to describe their own workforce, including key characteristics of the employees and non-employee workers 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.
8. The terms "own workforce" and "own workers" are used interchangeably in this [draft] Standard. When the term "employees" is used it refers to the undertaking's "own employees".
9. The objective of the [draft] Standard is also to ensure that the reporting requirements enable undertakings to disclose alignment 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 Multinational Guidelines, the UN Convention on Persons with Disabilities, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work and ILO fundamental conventions, 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 and the Sustainable Finance Disclosure Regulation.

Interaction with other ESRS

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

Disclosure requirements

General Disclosures

12. The provisions of this [draft] Standard shall be read in conjunction with and reported alongside the disclosures required by ESRS 2.
13. Appendix B of this [draft] Standard contains specific application guidance to report on Own Workforce that the undertaking shall follow when disclosing information under ESRS 2, in particular with regard to:
 - (a) the interaction between material impacts, risks and opportunities and the strategy and business model as per ESRS 2 Disclosure Requirements SBM 3 and 5;
 - (b) the outcome of the assessment of material sustainability impacts, risks and opportunities as per ESRS 2 Disclosure Requirements IRO 2 and

Policies, targets, action plans and resources

Disclosure Requirement S1-1 – Policies related to own workforce

14. **The undertaking shall describe its policies that address the management of its material impacts on own workforce, as well as associated material risks and opportunities; and provide a summary of the content of the policies¹.**
15. The objective of this Disclosure Requirement is to allow 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 own workforce.
16. The disclosure required by paragraph 14 shall contain the summarised information on the undertaking's implemented policies to manage its material impacts, risks and opportunities related to own workers (as required by ESRS 2 Disclosure Guideline IRO DG 1 On policies adopted to manage material sustainability matters). In addition, the undertaking shall specify if such policies cover specific groups or all own workers.
17. The undertaking shall describe human rights policy commitments that are relevant to own workforce, including those policies to monitor compliance with the UN Global Compact

¹ 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 ("Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises").

principles and OECD Guidelines for Multinational enterprises, in relation to the social matters described in paragraph 2 of the Objective section, as well as those that address²:

- (a) respect for the human rights, including labour rights, of own workers;
 - (b) engagement with affected stakeholders; and
 - (c) measures to provide and/or enable remedy for human rights impacts.
18. The undertaking shall also state whether its policies in relation to own workers explicitly address trafficking in human beings, forced or compulsory labour and child labour. It shall also state whether the undertaking has a workplace accident prevention policy or management system³.

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

19. **The undertaking shall explain its general processes for engaging with its own workers and workers' representatives about actual and potential material impacts on its own workforce.**
20. The objective of this Disclosure Requirement is to allow an understanding of how the undertaking engages, as part of its ongoing due diligence process, with its own workers and workers' representatives about material, actual and potential, positive and/or negative impacts that do, or may, affect them, and whether and how perspectives of value chain workers are taken into account in the decision-making processes of the undertaking.
21. The undertaking shall disclose whether and how the perspectives of its own workforce inform the decisions or activities aimed at managing the actual and potential material impacts on its workforce. This shall include, where relevant, an explanation of:
- (a) whether engagement occurs directly with the undertaking's own workers or workers' representatives;
 - (b) the stage(s) at which engagement occurs (, the type of engagement and frequency of the engagement ;
 - (c) what most senior within the undertaking has responsibility for ensuring that this engagement happens and that the results inform the undertaking's approach;
 - (d) where applicable, a Framework Agreement or other agreements that the undertaking has with workers' representatives related to the respect of human rights of its own workforce, ;
 - (e) where applicable, how the effectiveness of and, where relevant, outcomes and agreements from engagements are monitored; and
 - (f) where applicable, the undertaking's steps to gain insight into the perspectives of own workers that may be particularly vulnerable to impacts and/or marginalised (for example, women workers, migrant workers, workers with disabilities).

² 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 and #11 in Table 3 of Annex 1 of the related Delegated Regulation with regard to disclosure rules on sustainable investments (respectively "Lack of a human rights policy" and "Lack of processes and measures for preventing trafficking in human beings").

³ 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 workers to raise concerns

22. **The undertaking shall describe the process it has in place to provide for or cooperate in the remediation of negative impacts on own workers that the undertaking has identified it has caused or contributed to.**
23. The objective of this Disclosure Requirement is to allow an understanding of the formal means by which own workers can make their concerns and needs known directly to the undertaking and/or through which the undertaking supports the availability of grievance mechanisms in the workplace of own workers, and how follow up is performed with these workers regarding the issues raised and the effectiveness of these channels.
24. 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:
 - (a) the channels it has in place for own workers to raise their concerns or needs directly with the undertaking, including whether these are established by the undertaking itself or through participation in external mechanisms.;
 - (b) the lack of grievance/complaints handling mechanisms related to employee matters;⁴
 - (c) Its processes through which the undertaking supports or requires the availability of such channels through the workplace of own workers;
 - (d) Its broader approach to and processes for providing or contributing to remedy where it has identified that it has caused or contributed to a material adverse impact on own workers; and
 - (e) how it tracks and monitors issues raised and addressed, and, how it ensures the effectiveness of the effectiveness of the grievance mechanisms, including through the involvement of stakeholders who are intended users.
25. The undertaking shall explain whether and how it assesses that own workers 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 explain whether the undertaking has policies in place regarding the protection of individuals that use them, including workers' representatives, against retaliation.
26. 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 mechanism in the workplace for own workers, it shall disclose this to be the case. It may report a timeframe in which it aims to have such a channel to be in place.

⁴ 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 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

27. The undertaking shall explain the time-bound and outcome-oriented targets it may have 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.
28. The objective of this Disclosure Requirement is to allow an understanding of the extent to which the undertaking is using outcome-oriented targets to drive and measure its progress in addressing its negative impacts and/or advancing positive impacts on its own workforce, and/or in managing material risks and opportunities related to its own workforce.
29. The summary of the description of the targets to manage its material impacts, risks and opportunities on own workforce shall contain the information requirements defined in ESRS 2 Disclosure Guideline MT-DG1 on Targets, progress and tracking effectiveness.
30. The undertaking shall disclose the process for setting the targets, including whether and how the undertaking engaged directly with own workers, or their legitimate representatives, or with credible proxies that have insight into their situation in:
- a. setting any such targets;
 - b. tracking the undertaking's performance against them; and
 - c. where applicable, identifying any lessons or improvements as a result of the undertaking's performance.

