

 EXPOSURE DRAFT

ESRS S1

OWN WORKFORCE

 JULY 2025

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The questionnaire for submitting comments is available [here](#) in both online and PDF formats. Comments must be received by end of day CEST on 29 September 2025. All comments will be on the public record and posted on our website at www.efrag.org unless the respondent requests confidentiality.

About EFRAG

EFRAG's mission is to serve the European public interest in both financial and sustainability reporting by developing and promoting European views in the field of corporate reporting. EFRAG builds on and contributes to the progress in corporate reporting. In its sustainability reporting activities, EFRAG provides technical advice to the European Commission in the form of draft European Sustainability Reporting Standards (ESRS) elaborated under a robust due process and supports the effective implementation of ESRS. EFRAG seeks input from all stakeholders and obtains evidence about specific European circumstances throughout the standard setting process. Its legitimacy is built on excellence, transparency, governance, due process, public accountability and thought leadership. This enables EFRAG to speak convincingly, clearly, and consistently, and be recognised as the European voice in corporate reporting and a contributor to global progress in corporate reporting.



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Revised structure and drafting conventions

As compared to ESRS Set 1 (Delegated Regulation (EU) 2023/2772 adopted by the European Commission in July 2023), the structure of the Standards has been revised and streamlined:

- All the ‘shall disclose / shall include / shall report / shall describe / shall explain’ are presented in the main body of the Standard. They have been counted as separate datapoints.
- Below the text of each Disclosure Requirement (‘DR’) in topical standards (or chapter for [Draft] Amended-ESRS 1), boxed content presents the streamlined corresponding mandatory methodological guidance, which is still named ‘Application Requirements’ (‘ARs’). This includes ‘shall consider’ as element of methodology for preparing the disclosure, and ‘may (present)’ for presentation options—which does not represent voluntary disclosure but brings flexibility on how to present the disclosure.
- All the ‘may’ disclosures have been either eliminated or redrafted as application requirements (which do not include separate datapoints but methodology content).
- A minority of the deleted datapoints is gathered in a document named ‘Non-Mandatory Illustrative Guidance’ (‘NMIG’) and has been redrafted to fit this classification. While the content of ‘shall disclose’ datapoints in the main body of the standard and of application requirements are drafted to become part of the delegated act, the legal status of the NMIG (either as appendices in the Delegated Act or as document to be issued by EFRAG independently of the Delegated Act) will be considered by the European Commission (‘EC’) in due course. EFRAG recommends NMIG not to be part of the Delegated Act.
- The ESRS use several terms to indicate similar concepts: matters, topic, sub-topic, sub-subtopic. In Amended ESRS ‘sub-subtopics’ have been eliminated. In addition, to simplify the content and eliminate one term (matter), the Standards only refer to topics and sub-topics. For this reason, in all the documents the term ‘matter’ has been replaced by ‘topic’ where ‘topic’ is meant to refer either to topic or sub-topic depending on the context of the relevant disclosure. When used in this way, the bold italic format is used (topic), as this is a defined term. When used to express one of the 10 topics in Appendix A of [Draft] Amended ESRS 1, a normal font is used.
- The paragraph numbering has been revised to reflect the draft amendments. Where applicable, the paragraph number of the 2023 Delegated Act is indicated in brackets—for example, ‘4. (24)’ or ‘4 (24 amended)’ in paragraph [Draft] Amended ESRS 1.

This paper has been prepared by the EFRAG Secretariat for discussion at a public meeting of the EFRAG SRB. The paper does not represent the official views of EFRAG or any individual member of the EFRAG SRB or EFRAG SR TEG. Tentative decisions are made in public and reported in the EFRAG Update. EFRAG positions, as approved by the EFRAG SRB, are published as comment letters, discussion or position papers, or in any other form considered appropriate in the circumstances.

ESRS S1 – Own Workforce - V1

November 2025

UNAPPROVED DRAFT

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Objective

1. When reporting in accordance with the ESRS, The **sustainability statement** shall ~~cover~~include information in relation to [Draft] Amended ESRS S1 Own Workforce ~~when~~if this **topic** relates to material **impacts, risks** and **opportunities**. ~~The disclosure on the~~ and cover the reporting areas listed in paragraph 5 of ESRS 1. When only one particular sub-topic prescribed by this Standard is material impacts, risks and opportunities is expected, paragraph 30 of ESRS 1 applies subject to cover policies, actions the following exceptions:

(a) Disclosure Requirement ('DR') ESRS S1-5 shall be fulfilled when the undertaking concludes that **own workforce** is a material topic and ~~targets~~ (if in place), **dependencies**

(b) DR ESRS S1-6 shall be fulfilled when relevant, **metrics** and **financial effects-non-employees** in the undertaking's own workforce are assessed as material.

The filter of materiality of information defined in ESRS 1 paragraph 23 is applicable to these two DRs.

~~1.2.~~ The objective of this Standard is to ~~specify Disclosure Requirements ("DRs") set out DRs providing information~~ in relation to the ~~items of information mentioned in paragraph 1 that are not covered in [Draft] Amended reporting areas referred above that implement and complement the cross-cutting provisions of ESRS 1 General Requirements and ESRS 2. It General Disclosures. The objective of this standard~~ is also to enable **users** ~~an understanding of~~ to understand the extent to which the undertaking aligns or complies with international and European human rights instruments and conventions, including the International Bill of Human Rights, the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work and ILO fundamental conventions, the UN Convention on Persons with Disabilities, the European Convention of Human Rights, the revised European Social Charter, the Charter of Fundamental Rights of the European Union ('EU'), the EU policy priorities as set out by the European Pillar of Social Rights, and EU legislation, including the EU labour law acquis.

~~2.~~ When only one of the **sub-topics** covered by this Standard is material, the undertaking shall report only on that sub-topic. This does not apply to DRs S1-5 and S1-16, which shall be applied whenever an undertaking concludes that **own workforce** is a material topic and DR S1-6 when **non-employees** in the undertaking's own workforce are assessed as material.

3. In this Standard, each DR is introduced by a disclosure objective, with the exception of **policies, actions** and **targets**, for which the provisions in ESRS 2 GDR-P, GDR-A and GDR-T provide the necessary framing for the relevant disclosures.

~~3.4.~~ This Standard sets out DRs related to the undertaking's own workforce ~~and~~, in particular; with respect to the following **sub-topics**:

- (a) working conditions (including **adequate wages, work-life balance**, working time, secure employment, **social protection**);
- (b) **social dialogue**, freedom of association, works councils, participation rights of workers and **collective bargaining**;
- (c) health and safety;
- (d) **training** and skills development;
- (e) diversity and **equal treatment** (including gender equality, equal **pay** for equal work, employment and inclusion of people with disabilities, non-discrimination, anti-harassment); and
- (f) other labour-related human rights (including **child labour, forced labour**, privacy and adequate housing).

~~4.~~ The undertaking shall apply the provisions of [Draft] Amended ESRS 2, paragraphs 29 to 32, and GDR-P, GDR-A, GDR-T and GDR-M. In particular:

(a) if the undertaking has not adopted **policies, actions or targets** with regard to a **topic** related to **material impacts, risks and opportunities**, it shall disclose this fact; and

(b) the undertaking may present the description of its **material impacts, risks and opportunities**, in accordance with [Draft] Amended ESRS 2 IRO 2, alongside information about the **policies, actions, targets and metrics** through which it addresses them, to avoid duplication and support a coherent narrative.

5. In this Standard, each DR is introduced by a disclosure objective, with the exception of **policies, actions and targets**, for which the provisions in [Draft] Amended ESRS 2 GDR P, GDR A and GDR T provide the necessary framing for the relevant disclosures.

6.5. An undertaking's **own workforce** includes (i) people who are in an employment relationship with the undertaking ('**employees**') and (ii) people who, for the purposes of **ESRS** reporting under **ESRS**, are called **non-employees** in the undertaking's own workforce. The latter comprise people with contracts with the **reporting** undertaking to supply labour ('self-employed people') or people provided by undertakings primarily engaged in 'employment activities' (NACE Code N78). Information about the persons referred to as non-employees in the undertaking's own workforce in accordance with this Standard shall not affect their status under applicable labour law. This Standard does not cover workers in the undertaking's upstream or downstream **value chain**. These workers are covered in [Draft] Amended ESRS S2 *Workers in the Value Chain*.

7.6. The definitions of self-employed **or people and of** people provided by **undertaking undertakings** primarily engaged in 'employment activities' are based on national legislation. Examples of **non-employees** in the undertaking's **own workforce** that could fall within the scope of own workforce **have been included below are:**

- (a) Self-employed persons (also referred to as contractors) in the undertaking's own workforce, which could include:
 - i. self-employed persons hired by the undertaking to perform work that would otherwise be carried out by an **employee** or in a public area (e.g. on the street); and
 - ii. self-employed persons hired by the undertaking to deliver the work/service directly at the workplace of a client of the undertaking.
- (b) People employed by a third party engaged in 'employment activities', which could include people who perform the same work that employees carry out, such as those who fill in for employees who are temporarily absent or who may be dispatched temporarily from another EU Member State ('**MS**') to work for the undertaking ('posted workers').

Value chain workers (i.e. workers that are not part of the undertaking's **own workforce**) who could fall under the scope of [Draft] Amended ESRS S2 could include:

- (a) workers for a **supplier** contracted by the reporting undertaking who work on the supplier's premises using the supplier's work methods or workers for a 'downstream' entity which purchases goods or services from the undertaking; and
- (b) workers of an equipment **supplier** to the reporting undertaking who, at one or more of the undertaking's workplaces, perform regular maintenance on the supplier's equipment (for example, photocopiers) as stipulated in the contract between the equipment supplier and the undertaking.

Interaction with other topical ESRS

7. The reporting under this Standard shall be consistent, coherent **Social** and, where relevant, clearly linked environmental **topics** closely interact with reporting on the undertaking's **value chain workers** under [Draft] Amended each other. The main points of interaction between ESRS S1 and the other topical standards are the following:

- (e)(a) All the social standards, i.e. ESRS S1 *Own Workforce*, ESRS S2 *Workers in the value chain*, ESRS S3 *Affected Communities*, ESRS S4 *Consumers and End-Users*, are aligned in terms of content and structure and are closely related to each other. ESRS S2 *Workers in the value chain* covers the

same sub-topics as ESRS S1 *Own Workforce* for those workers in the upstream and downstream **value chain** that are not in the undertaking's **own workforce**. The disclosures in the Social Standards address material information needed for reporting on **impacts** on people, **risks** and **opportunities** related to each **stakeholder** group, including in relation to sustainability due diligence.

(b) Disclosure Requirements This Standard interacts with ESRS E1 *Climate change* to the extent that the transition to a climate-neutral economy is a source of impacts, risks and opportunities for ESRS S1 *Own workforce*.

Disclosure Requirements

Impact, risk and opportunity management

Disclosure Requirement S1-1 – Policies related to own workforce

8. (19 amended) The undertaking shall describe its **policies** for managing the material **impacts**, **risks** and **opportunities** related to its **own workforce** in accordance with [Draft] Amended ESRS 2 GDR-P. It shall state whether these policies cover specific groups within its own workforce (for example, **employees** working in a particular factory or geography or self-employed people) or all of its own workforce.
9. (22 amended) The undertaking shall state whether its **policies** in relation to its **own workforce** ~~explicitly~~ address trafficking in human beings¹, **forced labour** or compulsory labour and **child labour**.