Disclosure Requirement S1-5 – 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 and approaches

31. The undertaking shall disclose its approaches and actions to taking action on material negative and positive impacts, and to mitigating material risks and pursuing material opportunities related to own workers and effectiveness of those actions.
32. The objective of this Disclosure Requirement is twofold. First, First, it is to allow an understanding of the actions and types of processes, initiatives or engagements through which the undertaking,
- (a) works to prevent, mitigate and remedy the adverse material impacts on own workers,
 - (b) seeks to achieve positive material impacts for value chain workers, while
 - (c) recognising that in both instances, the ultimate aim is to deliver improved outcomes in own workers' lives.
- Second, to provide an understanding of the ways in which the undertaking is addressing the material risks and pursuing the material opportunities related to own worker.

33. In relation to material impacts, the undertaking shall explain:
- (a) what action is planned or underway to prevent, mitigate or remedy material negative impacts on its own workforce that are connected to its operations, products or services;
 - (b) any additional initiatives or processes it has in place with the primary purpose of delivering positive impacts for its own workforce; and
 - (c) how it tracks and assesses the effectiveness of these actions, programmes and processes in delivering outcomes for its own workforce.
34. In relation to paragraph 33, , the undertaking shall describe its approaches to:
- (a) identifying what action is needed and appropriate in response to a particular actual or potential material negative impact on its own workers;
 - (b) taking action in relation to specific material impacts on its own workers; and
 - (c) ensuring that processes to provide or enable remedy in the event of negative impacts on its own workforce are available and effective in their implementation and outcomes.
35. In relation to material risks and opportunities, the undertaking shall explain:
- (a) what action is planned or underway to mitigate material risks for the undertaking arising from its impacts and dependencies on own workers and how it tracks effectiveness in practice; and
 - (b) what action is planned or underway to pursue material opportunities for the undertaking in relation to own workers.
36. 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, including, where relevant, its practices in relation to procurement, sales and data use. This may include explaining what approach is taken when tensions arise between the prevention or mitigation of material negative impacts and other business pressures.
37. The summary of the description of the action plans and resources to manage its material impacts, risks and opportunities on own workers shall contain the information requirements defined in ESRS 2 Disclosure Guideline IRO-DG2 On Action plans and resources in relation to policies and targets. In addition, the undertaking shall describe the approaches and processes through which it tracks the effectiveness of the actions it takes to address impacts.
38. In the event of actual material negative impacts on own workers during the reporting period, the undertaking shall explain whether and how it has taken action to provide or enable remedy in relation to the actual material impact (to the extent of its contribution

Performance measures

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

39. **The undertaking shall describe key characteristics of own employees in its own workforce.**
40. 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.

41. The disclosure required by paragraph 41 shall include:
- (a) a report by head count of the total number of own employees, and a breakdown by gender and by country for countries in which the undertaking has 50 or more employees;
 - (b) a report by head count or full time equivalent (FTE) of:
 - i. permanent own employees, and a breakdown by gender and by region;
 - ii. temporary own employees, and a breakdown by gender and by region;
 - iii. non-guaranteed hours own employees, and a breakdown by gender and by region;
 - iv. full-time own employees, and a breakdown by gender and by region; and
 - v. part-time own employees, and a 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:
 - i. in head count, full-time equivalent (FTE) (including an explanation of how it is defined), or using another methodology;; and
 - ii. 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, fluctuations in number of employees during the reporting period);
 - (f) a cross-reference of the information reported under (a) i. above to the most representative number in the financial statements.
42. The gender breakdowns required in paragraph 43b may be phased in over a one-year period..

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

43. **The undertaking shall describe key characteristics of non-employee workers in its own workforce**
44. 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. It also allows an understanding of how much the undertaking relies on workers who are not employees.
45. The disclosure required by paragraph 45 shall include:

- (a) a report of the total number of non-employee workers in own workforce, i.e. either individuals with contracts with the undertaking to supply labour (“self-employed workers”) or workers 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;
 - 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 workers is reported:
 - i. in headcount, full-time equivalent (FTE) (including a definition of how it is defined), or using another methodology;
 - ii. 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 workers in the undertaking’s own workforce during the reporting period and between the current and the previous reporting period);
46. Where data is not available for detailed information, the undertaking shall estimate the number and state that it has done so. When the undertaking estimates data that is not available, it has to describe the basis of preparation of this estimation.
47. When reporting its employment relationship with the most common types of non-employee workers in 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.
48. The undertaking may delay reporting for all data points in this Disclosure Requirement by one year.

Disclosure Requirement S1-8 – Training and Skills Development indicators

49. **The undertaking shall disclose the extent to which training and development is provided to its own employees.**
50. The objective of this Disclosure Requirement is to allow an understanding of the training and skills development-related activities that have been offered to own employees, within the context of continuous professional growth, to upgrade own employees’ skills and facilitate continued employability.
51. The disclosure required by paragraph 51 shall include a report of:
- (a) the percentage of own employees that participated in regular performance and career development reviews; such information should be broken down by employee category and by gender;

- (b) the average number of training hours per person for own employees, by employee category and by gender
- 52. The information disclosed in 53 (a) and (b) may also be provided for non-employee workers.
- 53. The breakdowns by employee category defined in para 53 (a) and (b) may be postponed by one year

Disclosure Requirement S1-9 – Health and safety indicators

- 54. **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 and other workers working on the undertaking's sites for fatality related disclosures.**
- 55. The objective of r this Disclosure Requirement is to allow an understanding of the coverage, quality and performance of the established health and safety management system to prevent work-related incidents.
- 56. The undertaking shall provide the following information broken down between own employees and non-employee workers in own workforce:
 - (a) the percentage of own workers 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 fatalities as a result of work-related injuries and work-related ill health;
 - (c) the number and rate⁵ of recordable work-related injuries;
 - (d) the number of cases of recordable work-related ill health; and
 - (e) the number of days lost to work-related injuries and fatalities from work-related accidents, work-related ill health and fatalities from ill health⁶.

The information for (b) shall also be reported for other workers working on the undertaking's sites.