~~(23 amended) The undertaking shall state whether it has a **policy** or management system for safeguarding the health and safety of its **own workforce** at work and preventing occupational risks.²~~

¹ This information supports the information needs of financial market participants subject to Regulation (EU) 2019/2088 because it is derived from an additional indicator related to principal adverse impacts as set out by Indicator #11 in Table III of Annex I of Commission Delegated Regulation (EU) 2022/1288 with regard to disclosure rules on sustainable investments ('Lack of processes and measures for preventing trafficking in human beings').

~~² This information supports the information needs of financial market participants subject to Regulation (EU) 2019/2088 because it is derived from an additional indicator related to principal adverse impact as set out by Indicator #1 in Table III of Annex I of Commission Delegated Regulation (EU) 2022/1288 with regard to disclosure rules on sustainable investments ('Investments in companies without workplace accident prevention policies').~~

APPLICATION REQUIREMENTS

<p>AR 1 for para. 118</p> <p>(Policies related to own workforce)</p>	<p>(AR 14 amended) The channels<u>means of communication</u> the undertaking uses to communicate its policies to the individuals, groups 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, people in its own workforce, investors), are examples of policy aspects to disclose.</p>
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Disclosure Requirement S1-2 – Engagement with own workforce and workers' representatives, existence of channels for own workforce to raise concerns or needs and approaches to remedy

10. (26 amended) The objective of this DR is to enable an understanding of the undertaking's general approach to engagement with its **own workforce**, including the availability of channels, including to raise concerns or needs, such as grievance mechanisms, and approach to remedy.
11. (27 amended) The undertaking shall disclose how it engages directly with its **own workforce** or **workers' representatives** and how the perspectives of its own workforce inform its decisions or activities aimed at managing the **actual** and **potential impacts** on its own workforce during the reporting year. This shall include, where relevant:
 - (a) (28 amended) how the undertaking gains insight into the perspectives of people in its own workforce who may be particularly vulnerable to impacts and/or are marginalised (for example, women, migrants, **persons with disabilities**), if the undertaking takes action to understand those perspectives; and
 - (b) (27d amended) the Global Framework Agreements ('GFA') or other outcomes that the undertaking has reached with workers' representatives related to the respect of human rights of its own workforce, if there are any such agreements or outcomes.
12. (32(32b, c and e amended) The undertaking shall describe the channels available to its **own workforce** to bring their concerns or needs directly to their attention and have them addressed. In particular, it shall state whether it has a **grievance mechanism in place**.³ It shall also explain how it assesses the effectiveness of these channels.
13. (32a amended) The undertaking shall describe its general approach to and processes for providing to provide or contributing to remedy cooperate in remediation where it has caused or contributed to a material negative **impact** on people in its **own workforce**.

APPLICATION REQUIREMENTS

<p>AR 2 for para. 1511</p>	
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³ This information supports the information needs of financial market participants subject to Regulation (EU) 2019/2088 because it is derived from an additional indicator related to principal adverse impacts as set out by Indicator #5 in Table III of Annex I and by indicator #11 in Table I of Annex I of Commission Delegated Regulation (EU) 2022/1288 with regard to disclosure rules on sustainable investments ('Lack of grievance/complaints handling mechanisms related to employee matters') and ('Lack of processes and compliance mechanisms to monitor compliance with the UNGPs and the OECD Guidelines for Multinational Enterprises').

(Engagement)	(AR 19 amended) The Engagement with the <u>undertaking's own workforce</u> can take different forms, such as information, consultation or participation, and occur at different frequencies.
AR 3 for para. 16 (Channels for raising concerns)	(AR 28 amended) Channels for raising concerns or needs are formal structures by the undertaking or a third party (for example, governments, NGOs or industry associations), including business relationships, with dedicated processes through which the undertaking's own workforce can raise their concerns or needs. They include grievance mechanisms, hotlines, trade union or staff representatives at workplace level, works councils, dialogue processes, as well as, under certain circumstances, whistleblowing mechanisms.
AR 43 for para. 1612 (Grievance mechanism)	(AR 32 amended) The 'effectiveness criteria for non-judicial <i>grievance mechanisms</i> ', as laid out in the UN Guiding Principles on Business and Human Rights, in particular principle 31, can be used for assessing the effectiveness of the channels. (33 amended) If the undertaking has <i>policies</i> for protecting individuals that use these channels against retaliation, including <i>workers' representatives</i> , and they are disclosed in [Draft] Amended under DR ESRS G1-1, the undertaking may refer to that disclosure.
AR 5 for para. 17 (Remedy)	(AR 28 amended) 'Processes' for providing or contributing to remedy may also be used to respond to harms identified. Such processes typically include formalised steps or criteria that are followed to ensure that concerns, complaints or needs are adequately addressed, including, where relevant, by providing or contributing to remedy for actual impacts. This can include channels to raise concerns or needs as reported under paragraph 16 if they are used for providing or contributing to remedy.

Disclosure Requirement S1-3 – Actions and resources related to own workforce

14. (37 amended) The undertaking shall describe the key ***actions*** and resources used to manage its material positive and negative impacts, risks and ***opportunities*** related to its ***own workforce*** in accordance with ~~[Draft] Amended~~ ESRS 2 GDR-A.
15. (~~3838a, b and d~~ amended) In relation to material negative impacts related to its ***own workforce***, the undertaking shall describe:
 - (a) key ***actions*** to provide remediation in relation to actual material negative impacts or taken, planned or underway to prevent, and mitigate and remediate potential material negative impacts on its own workforce, including its approach in situations where tensions arise between such actions and other business pressures; and
 - (b) how it tracks and assesses the effectiveness of these actions and initiatives in delivering outcomes for its own workforce. This disclosure can be omitted if the undertaking discloses how it tracks the effectiveness of its actions in accordance with ~~[Draft] Amended~~ ESRS 2 GDR-T or GDR-M. In that case, a reference to that disclosure is sufficient.