- 57. In addition, the undertaking may include the following additional information on the health and safety coverage:
 - (a) the percentage of own workers who are covered by the undertaking's health and safety management system, based on legal requirements and/or recognised standards or guidelines, that has been internally audited and/or audited or certified by an external party.

⁵ 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").

⁶ 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").

S1-10 – Work-Life Balance indicators

58. **The undertaking shall disclose the extent to which own employees are entitled to and make use of family-related leaves.**
59. The objective of this Disclosure Requirement is to provide an understanding of the entitlement and actual practices amongst the own employees to take family-related leave in a gender equitable manner as it is one of the dimensions of work-life balance.
60. The disclosure required shall include:
- (a) the percentage of employees entitled to take family-related leaves; and
 - (b) the percentage of entitled employees that took family-related leaves, and a breakdown by gender.

Disclosure Requirement S1-11 – Adequate wages

61. **The undertaking shall disclose information on the payment of adequate wages to its own workers.**
62. The objective of this Disclosure Requirement is to provide an understanding of whether all of an undertaking's own workers are earning an adequate wage, and, if this is not the case, an understanding of in which locations the lowest wage is below the adequate wage.
63. The undertaking shall report where the lowest wage received by own workers is below the adequate wage, and indicate whether this is the case for just employees, just non-employee workers or for both. Reporting in the European Economic Area shall be on the country level, reporting outside shall be on a country level, unless the adequate wage and/or the minimum wage referenced is defined at a sub-national level. The adequate wage benchmark used for comparison with the lowest wage shall not be lower than:
- a) in the EEA, the level set in the EU Directive on adequate minimum wages at the national level of the highest of 60% of the national median gross wage and 50% of the national mean gross wage; 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.
64. The undertaking shall disclose its methodology for calculating the adequate wage and the lowest wage.
65. If all of the undertaking's own workers are earning an adequate wage, the undertaking shall report this information.
66. The undertaking may delay reporting on adequate wages for non-employee workers in own workforce by one year.

Disclosure Requirement S1-12 – Social Protection

67. **The undertaking shall disclose the percentage of its own workers with social protection against loss of income due to major life events.**

68. The objective of this Disclosure Requirement is to understand how many of an undertaking's own workers have social protection against loss of income due to major life events.
69. The disclosure required shall include the percentage of own workers that have social protection either through public programs or through benefits offered by the undertaking against loss of income which may be associated with the following major life events:
- (a) sickness;
 - (b) unemployment;
 - (c) employment injury and acquired disability;
 - (d) maternity leave; and
 - (e) retirement

The report shall include the following breakdowns: by type of social protection and region, and by type of social protection and employees and non-employee workers in own workforce.

70. The undertaking shall report the methodology used for determining if its own workers have social protection for the events listed in Paragraph 69 above.
71. If all of the undertaking's own workers are located in countries where social protection is provided for all of the events listed in Paragraph 71, it is sufficient for this disclosure requirement to report this.
72. The undertaking may delay reporting on non-employee workers by one year.

Disclosure Requirement S1-13 – Compensation indicators (pay gap and total compensation)

73. **The undertaking shall disclose the percentage gap in pay between women and men and the ratio between the compensation of its highest paid individual and the median compensation for its own employees.**
74. 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 own employees. And, secondly, to provide insight into the level of compensation inequality inside the undertaking, whether wide pay disparities exist and changes to such disparities on a yearly basis
75. The undertaking shall disclose the following information:
- (a) the male-female pay gap, defined as the difference between average gross hourly earnings of male paid own employees and of female paid own employees expressed as a percentage of average gross hourly earnings of male paid own employees⁷⁶ ;

⁷ 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").

- (b) the ratio of the annual total compensation ratio of the highest paid individual to the median annual total compensation for all employees (excluding the highest-paid individual)⁸; 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.

76. The undertaking may disclose a breakdown of the male-female pay gap as defined in para 77 (a) 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 controls for other factors affecting pay, in which case it should describe the methodology for this calculation.

77. In relation to paragraph 77 (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 S1-14 – Work-related incidents and complaints and severe cases of human rights issues and incidents

78. The undertaking shall disclose the number of work-related incidents and/or complaints and severe cases of human rights issues and incidents within its own workforce and any related material fines or sanctions for the reporting period.

79. 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 are affecting its own workforce.

80. When compiling the information specified in paragraph 80, the undertaking shall include, with respect for 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 .

81. 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 session::

- (a) the total number of incidents of discrimination, including harassment, reported in the reporting period⁹;
- (b) for the remaining social and human rights matters (ie excluding discrimination or harassment), the number of complaints filed through operational-level grievance mechanisms and, where applicable, to the National Contact Points for OECD Multinational Enterprises;

⁸ 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”).

⁹ 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”).

- (c) the total amount of material fines, penalties, and compensation for damages as a result of violations regarding social and human rights factors; and a reconciliation of such monetary amounts disclosed with the most relevant amount presented in the financial statements.
 - (d) where applicable, contextual information necessary to understand the data and how such data has been compiled.
82. The undertaking shall disclose the following information regarding identified cases of severe human rights (e.g. forced labour, human trafficking or child labour) issues and incidents:
- (a) the number of severe human rights issues and incidents connected to the undertaking's workforce in the reporting period, including an indication of how many of these are violations of the UN Global Compact Principles and OECD Guidelines for Multinational Enterprises. If no such incidents have occurred, the undertaking shall state this;
 - (b) the total amount of fines, penalties and compensation for damages for the issues and incidents described in (a) above together with 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.
83. In addition, 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.

Disclosure Requirement S1-15 – Diversity indicators

84. **The undertaking shall disclose the number and percentage of persons with disabilities ,the number and percentage of male and female at top management and the age distribution amongst its own employees.**
85. The objective of this Disclosure Requirement is to provide an understanding of the extent to which persons with disabilities are included in an undertaking's own employees, the gender diversity at top management and the age distribution and ethnic composition of its own employees.
86. The undertaking shall disclose:
- (a) the percentage of persons with disabilities amongst its own employees;
 - (b) the total number of employees with disabilities broken down by gender;
 - (c) the percentage and number of men and women at top management amongst its own employees;

- (d) the distribution of own employees by age group: under 30 years old, 30-50 years old; over 50 years old;
87. The undertaking may disclose the percentage of the undertaking's own employees by ethnic origin. If the undertaking cannot collect ethnicity data due to legal restrictions, the undertaking can collect the data by means of an anonymous and voluntary survey and disclose accordingly.

Disclosure Requirement S1-16 – Collective bargaining coverage and social dialogue

88. **The undertaking shall disclose information on the extent to which the working conditions and terms of employment of its own workforce are determined or influenced by collective bargaining agreements and to the extent to which its employees are represented in social dialogue in the EEA at the establishment and European level.**
89. The objective of this Disclosure Requirement is to provide an understanding of the importance of collective bargaining agreements and social dialogue for its own workforce.
90. The disclosure required by paragraph 84 shall include:
- (a) the percentage of total employees covered by collective bargaining agreements;
 - (b) for employees not covered by collective bargaining agreements, a description of whether the organisation 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 organisations; and
 - (c) a description of the extent to which the working conditions and terms of employment of non-employee workers in their own workforce are determined or influenced by collective bargaining agreements, including an estimate of the coverage rate.
91. In the EEA, the disclosure required by paragraph 85 shall include a breakdown of the collective bargaining coverage rate for employees 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.
92. The disclosure required by Paragraph 84 shall also include:
- (a) the percentage of employees represented at the establishment level by workers' representatives, for each EEA country in which the undertaking has significant employment;
 - (b) the existence of any agreement with its employees for representation by a European Works Council (EWC), an Societas Europaea (SE) Works Council, or an Societas Cooperativa Europaea (SCE) Works Council;

Undertakings may delay reporting for this Disclosure Requirement on non-employee workers in own workforce and non-EEA countries by one year.

Appendix A: Defined terms

This appendix is an integral part of the [draft] ESRS S1 Own workforce.

<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>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> <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 ii. regulating relations between employers and workers; and/or iii. regulating relations between employers or their organisations and a workers' organisation or workers' organisations.
Confirmed incident	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	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

	<p>discrimination based on criteria such as gender, racial or ethnic origin, nationality, religion or 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>Fair 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 (EPSR Principle 6). Widely used benchmarks for a fair wage are 60% of the gross median wage and 50% of gross average wage.</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, ombudsperson 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</p>

	<p>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 effectiveness of the organisation's due diligence from those who are directly affected.</p> <p>According to UN Guiding Principle 31 [14], 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>
<p>Harassment</p>	<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>
<p>Incident</p>	<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>
<p>Non-employee workers in own workforce</p>	<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</p>

	undertakings primarily engaged in “employment activities” (NACE Code N78).
Own workforce/own workers	‘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 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.

<p>Social dialogue</p>	<p>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 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>
<p>Social security</p>	<p>Social security is the protection that a society provides to individuals and households to ensure access to health care and to guarantee income security, particularly in cases of old age, unemployment, sickness, invalidity, work injury, maternity or loss of a breadwinner.</p>
<p>Overtime</p>	<p>Overtime hours are the number of hours actually worked by a worker in excess of his or her contractual hours of work.</p>
<p>Training</p>	<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>
<p>Wage</p>	<p>Gross wage, excluding variable components such as overtime and incentive pay, and excluding allowances unless they are guaranteed.</p>
<p>Work-related hazards</p>	<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);

	<ul style="list-style-type: none"> 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).
<p>Work-related incident</p>	<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 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>
<p>Work-life balance</p>	<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>
<p>Workers’ representatives</p>	<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 S1 Own workforce. It describes the application of the requirements set for in paragraphs 14-92 and has the same authority as the other parts of this [draft] Standard.

Objective

AG 1. The undertaking may also highlight special issues relevant to a material impact for a shorter period of time, for instance initiatives regarding the health and safety of own workers during a pandemic.

General Requirements

Own workforce-related specific application guidance on ESRS 2 Disclosure Requirement SBM 5 (paragraphs 51 (a) and (b)) on the views, interests, rights and expectations of stakeholders

AG 2. The Section on ESRS 2 Disclosure Requirements SBM 5 requires the undertaking to provide an understanding of if, and how, it considers whether its business model and strategy play a role in creating, exacerbating or (conversely) mitigating significant material impacts on own workforce, and whether and how the business model and strategy are adapted to address such material impacts.

AG 3. When responding to ESRS 2 Disclosure Requirement SBM 5 paragraphs 51 (a) and (b), the undertaking shall explain how the views, interests, rights and expectations of (actual or potential) materially affected its own workers, including respect for their human (including labour) rights, inform its strategy and business model. Its own workers are a key group of affected stakeholders.

AG 4. While the undertaking's own workers will often not be engaging with an undertaking at the level of its strategy or business model, their views shall inform the undertaking's assessment of its strategy and business model. The undertaking shall report how it sought the views of the (actual or potential) materially affected own workers' legitimate representatives (trade unions or works councils) or, if these are not present, those of credible proxies that have insight into their situation.

Own workforce-related specific application guidance on ESRS 2 Disclosure Requirement SBM 4 (paragraphs 47 (a) to (b)) on Material impacts, risks and opportunities and their interaction with strategy and business models

AG 5. When responding to ESRS 2 Disclosure Requirement SBM 4 paragraphs 46 (a) to (c), the undertaking shall explain whether, and how, actual and potential impacts on its own workers as identified in ESRS 2 Disclosure Requirements IRO 1 and 2: (a) originate from or are connected to, and (b) inform and contribute to adapting, the undertaking's strategy and business model(s). Impacts on its own workers can originate in an undertaking's business model or strategy in a number of different ways. For example, impacts may relate to the undertaking's value proposition (e.g., 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 (e.g., shifting inventory risk to suppliers, with knock-on effects on the labour rights of their own workers).

AG 6. Impacts on its own workers that originate in the business model or strategy can also bring material risks to an undertaking. For example, in the context of a pandemic or other severe health crisis, undertakings that rely on contingent labour with little to no access to sick care and health benefits 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.

Own workforce-related specific application guidance on ESRS 2 Disclosure Requirements SBM 4 (paragraphs 46 (a) and (c)) on Material impacts, risks and opportunities and their interaction

AG 7. The undertaking shall explain connections between impacts and on the workers in the value chain (ESRS S2) and the impacts on own workforce (ESRS S1) to provide an understanding of the similarities and differences.