APPLICATION REQUIREMENTS

AR 64 for para. 4914 (Key actions)	(AR 34 and AR 35 amended) The <i>actions</i> taken by the undertaking differ depending on its connection to the <i>impact</i> (causation, contribution, direct
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	<p>linkage) and how it has identified the actions as appropriate for addressing material impacts.</p> <p>This also applies to key actions to provide for, contribute to, or enable remedy in cases of actual negative impacts. Key actions to prevent, mitigate or remediate impacts encompass<u>include</u> the use of <u>different types of leverage</u> and/or collective actions taken through multi-stakeholder and/or industry initiatives.</p>
<p>AR 75 for para. 19-14</p> <p>(Climate transition)</p>	<p>(AR 43 amended) The undertaking shall present its actions in a way that allows an understanding of the connections that exist between the interaction of different topics, in accordance with Chapters 3.2 and 9.1 of [Draft] Amended ESRS 1 <u>General Requirements</u>. This applies to measures taken to mitigate negative impacts on its own workforce that arise from the transition to a greener, climate-neutral economy. In cases where, for example, downscaling or mass dismissal may occur, when a factory is closed and this could lead to measures like intra-company placements or early retirement plans. In addition with an impact on the employees. Other examples include, current and/or expected external developments that influence whether dependencies turn into risks for a that are sources of just transition is another aspect that could lead to actions risks.</p>

Metrics and targets

Disclosure Requirement S1-4 – Targets related to own workforce

16. (46 amended) The undertaking shall disclose ~~the~~ qualitative and/or quantitative **targets** related to its **own workforce** in accordance with [Draft] Amended ESRS 2 GDR-T.

~~(47 amended) When disclosing in accordance with [Draft] Amended ESRS 2 GDR-T, the undertaking shall disclose whether and how it has engaged directly with its **own workforce** or **workers' representatives** for the purpose of **target**-setting and/or tracking performance against those targets.~~

APPLICATION REQUIREMENTS

<p>AR 86 for para. 21-16</p> <p>(Tracking performance against targets)</p>	<p>In the context of tracking the undertaking's performance against targets, (47b and c amended) Engagement with the <u>undertaking's own workforce or workers' representatives</u> can inform the undertaking's tracking and assessment of the effectiveness of its actions disclosed under paragraph 15(b), including the development of target-setting, <u>metrics</u>, and/or tracking of performance against those targets. In particular, in relation to the tracking of performance, such engagement <u>can inform the</u> understanding of the effectiveness of its<u>the undertaking's</u> management of material negative impacts and the identification of lessons learnt or improvements.</p>
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Disclosure Requirement S1-5 – Characteristics of the undertaking's employees

17. (49 amended) The objective of this DR is to provide insight into the undertaking's approach to employment practices, including security of employment for its **own workforce**. It also serves as the

basis for calculating certain quantitative **metrics** required by other DRs in this Standard and provides contextual information for those metrics.

18. (50 amended) The undertaking shall disclose:

- (a) the total number of **employees** by head count, and breakdowns by gender and by country for the countries in which the undertaking has 50 or more employees and that are the ten largest countries in terms of employee numbers;
- (b) the total number by head count or full time equivalent (FTE) of:
 - i. permanent employees and breakdown by gender;
 - ii. temporary employees and breakdown by gender; and
 - iii. **non-guaranteed hours employees**;
- (c) the rate of employee turnover in the reporting period; and
- (d) a qualitative explanation in case of inconsistency between information reported under point (a) above and the most representative number in the financial statements.

APPLICATION REQUIREMENTS

AR 97 for para. 2318(b) (Definition of distinct types of employees)	(AR 56 amended) The definitions of permanent, temporary, <u>and non-guaranteed hours</u> employees differ among 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. Country-level data shall then be added up to calculate the total numbers, <u>disregarding differences in national legal definitions.</u>																		
AR 108 for para. 23-18 (Methodological context information)	The undertaking's (NEW) In accordance with ESRS 2 GDR-M paragraph 49, the undertaking shall disclose the <u>method for compiling used to calculate and compile</u> employee data (for example, at the end of the reporting year or <u>as an</u> average) may <u>and</u> provide contextual information.																		
AR 119 for para. 2318(a) (Presentation tables employee headcount)	<p>(AR 55 amended) The undertaking shall present the requested disclosures either in a narrative format or in the following tabular formats:</p> <p><i>Table 1: Template for presenting information on employee head count by gender.</i></p> <table><tr><th>Gender</th><th>Number of employees (head count) – <u>current reporting period</u></th><th>Number of employees (head count) – previous reporting period</th></tr><tr><td>Male</td><td></td><td></td></tr><tr><td>Female</td><td></td><td></td></tr><tr><td>Other</td><td></td><td></td></tr><tr><td>Not reported</td><td></td><td></td></tr><tr><td>Total Employees</td><td></td><td></td></tr></table>	Gender	Number of employees (head count) – <u>current reporting period</u>	Number of employees (head count) – previous reporting period	Male			Female			Other			Not reported			Total Employees		
Gender	Number of employees (head count) – <u>current reporting period</u>	Number of employees (head count) – previous reporting period																	
Male																			
Female																			
Other																			
Not reported																			
Total Employees																			

	<p>In some MS Member States, it is possible for persons to legally register themselves as having a third gender option, which is categorised as ‘other’ in the table above. However, if the undertaking is disclosing data about employees where this is not possible, it may explain this and indicate that the ‘other’ category is not applicable.</p> <p><i>Table 2: Template for presenting employee head count in the ten largest countries in terms of number of employees, where the undertaking has at least 50 employees</i></p> <table><tr><th>Country</th><th>Number of employees (head count) – current reporting period</th><th>Number of employees (head count) – previous reporting period</th></tr><tr><td>Country A</td><td></td><td></td></tr><tr><td>Country B</td><td></td><td></td></tr><tr><td>Country C</td><td></td><td></td></tr><tr><td>Country D</td><td></td><td></td></tr></table>	Country	Number of employees (head count) – current reporting period	Number of employees (head count) – previous reporting period	Country A			Country B			Country C			Country D		
Country	Number of employees (head count) – current reporting period	Number of employees (head count) – previous reporting period														
Country A																
Country B																
Country C																
Country D																
<p>AR 1210 for para. 2318(b)</p> <p>(Presentation table employee headcount breakdown)</p>	<p>(AR 55 amended) The undertaking shall present the information either as narrative text or using the following table.</p> <p><i>Table 3: Template for presenting information on employees by contract type, broken down by gender (head count or FTE)</i></p>															

	[Reporting period]				
	FEMALE	MALE	OTHER*	NOT DISCLOSED/REPORTED	TOTAL
	Number of <u>permanent</u> employees (head count / FTE) – <u>Current reporting period</u>				
	Number of permanent employees (head count / FTE) – <u>Previous reporting period</u>				
	Number of temporary employees (head count / FTE) – <u>Current reporting period</u>				
	Number of <u>non-guaranteed hourstemporary</u> employees (head count / FTE) – <u>Previous reporting period</u>				
	n/a	n/a	n/a	n/a	
<p><u>* Gender as specified by the employees themselves*</u> In some Member States, it is possible for persons to legally register as having a third gender option, which is categorised as ‘other’ in the table above. However, if the undertaking is disclosing data about employees where this is not possible, it may explain this and indicate that the ‘other’ category is not applicable.</p> <p>In some countries, non-guaranteed hours contracts may be considered permanent or temporary contracts, <u>according to in accordance with</u> national legislation.</p>					
AR <u>1311</u> For para. <u>2318(c)</u> (Calculation employee turnover)	(AR 59 amended) For the employee turnover calculation, the undertaking shall divide the number of employees who leave voluntarily, or due to dismissal, retirement or death in service by <u>the</u> average employee head count.				

Disclosure Requirement S1-6 – Characteristics of non-employees in the undertaking’s own workforce

19. (54 amended) The objective of this DR is to provide an understanding of how much the undertaking relies on **non-employees** as part of its **own workforce**.
20. (55/55a) amended) The undertaking shall disclose the total number of **non-employees** in the undertaking’s **own workforce**.

APPLICATION REQUIREMENTS

AR <u>1412</u> for para. <u>2520</u>	(NEW) This DR is applicable <u>whenif</u> non-employees within the undertaking’s own workforce are <u>aconnected to</u> significant <u>driver of</u>
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(Materiality considerations for non-employees)	<i>impacts, risks</i> and <i>opportunities</i> related to own workforce. This situation arises whenif non-employees are a key part of the undertaking's business model , for example whenif they are used to provide flexible labour or whenif they are used in key processes. Dependencies on non-employees due to the business model can be a risk for the undertaking, particularly whenif the reliance on non-employees is increasing, for example due to changes in labour market regulations. The use of non-employees can also be aconnected to significant driver of negative impacts whenif non-employees make up a substantial proportion of the own workforce or whereif potential or actual negative impacts are material in relation to non-employees.
AR 4513 for para. 2520 ((Calculation method and use of estimates))	(55b amended) The total number of non-employees shall be calculated either in terms of headcount or full-time equivalents (FTE), and it shall be reported either as at the end of the reporting period or as an average over the entire reporting period. Explaining which of these options the undertaking has chosen may constitute material contextual information. (AR 63 amended) If the undertaking cannot report exact figures, it shall apply the [Draft] Amended ESRS 1 provisions regarding estimates.

Disclosure Requirement S1-7 – Collective bargaining coverage and social dialogue

21. (59 amended) The objective of this DR is to enable an understanding of the coverage of **collective bargaining** agreements and **social dialogue** for the undertaking's **employees**.
22. (60 amended) The undertaking shall disclose the following information in relation to collective bargaining:
 - (a) the percentage of its total **employees** covered by collective bargaining agreements;
 - (b) in the European Economic Area ('EEA'), whether it has one or more collective bargaining agreements and, if so, the overall percentage of its employees covered by such agreement(s) for each country in which it has significant employment, ~~defined as at 50 or more employees by head count and that which~~ are the ~~10 largest~~ EEA countries ~~in terms of employee numbers for the undertaking, as calculated~~ disclosed in paragraph 2318(a) above; and
 - (c) outside the EEA, the percentage of its employees covered by collective bargaining agreements by region.
23. (63 amended) The undertaking shall disclose the following information in relation to **social dialogue** for EEA countries:
 - (a) the percentage of **employees** covered by **workers' representatives**, reported at the country level for each EEA country in which the undertaking has significant employment as calculated in accordance with paragraph 2722(b) above; and
 - (b) ~~where applicable,~~ the existence of any ~~agreement~~ **agreements** with its employees for representation by a European Works Council ('EWC'), a Societas Europaea ('SE') Works Council, or a Societas Cooperativa Europaea ('SCE') Works Council.