AG 8. The undertaking shall disclose the scope of its reporting under ESRS 2 whether own workforce who can be significantly impacted through the undertaking's own operations are included in the scope of its reporting under ESRS 2 disclosure requirements. When responding to ESRS 2 Disclosure Requirement SBM 4 paragraph 46 (a), the undertaking shall provide the following information:

- (a) a brief description of the types of own workers subject to material impacts by its operations, and specify whether they are workers whose work and/or workplace is controlled by the undertaking but who are not employees, individual contractors, i.e. self-employed workers, or workers provided by third party undertakings primarily engaged in employment activities;
- (b) in the case of negative impacts, whether they are widespread or systemic in contexts where the undertaking operates (e.g., child labour or forced or compulsory labour in specific countries or regions), or whether they are related to individual incidents (e.g., an industrial accident or an oil spill)¹⁰;
- (c) in the case of positive impacts, a brief description of the activities that result in the positive impacts and the types of its own workers that are positively affected or could be positively affected, including their geographic location;
- (d) any material risks and opportunities for the undertaking arising from impacts and dependencies on its own workers;
- (e) any 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.
- (f) operations at significant risk of incidents of forced or compulsory labour either in terms of:
 - i. type of operation (such as manufacturing plant);
 - ii. countries or geographic areas with operations considered at risk;
- (g) operations at significant risk of incidents of child labour either in terms of:

¹⁰ 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 indicators #12 and #13 in Table 3 of Annex 1 of the related Delegated Regulation with regard to disclosure rules on sustainable investments (respectively "Operations and suppliers at significant risk of incidents of child labour" and "Operations and suppliers at significant risk of incidents of forced or compulsory labour").

- i. type of operation (such as manufacturing plant):
- ii. countries or geographic areas with operations considered at risk.

AG 9. In describing the main types of own workers negatively affected following the process set out in ESRS 2 Disclosure Requirement IRO 1, the undertaking shall explain how it has developed an understanding of how workers with particular characteristics, those working in particular contexts, or those undertaking particular activities may be at greater risk of harm. For example, this may be because workers are young and may be more susceptible to impacts on their physical and mental development, or they are women workers in a context where women are routinely discriminated against in the terms and conditions of work, or they are migrant workers in a context where the market for the supply of labour is poorly regulated and workers are routinely charged recruitment fees. For some workers, the inherent nature of the activity that they are required to undertake may put them at risk (e.g., workers required to handle chemicals or operate certain equipment or low paid workers who are on “zero hours” contracts).

AG 10. In describing the material risks and opportunities for the undertaking arising from impacts and dependencies on own workers, the undertaking shall explain which, if any, of those material risks and opportunities arise from its material positive or negative impacts on its own workers. This could be because a material impact on its own workers could affect the undertaking's future cash flows, for example, if some workers in the undertaking 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. Another example relates to providing opportunities for the workforce such as job creation and upskilling in the context of a ‘just transition’.

AG 11. The business risks, which can lead to material financial risks, could also arise because of the undertaking's dependency on its own workers where low-likelihood but high-impact events may affect the undertaking's future cash flows, for example, where a global pandemic leads to severe health impacts on workers resulting in major disruptions to production and distribution. Other examples of business risk related to the undertaking's dependency on workers include a shortage in skilled workers or political decisions or legislation affecting its own operations and own workforce.

Disclosure Requirements

Disclosure Requirement S1-1 – Policies related to own workforce

AG 12. 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 explanations of significant changes to the policies adopted during the reporting year (e.g., new expectations for foreign subsidiaries, new or additional approaches to due diligence and remedy). This includes policies and commitments of the undertaking to prevent or mitigate the risks and negative impacts 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’.

AG 13. The policy may take the form of a stand-alone policy regarding own workers or be included in a broader document such as a code of ethics or a general sustainability policy that has already been disclosed by the undertaking as part of another 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

AG 14. When explaining how external-facing policies are embedded, undertakings 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 summary 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, sub-contracting 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.

AG 15. As 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, value chain workers, investors), to help ensure that the policy is accessible and that they understand its implications, the undertaking may disclose communication tools and channels (e.g., flyers, newsletters, dedicated websites, social media, face to face interactions, unions and/or workers representatives) and / or the identification and removal of potential barriers for dissemination, such as through translation into relevant languages or the use of graphic depictions.

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

AG 16. The undertaking shall consider what position or function 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. If it cannot identify such a position or function, it may state so. This requirement could also be fulfilled with reference to ESRS 2 GOV 1.

AG 17. When preparing the disclosures described in paragraph 21 b) and c), the following illustrations may be considered:

- (a) for stage(s) at which engagement occurs, examples could be in determining mitigation approaches or in evaluating their effectiveness;
- (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 it requires certain skills of, or provides training or capacity building to relevant staff to undertake engagement.

AG 18. To illustrate how the perspectives of value chain workers have informed specific decisions or activities of the undertaking, the undertaking may provide examples from the current reporting period.

AG 19. Where the undertaking has agreements with national, European or international trade unions or works councils related to the rights of its own workers, this can be disclosed to illustrate how the agreement enables the undertaking to gain insight into those workers' perspectives.

AG 20. Wherever possible, the undertaking shall consider providing examples from the reporting period to illustrate how the perspectives of its own workers and workers' representatives have informed specific decisions or activities of the undertaking.

AG 21. The undertaking shall consider:

- (a) the type of worker engagement (e.g., information, consultation or participation) and its frequency (e.g., ongoing, quarterly, annually);
- (b) how worker feedback is recorded and integrated into decision-making, and how workers 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 information from worker engagement activities is centralised; and
- (d) the resources (e.g., financial or human resources) allocated to worker engagement.
- (e) how it engages with workers and their 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 safety and health.

AG 22. The undertaking may also explain:

- (a) how it engages with at-risk or vulnerable groups (e.g. whether it takes specific approaches and gives special attention to potential barriers);
- (b) how it takes into account potential barriers to worker engagement (e.g. language and cultural differences, gender and power imbalances, divisions within a community or group);
- (c) how it provides workers with information that is understandable and accessible through appropriate communication channels;
- (d) any conflicting interests that have arisen among different workers 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.

AG 23. The undertaking may also report information about the effectiveness of processes for engaging with own workers 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 outcome was.

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

AG 24. In fulfilling the requirements set out by the disclosure criteria of ESRS S1-3, the undertaking may be guided by the content of the UN Guiding Principles on Business and Human Rights and OECD Due Diligence Guidance for Responsible Business Conduct focused on remediation and grievance mechanisms.

AG 25. Channels for raising concerns or needs, include grievance mechanisms, hotlines, trade unions (where workers are unionised), dialogue processes or other means through which value chain workers or their legitimate 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 the value chain workers are

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 workers, such as compliance audits.

AG 26. 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 undertaking may disclose whether these are accessible to all own workers who may be potentially or actually materially impacted by the undertaking (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 adverse 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 adverse impacts), can raise complaints or concerns related to the undertaking's own activities.

AG 27. The undertaking shall explain whether and how own workers 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 are unionised) or works councils, or other grievance mechanisms operated by the relevant undertaking or by a third party.

AG 28. In relation to the protection of individuals that use the mechanisms against the retaliation, the undertaking may describe whether it treats grievances confidentially and with respect to the rights of privacy and data protection; and whether they allow for own workers to use them anonymously (for example, through representation by a third party).

AG 29. In explaining whether and how the undertaking knows that value chain workers are aware of and 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. Examples of sources of information are surveys of workers that have used such channels and their levels of satisfaction with the process and outcomes.

AG 30. In describing the effectiveness of channels for own workers 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. 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.

AG 31. The undertaking shall consider:

- (a) the intended purpose and users of the program and / or processes mentioned (i.e., whether they are intended for a particular own worker category, topic, or region). For example, that the undertaking has set up a separate hotline for own workers to raise concerns about issues affecting their human rights, including restrictions on their rights to Freedom of Association;
- (b) how the mechanisms operate and who administers them (the undertaking or another party); whether operational-level grievance mechanisms are administered at the organisational level or whether they are administered at a lower level (at the site or project level) and, in such a case, how information from these mechanisms is centralised;
- (c) how the mechanisms have been designed and on which principles and guidelines they are based, including whether they are designed to meet the effectiveness criteria set out in UN Guiding Principle 31;
- (d) the process through which grievances are investigated;
- (e) whether grievances are communicated to the highest governance body;
- (f) whether grievances are treated confidentially; and
- (g) whether the mechanisms can be used by stakeholders anonymously through representation by a third party;

Disclosure Requirement S1-4 – Targets related to managing material impacts, advancing positive impacts, as well as to risks and opportunities

AG 32. When disclosing the targets, the undertaking shall consider disclosing, where applicable:

- (a) the intended outcomes to be achieved in the lives of a certain number of value chain workers;
- (b) that these are measurable/verifiable;
- (c) their stability over time in terms of definitions and methodologies to allow for continuity in the datapoints derived from the targets; and/or
- (d) standards or commitments which the targets are based on shall also be clearly defined in the reporting (for instance code of conducts, sourcing policies, global frameworks or industry codes).

AG 33. Targets related to risks and opportunities may be the same as or distinct from targets tied to impacts. Therefore, no distinction is to be made per se, but what the target is aiming at may be disclosed (i.e. impact and/or risks and opportunities). For example, a target to reach adequate wages for non-employee workers could both reduce impacts on those workers and reduce associated business risks in terms of the quality and reliability of their output.

AG 34. The undertaking may also distinguish between short, medium and long-term targets covering the same policy commitment. For example, an 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.

AG 35. 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 or to broader changes in the accepted standard or legislation from which the target is derived to provide contextual information.

Disclosure Requirement S1-5 – 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

AG 36. The undertaking may provide contextual information as time lags may arise (for example, 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 into practice) Additionally, the undertaking shall consider disclosing:

- (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.

AG 37. The undertaking shall explain how it tracks the effectiveness of its actions to manage material impacts during the reporting period and any lessons learned from the previous and current reporting periods. 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. Where there is a relationship with a target under ESRS S1-4, the undertaking shall explain the connection.

AG 38. Appropriate action will 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.

AG 39. When the undertaking reports on 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.

AG 40. The undertaking may also disclose, including examples whether and how it considers actual and potential impacts on value chain workers in decisions to terminate business relationships and whether and how it seeks to address any negative impacts that may result from termination.

AG 41. 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 benchmarkings.

AG 42. When disclosing the effectiveness of its actions to support its suppliers with improving their working conditions, the undertaking may report survey feedback from the suppliers' workers showing that working conditions have improved since the time the undertaking began working with those suppliers. Additional information that the undertaking may provide includes data showing a decrease in the number of incidents identified through for instance independent audits

AG 43. With regards to initiatives or processes whose primary aim is to deliver positive impacts for the undertaking's own workforce that are based on affected workers' needs and their level of implementation, the undertaking may disclose:

- (a) information about whether and how own workers 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.

AG 44. 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 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 own workers targeted by the actions, but also their local communities.

AG 45. When reporting on the intended or achieved positive outcomes of its actions for own workers a distinction is to be made between evidence of certain activities having occurred (e.g., that x number of workers have received financial literacy training) from evidence of actual outcomes for workers (e.g., that x workers report that they are able to better manage their household budgets so as to meet their savings goals).

AG 46. The undertaking may explain whether these initiatives or processes also play a role in mitigating material negative impacts disclosed under ESRS 2 Disclosure Requirements IRO 2 and 3; for example, where a programme that aims to advance female workers', financial literacy has resulted in more women being promoted as well as in reports of reduced sexual harassment in the workplace.

AG 47. An example of how initiatives or processes also play a role in mitigating material negative impacts includes e.g. programmes that aim to advance women workers' financial literacy that have resulted in more women being promoted as well as in reports of reduced sexual harassment in the workplace.

AG 48. In the case of impacts on own workforce that arise from the transition to a greener, climate-neutral economy, the undertaking shall include 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. 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 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.

AG 49. When disclosing the financial risks and opportunities related to an undertaking's impacts or dependencies on own workers , the undertaking may consider the following business risks that could lead into financial risks :

- (a) business risks related to an undertaking's impacts on its own workers might include the reputational or legal exposure where workers are found to be subject to forced or child labour;
- (b) business risks related to an undertaking's dependencies on its own workers might include the loss of business continuity where significant employee turnaround or lack of skills/training development threaten the undertaking's business; and
- (c) business opportunities related to an undertaking's impacts on its own workers might include market differentiation and greater customer appeal from guaranteeing decent pay and conditions for its gig workers;

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

AG 50. 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.