APPLICATION REQUIREMENTS

<div>AR 1614 for para. 2722(a) (Calculation collective bargaining coverage)</div>	<div>(AR 66 amended) The percentage of employees covered by collective bargaining agreements shall be calculated using the following formula, <u>using employee headcount</u>.</div> <div><div><div><div><div><div></div></div></div><div><div><div></div></div></div></div><div><div><div></div></div></div><div><div><div></div></div></div></div><div><div><div></div></div></div><div><div><div></div></div></div></div> <div><div><div></div></div></div> <div><div><div></div></div></div> <div><div><div></div></div></div> <div><div><div></div></div></div> <div><div><div></div></div></div> <div><div><div></div></div></div> <div><div><div></div></div></div> <div><div><div></div></div></div> <div><div><div></div></div></div> <div><div><div></div></div></div> <div><div><div></div></div></div> <div><div><div></div></div></div> <div><div><div></div></div></div> <div><div><div></div></div></div> 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(Calculation social dialogue coverage)	<p>employed in establishments in which employees are represented by workers' representatives.</p> <p>Establishment is defined as any place of operations where the undertaking carries out a non-transitory economic activity with human means and goods. Examples include a factory, a branch of a retail chain or an undertaking's headquarters. For countries in which there is only one establishment, the percentage reported shall be either 100 or 0.</p> $\frac{\text{Number of employees working in establishments with workers' representatives}}{\text{Number of employees}} \times 100$
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Disclosure Requirement S1-8 – Diversity metrics

24. (65 amended) The objective of this DR is to enable an understanding of gender diversity at top management level.
25. (66(a)66a amended) The undertaking shall disclose the gender distribution in number (head count) and percentage at top management level.

APPLICATION REQUIREMENTS

AR 1917 for para. 3025 (Calculation gender distribution at top management level)	(AR 71 amended) For the purposes of calculating the gender distribution at top management level, 'top management' is defined as the two levels below the administrative and supervisory bodies. However, the undertaking can use its own definition of 'top management'. <u>In this, in which case it shall disclose that fact the definition it has used.</u>
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Disclosure Requirement S1-9 – Adequate wages

26. (68 amended) The objective of this DR is to enable an understanding of whether or not the undertaking's **employees** are paid an **adequate wage** and the benchmark the undertaking uses for its assessment.
27. (69 and 70 amended) The undertaking shall disclose whether or not its **employees** are paid an **adequate wage** and the benchmarks it uses to determine the adequate wages with country-level context. If employees are not paid an adequate wage, it shall disclose the countries and the percentage of employees concerned.

APPLICATION REQUIREMENTS

AR 2018 for para. 3227 (Adequate wages)	(69 amended) If all employees are paid an adequate wage , stating this <u>and the benchmarks used for its assessment</u> is sufficient to fulfil this requirement, <u>and no further information is needed.</u>
AR 2419 for para. 3227 (Calculation of adequate wage)	(AR 72 amended) The basis of this calculation is the lowest wage among the undertaking's employees , excluding interns and apprentices. This means basic wage plus any fixed additional payments that are guaranteed to all employees. The lowest wage shall be considered separately for each country in which the undertaking has operations, except <u>outside the EU when</u> the relevant adequate or minimum wage is defined at sub-national level.
AR 2220 for para. 3227 (Adequate wage benchmark hierarchy)	<p>(AR 73 amended) The adequate wage benchmark used for comparison with the lowest wage shall not be lower than:</p> <ul style="list-style-type: none"> (a) in the EU: the wage level established through collective bargaining or the statutory minimum wage set in accordance with Directive (EU) 2022/2041 of the European Parliament and of the Council⁴ on adequate minimum wages in the EU; (b) outside of the EU: <ul style="list-style-type: none"> i. the <u>wage level established through collective bargaining or the statutory adequate</u> minimum wage established by legislation or collective bargaining <u>agreement, which is periodically reviewed/adjusted every two years and takes into account provides a decent standard of living as confirmed by a calculation in line</u>

⁴ Directive (EU) 2022/2041 of the European Parliament and of the Council of 19 October 2022 on adequate minimum wages in the European Union (OJ L 275, 25.10.2022, p. 33).

	<p>with the ILO wage setting principles; <u>on estimating a living wage; or</u></p> <p>ii. if an adequate minimum wage does not exist, any living wage estimate, <u>including estimates</u> produced by an institution mandated by the public authorities of the country where the workers are based and, which <u>take</u> into account the ILO principles on estimating a living wage;</p> <p>iii. if none of the instruments identified in (i) or (ii) exist, any existing living wage estimate, which takes into account the ILO principles on estimating a living wage.</p> <p>iv.ii. (AR 73 amended) The adequate wage benchmark used under points (i), (ii) or (iii) should take into account both needs of workers and their families, as well as economic factors, as stated in the ILO Minimum Wage Fixing Convention No.131.</p>
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Disclosure Requirement S1-10 – Social protection

28. (73 amended) The objective of this DR is to enable an understanding of whether the undertaking's **employees** are covered by **social protection** against loss of income due to major life events and, if not, the countries where this is not the case.
29. (74 amended) ~~In situations where an~~ if the undertaking's **employees** lack **social protection**, through public programs or through benefits offered by the undertaking, ~~and with regard to one or more of the four major life events listed below, the undertaking itself, it~~ shall disclose the countries of operation where ~~employees lack those protections for~~ the following major life events: are not covered by existing social protection programs:
- (a) sickness;
 - (b) unemployment starting from when the **own worker** is working for the undertaking;
 - (c) employment injury and acquired disability; and
 - (d) maternity leave.

Disclosure Requirement S1-11 – Persons with disabilities

30. (78 amended) The objective of this DR is to enable an understanding of the extent to which **persons with disabilities** are included among the undertaking's **employees**.
31. (79 amended) The undertaking shall disclose the percentage of **persons with disabilities** amongst its **employees**, subject to legal restrictions on the collection of data.

APPLICATION REQUIREMENTS

AR 2321 for para. 3631	(NEW) The DR about persons with disabilities <u>only</u> requires the undertaking to <u>only</u> report data that can be lawfully collected. Disability status depends on national legal definitions, but the undertaking may
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(Data collection for persons with disabilities)	<p>use the same definition across the various countries where it operates or uses<u>may use</u> applicable national definitions.</p> <p>(AR 76 amended) In accordance with <u>ESRS 2</u> GDR-TM paragraph 4149(a), the undertaking shall disclose the calculation methodology, data types and sources used as input. <u>This may</u>, for example this may, consist of data about persons with a disability, collected of voluntary employee surveys or the information from mandatory disability quotas reported by the undertaking.</p>
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Disclosure Requirement S1-12 – Training and skills development metrics

32. (82 amended) The objective of this DR is to enable an understanding of the **training** and skills development-related activities that have been offered to **employees** within the context of continuous professional growth to upgrade ~~employees'~~their skills and facilitate continued employability.
33. (83 amended) The undertaking shall disclose the following information for the reporting period:
- (a) the percentage of **employees** that participated in regular~~formalised~~ performance and career development reviews;
 - (b) the average number of **training** hours per employee.