AG 51. 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 (e.g. the European Works Councils Directive and the Information and Consultation Directive) and in national law (e.g. 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 or a world region.

AG 52. The undertaking shall disclose the requested disclosures in the following tabular format:

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	

Table 2: Template for presenting employee head count in countries with at least 50 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 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)		

AG 53. 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 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.

AG 54. Reporting 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 these numbers in averages across the reporting period takes into account fluctuations during the reporting period.

AG 55. 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 report 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 a temporary contract (e.g., 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.

AG 56. 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.

AG 57. 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-employee workers in the undertaking's own workforce

AG 58. 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 workers") and workers provided by undertakings primarily engaged in "employment activities" (NACE Code N78). If all the workers performing work for the undertaking are employees and the undertaking does not have any workers 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 DR S1-6 as contextual information as this information can be relevant for the users of the Sustainability Statements.

AG 59. Examples of contractors (self-employed persons) in 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 (e.g., 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 workers employed by a third party engaged in 'employment activities' but whose work is controlled by the undertaking include: workers who perform the same work that employees carry out, such as workers who fill in for employees who are temporarily absent (due to illness, holiday, parental leave, etc.); workers 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 own workforce and reported under the scope of ESRS S2 Workers in the value chain) 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' firm which purchases goods or services from the undertaking; and workers of an equipment supplier to the undertaking who, at a workplace controlled by the undertaking, perform regular maintenance on the supplier's equipment (e.g., photocopier) as stipulated in the contract between the equipment supplier and the undertaking.

AG 60. If the undertaking cannot report exact figures, it shall use estimates according to the provisions in ESRS 1 to disclose the number of workers who are not employees to the nearest ten or, where the number of workers 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.

AG 61. Reporting the number of workers in 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 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.

AG 62. The information disclosed by the undertaking allows stakeholders to understand how the number of non-employee workers in its own workforce varies during the reporting period or

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

Disclosure Requirement S1-8 – Training and Skills Development indicators

AG 63. A regular performance review is defined as a review based on criteria known to the worker and his or her superior undertaken with the knowledge of the worker at least once per year. The review can include an evaluation by the worker's direct superior, peers, or a wider range of employees. The review can also involve the human resources department. In order to disclose the information required by paragraph 51 (a), the undertaking shall use the employee headcount figures provided in 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.

AG 64. To disclose the average required per paragraph 51 (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). 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.

AG 65. Employee categories are a breakdown of employees by level (such as senior management, middle management) and may also 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 define reasonable and meaningful employee categories which enable users of the information to understand different performance measures between the categories. At a minimum, undertakings shall present a category for executive and non-executive employees.

Disclosure Requirement S1-9 – Performance of the health and safety indicators

AG 66. In relation to paragraph 54 (a), the number and percentage of its own workers who are covered by the undertaking's health and safety management system shall be disclosed on a per capita basis rather than a full-time equivalent basis.

AG 67. With regard to paragraph 54 (f), 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.

AG 68. 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.

AG 69. Fatalities may be reported separately for those resulting from work-related injuries and those resulting from work-related ill health.

Guidance on “work-related”

AG 70. 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 not considered to be work related:

- (a) a worker suffers a heart attack while at work that it is not connected with work;
- (b) a worker 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 with epilepsy has a seizure at work that it is not connected with work.

AG 71. With regard to travelling for work purposes, injuries and ill health that occur while a worker is travelling are work related if, at the time of the injury or ill health, the worker 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.

AG 72. 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 worker 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.

AG 73. With regard to mental illness, it is considered to be work related, if it has been notified voluntarily by the worker 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.

AG 74. 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.

AG 75. Occupational diseases are not considered work-related injuries but are covered under work-related ill health.

Guidance on computing the rate

AG 76. 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 own workers 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 workers over a one-year timeframe. For comparability purposes a rate of 1,000,000 hours worked should be used also for undertakings with less than 500 workers.

AG 77. 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 (e.g., paid vacations, paid sick leave, public holidays) and explain this in its disclosures.

AG 78. 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

AG 79. 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 (e.g., noise induced hearing loss, vibration-caused diseases), and mental illnesses (e.g., anxiety, posttraumatic 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.

AG 80. In the context of this Standard, work-related musculoskeletal disorders are covered under work-related ill health (and not injuries).

AG 81. The incidents to be disclosed in paragraph 63 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 workers, 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.

Guidance on the number of days lost

AG 82. The undertaking shall count the number of days lost as such that the first full day and last day of absence should be included. Days on which the affected individual is not scheduled for work (e.g. weekends, public holidays) do not count as lost days.

Disclosure Requirement S1-10 – Work-life balance

AG 83. The undertaking shall disclose information associated with family-related leaves.

AG 84. Family-related leaves include maternity leave, paternity leave, parental leave, and carers' leave. 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 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;

(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.

AG 85. With regard to paragraph 57 (a), workers entitled to family-related leave are those workers that are covered by regulations, organisational policies, agreements or contracts that contain family-related leave entitlements and have reported their entitlement to the undertaking or the undertaking is aware of the entitlement.

Disclosure Requirement S1-11 – Adequate Wages

AG 86. The lowest wage shall be calculated as the full-time equivalent in the lowest pay category, excluding interns and apprentices. This is to be based on the full time equivalent basic wage plus any fixed additional payments that are guaranteed to all own workers. The lowest wage shall be considered separately for each country in which the undertaking has operations but the information for locations outside of the EEA may be reported for at the national, supra or sub national level.

AG 87. Data for the benchmark adequate wage for EEA (not be less than 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 where neither a local norm for an adequate wage nor a minimum wage exist, recognised international adequate benchmarks, such as those calculated by the Wage Indicator Foundation, may be used.

Disclosure Requirement S1-12 – Social protection

AG 98. Social protection are 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.

AG 99. The denominators for the percentages reported under Paragraph 91 shall be calculated on the basis of the total head count figures provided for own employees under ESRS S1-6 and non-employee workers in own workforce in 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.

Disclosure Requirement S1-13 – Compensation indicators (pay gap and total compensation)

Pay gap

AG 100. When compiling the information required under paragraph 71 (a) for the gap in pay between women and men (also known as the “male-female pay gap”) the undertaking shall use the following methodology:

- (a) include all employees’ gross hourly earnings; and
- (b) apply the following formula to calculate the male-female pay gap:

$$\frac{\text{(Average gross hourly earnings of male employees - average gross hourly earnings of female employees)}}{\text{Average gross hourly earnings of male employees}} \times 100$$

Average gross hourly earnings of male employees

AG 101. When disclosing the information required under paragraph 81, 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 pay gap may be reported.

AG 102. The measure of the undertaking's male-female 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 Ratio

AG 103. When compiling the information required by paragraph 71 (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 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. direct compensation, which is the sum of total cash compensation and total fair value of all annual long-term incentives (e.g., 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 ratio:

Annual total compensation for the undertaking's highest paid individual

Median employee annual total compensation (excluding the highest-paid individual)

AG 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 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 (e.g., revenue, number of employees), its sector, its employment strategy (e.g., reliance on outsourced workers or part-time employees, a high degree of automation), or currency volatility.

Disclosure Requirement S1-14 – Work-related incidents and severe cases of human rights issues and incidents

Discrimination incidents

AG 105. When compiling the information required related to corrective actions, the undertaking 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;
- (b) remedial action is typically (and should 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

- (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.

Severe cases of human rights issues and incidents

AG 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.

Disclosure Requirement S1-15 – Diversity indicators

AG 107. When disclosing the information required in paragraph 93 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. Similarly, the undertaking may indicate if specific barriers for the employment of persons with disabilities have been identified, how these barriers have been removed and whether any specific actions have been put in place.

AG 108. In preparing the disclosure on women 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.

AG 109. (Outstanding – Ethnicity application requirements)

Disclosure Requirement S1-16 – Collective bargaining coverage and social dialogue

Collective bargaining coverage

AG 110. The percentage of employees, non-employee workers, and own workers covered by collective bargaining agreements is calculated using the following formulas:

$$\frac{\text{Number of employees covered by collective bargaining agreements}}{\text{Number of employees}} \times 100$$

$$\frac{\text{Number of non – employee workers covered by collective bargaining agreements}}{\text{Number of non – employee workers}} \times 100$$

$$\frac{\text{Number of own workers covered by collective bargaining agreements}}{\text{Number of own workers}} \times 100$$

AG 111. The employees and non-employee workers in 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 own workforce covered by more than one collective bargaining agreement only needs to be counted once.

AG 112. 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 the case when there are no collective bargaining agreements available or when the collective bargaining agreements do not cover all unionised employees.

Social Dialogue

AG 113. For calculating the information required by paragraph 110 (a), the undertaking shall identify in which European Economic Area (EEA) countries it has significant employment (i.e. at least 50 employees). For these countries it shall report the percentage of own employees in that country which are employed in establishments in which employees are represented by workers' representatives at the establishment level. For countries in which there is only one establishment the percentage reported should be either 100% or 0%.

$$\frac{\text{Number of employees working in establishments with workers' representatives}}{\text{Number of employees}} \times 100$$

AG 114. The information required by this Disclosure Requirement shall be reported a

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

Coverage Rate	Collective Bargaining Coverage			Social dialogue
	Own employees – EEA (for countries with >50 empl.)	Own workforce – Non-EAA (for regions with >50 empl.)	Non-employee workers – EEA (estimate for countries with >50 empl.)	Workplace representation (EEA only) (for countries with >50 empl.)
0-19%			Country A	
20-39%	Country A	Region A	Country B	
40-59%	Country B	Region B		Country A
60-79%				Country B
80-100%				

Appendix B.1 : Application Requirements for ESRS 2 related AR paragraphs

This appendix is an integral part of the [draft] ESRS S1 Own workforce. It describes the application of the requirements AG2 to AG11 for the SBM and IRO related requirements at social and human rights matter level with an illustration of factors to be considered by the undertaking when complying with the ESRS 2 Disclosure Requirements:

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 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 workers 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 work for equal pay	% 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 harrassment in the workplace	Prevalence of violence and harrassment
Diversity	Representation of women and ethnic minorities in workforce, age distribution of 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

Appendix B.2 : Application Requirements for ESRS S1 -1 Policies

This appendix is an integral part of the [draft] ESRS S1 Own workforce. It describes the application of the requirements for ESRS S1-1 for social and human rights matter level with an illustration to support the preparation of the 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 all own workers 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 daycare for all workers
Health and safety	Coverage of all own workers 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 own employees
The employment and inclusion of people with disabilities	Policy for making workplaces accessible to persons with disabilities
Measures against violence and harrassment in the workplace	Zero tolerance policy for violence and harrassment at workplace
Diversity	Policy for inclusiveness and affirmative 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

Appendix B.3 : Application Requirements for ESRS S1 – 4 Targets

This appendix is an integral part of the [draft] ESRS S1 Own workforce. It describes the application of the requirements for ESRS S1-4 for social and human rights matter level with an illustration to support the preparation of the 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 all own workers an adequate wage
Social dialogue / existence of work councils / information, consultation and participation rights of workers	Extending social dialogue to more establishments
Freedom of association/Collective bargaining including the rate of workers covered by collective agreements	Increasing the % of own workers covered by collective bargaining, negotiating collective bargaining agreements over sustainability issues
Work-life balance	Extending work-live measures to a greater % of own workers
Health and safety	Reducing the rate of injuries and worktime lost due ti 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 harrassment in the workplace	Extending measures to all workplaces
Diversity	Increasing the % of underrepresented groups in own workforce and top management
Child labour	Extend measures for preventing exposure of young persons to hazardous work to a greater % of operations
Forced labour	Extend measures for preventing child labour to a greater number of operations

Appendix B.4 : Application Requirements for ESRS S1 – 5 **Taking action**

This appendix is an integral part of the [draft] ESRS S1 Own workforce. It describes the application of the requirements for ESRS S1-5 for social and human rights matter level with an illustration to support the preparation of the disclosures:

Social and human rights matters	Examples of action plan measures:
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 harrassment in the workplace	Improving complaint mechanisms, increasing sanctions against violence and harrassment, providing training for prevention to management
Diversity	Training on diversity and inclusion, 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



EFRAG is co-funded by the European Union and EEA and EFTA countries. The contents of the documents are however the sole responsibility of the EFRAG PTF- ESRS and do not necessarily reflect those of the European Union or the Directorate-General for Financial Stability, Financial Services and Capital Markets Union (DG FISMA). Neither the European Union nor DG FISMA can be held responsible for them.

EF

DRY