APPLICATION REQUIREMENTS

<p>AR 2422 for para. 3833(a)</p> <p>(Calculation performance review)</p>	<p>(AR 77 amended) A <u>regular</u>formalised performance <u>and career development</u> review is defined as a review based on criteria known to the employee and his or her superior undertaken with the knowledge of the employee at least once per year. The review can include an evaluation by the employee'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 3833(a), the undertaking shall use the employee headcount figures from DR ESRS S1-5 in the denominator as follows:</p> $\left(\frac{\text{\# employees who participated in } \text{regular} \text{ performance and career development review}}{\text{\# employees according to S1 – 5}} \right) * 100.$
<p>AR 2523 for para. 3833(b)</p> <p>(Calculation average training hours)</p>	<p>(AR 78 amended) The average number of training hours required by paragraph 3833(b) shall be calculated as follows: total number of training hours offered to and completed by employees divided by total number of employees. For the calculation of the total average training hours, the head count figures for total employment reported in DR ESRS S1-5 shall be used.</p>

Disclosure Requirement S1-13 – Health and Safety metrics

34. (87 amended) The objective of this DR is to allow~~enable~~ an understanding of the coverage, quality and performance of the occupational safety and health~~and safety management system~~ established to prevent **work-related accidents**, ill-health and fatalities.
35. (88 amended) The undertaking shall disclose the following information for the reporting period and, where applicable, broken down between **employees** and **non-employees** ~~for~~in the undertaking's its own workforce:

- (a) the percentage of people in its own workforce who are covered by the undertaking's occupational safety and health ~~and safety~~ management system based on legal requirements and/or on recognised standards or guidelines;⁵;
- (b) subject to legal restrictions, the sum of:
 - i. the number of fatalities from **work-related** ~~injuries~~ accidents among ~~everybody~~ all people in the undertaking's own workforce as well as other workers that work on its **sites**; and
 - ii. the number of fatalities from work-related ill health among its employees;
- (c) the number and rate of recordable work-related accidents;⁶
- (d) with regard to the undertaking's employees, the number of cases of **recordable work-related ill health**, subject to legal restrictions on the collection of data; and
- (e) with regard to the undertaking's employees, the number of days lost to work-related ~~injuries, recordable work-related~~ accidents and work-related ill health.⁷

If DR ESRS S1-6 is material for the undertaking it shall report the information under points (b and (c) of the preceding sub-paragraph also for its non-employees.

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AR 2624 for para. 4035 (a) (Health & Occupational safety and health management system coverage)	(AR 80 amended) The percentage of the undertaking's own workforce who are that is covered by its <u>occupational safety and health</u> and safety management system shall be disclosed on a head count <u>basis</u> rather than a full-time equivalent basis.
AR 2725 for para. 4035 (c) (Calculation work-related accidents)	(AR 89 amended) For work related accidents, the undertaking shall use the definitions as per the national laws of the countries where the employees are based. (AR 89 amended) When computing the rate of work-related accidents , the undertaking shall divide the number of cases by the number of total hours worked by people in its own workforce and , multiplied by 1 000 000. This

⁵ This information supports the information needs of financial market participants subject to Regulation (EU) 2019/2088 because it is derived from an additional indicator related to principal adverse impact as set out by Indicator #1 in Table III of Annex I of Commission Delegated Regulation (EU) 2022/1288 with regard to disclosure rules on sustainable investments ('Investments in companies without workplace accident prevention policies').

⁶ This information supports the information needs of financial market participants subject to Regulation (EU) 2019/2088 because it is derived from an additional indicator related to principal adverse impacts, as set out by indicator #2 in Table III of Annex I of Commission Delegated Regulation (EU) 2022/1288 with regard to disclosure rules on sustainable investments ('Rate of accidents'), and benchmark administrators to disclose ESG factors subject to Regulation (EU) 2020/1816, as set out by indicator 'Weighted average ratio of accidents, injuries, fatalities' in section 1 and 2 of Annex II.

⁷ This information supports the information needs of financial market participants subject to Regulation (EU) 2019/2088 because it is derived from an additional indicator related to principal adverse impacts as set out by Indicator #3 in Table III of Annex I of Commission Delegated Regulation (EU) 2022/1288 with regard to disclosure rules on sustainable investments ('Number of days lost to injuries, accidents, fatalities or illness').

	<p>represents the number of cases per one million hours worked and roughly corresponds to the total hours worked by 500 full-time workers in one year. <u>If national law in the countries where the undertaking's employees work defines 'work-related accidents' in a different way than the ESRS Glossary definition of 'work-related accident' the undertaking may use the national definition. In that case, it shall disclose this fact.</u></p> <p>(AR 90 amended) If the undertaking uses estimates, it shall use normal or standard hours of work, taking into account entitlements to periods of paid leave of absence from work (for example, paid vacations, paid sick leave, public holidays) and explain this in its disclosures.</p>
AR 2826 for para. 4035(c) (Fatalities from work-related injuries)	(AR 91 amended) The undertaking shall include Fatalities that result from work-related injury in the number and rate of recordable work-related accidents <u>are included in this figure.</u>
AR 2927 for para. 4035(d) (Cases of work-related ill health)	(AR 93 <u>and 94</u> amended) 'Cases of work-related ill health' in paragraph 4035 (d) refers to cases of work-related ill-health <u>about which</u> the undertaking has been informed by affected people, compensation agencies or healthcare professionals or to cases that it has identified through medical surveillance during the reporting period. In this context, work-related musculoskeletal disorders are covered under work-related ill health (and not <u>under work-related</u> injuries).
AR 3028 for para. 4035(e) (Days lost)	(AR 95 amended) The number of days lost shall include the first full day and the last day of absence. Calendar days shall be used for the count. Days on which the affected individual is not scheduled for work (for example weekends, public holidays) will therefore count as lost days.

Disclosure Requirement S1-14 – Work-life balance metrics

36. (92 amended) The objective of this DR is to provide an understanding of the entitlement of the undertaking's **employees** to take **family-related leave**, which includes maternity leave, paternity leave, parental leave and carers' leave.
37. ~~93~~(93a amended) The undertaking shall disclose the percentage of **employees** entitled to take **family-related leave** during the reporting period.

AR 31-29 for para. 42-37 (Family leave entitlement)	(94 <u>amended</u>) If all of the undertaking's employees are entitled to <u>all four types of family-related leave</u> through social policy and/or collective bargaining agreements, it is sufficient to disclose <u>the overall percentage this</u> to comply with paragraph 4237 . <u>Contextual information, as per ESRS 2 GDR-M, may address the types of family-related leave entitlements, for example, if the undertaking's employees are only entitled to two of the four types.</u>
AR 32-30 for para. 4237 (Employees entitled to family leave)	(AR 97 amended) For the purposes of paragraph 4237 , employees entitled to family-related leave are those who are covered by regulations, organisational policies , agreements, contracts or collective bargaining agreements that contain family-related leave entitlements.

Disclosure Requirement S1-15 – Remuneration metrics

38. (96 amended) The objective of this DR is to allow an understanding of the ~~global~~ gap in ~~the~~ pay between women and men amongst the undertaking's **employees** and ~~of~~ the level of remuneration inequality within the undertaking ~~to enable an understanding of whether pay disparities exist~~.

39. ~~(97)~~ (97a and b) amended) The undertaking shall disclose:

- (a) the gender **pay** gap, defined as the difference ~~of~~ in average pay levels between female and male **employees**, expressed as a percentage of the average pay level of male employees;⁸ and
- (b) the **annual total remuneration** ratio of the highest-paid individual to the median annual total remuneration for all employees (excluding the highest-paid individual).⁹

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<p>AR 33-31 for para. 4439(a) (Calculation gender pay gap)</p>	<p>(AR 98 amended) The gender pay gap disclosure in accordance with paragraph 4439 (a) shall include all male and female employees' gross hourly pay level and be calculated as follows:</p> $\frac{\text{(Average gross hourly pay level of male employees – average gross hourly pay level of female employees)}}{\text{Average gross hourly pay level of male employees}} \times 100$
<p>AR 32 for para. 39(a) (Calculation of gender pay gap)</p>	<p><u>(NEW) When compiling the information required by paragraph 39(a), the undertaking shall:</u></p> <ul style="list-style-type: none"> <u>(a) include all male and female employees;</u> <u>(b) include the ordinary basic salary; and</u> <u>(c) consider and any other remuneration made available to all employees, whether in cash or in kind which the employee receives directly or indirectly (complementary or variable components), in respect of his/her employment from his/her employer.</u>
<p>AR 33 for para. 39(a) (Unadjusted gender pay gap)</p>	<p><u>(NEW) Paragraph 39(a) requires a disclosure of the unadjusted gender pay gap, which measures the overall difference in average pay between male and female employees but does not account for specific factors that can further explain these differences in pay. The adjusted gender pay gap by employee category and/or broken down by country may provide additional contextual information that complements the unadjusted gender pay gap.</u></p>
<p>AR 34 for para. 4439(a) and (b)</p>	<p>(AR 99 amended) In accordance with <u>ESRS 2</u> GDR-M paragraph 4149 (a), the undertaking shall disclose the methodology and/or how the data has been compiled.</p>

⁸ This information supports the information needs of: financial market participants subject to Regulation (EU) 2019/2088 because it is derived from a mandatory indicator related to principal adverse impacts, as set out by Indicator #12 in Table I of Annex I of Commission Delegated Regulation (EU) 2022/1288 with regard to disclosure rules on sustainable investments ('Unadjusted gender pay gap'), and benchmark administrators to disclose ESG factors subject to Regulation (EU) 2020/1816, as set out by indicator 'Weighted average gender pay gap' in Sections 1 and 2 of Annex II.

⁹ This information supports the information needs of financial market participants subject to Regulation (EU) 2019/2088 because it is derived from an additional indicator related to principal adverse impacts as set out by Indicator #8 in Table III of Annex I of Commission Delegated Regulation (EU) 2022/1288 with regard to disclosure rules on sustainable investments ('Excessive CEO pay ratio').

(Methodological context information)	
AR 35 for para. 44(a) (gender pay gap)	(AR 100 amended) The measure of the undertaking's gender pay gap shall be reported for the current reporting period and, if reported in previous sustainability reports, for the previous two reporting periods.
AR 36-35 for para. 4439(b) (Annual total remuneration calculation)	<p>(AR 101 amended) When compiling the information required by paragraph 39(b), the undertaking shall:</p> <p>(a) include all employees;</p> <p><u>(b) include base salary, which is the sum of guaranteed, short-term, and non-variable cash compensation;</u></p> <p>(b)(c) consider, depending on the undertaking's remuneration policies, all of the following:</p> <ul style="list-style-type: none"> i. <u>base salary, which is the sum of guaranteed, short term and non-variable cash compensation;</u> ii.i. <u>benefits in cash, such as cash allowances, bonuses, commissions, cash profit-sharing, and other forms of variable cash payments;</u> iii.ii. <u>benefits in kind, such as cars, private health insurance, life insurance, well-ness programs; and</u> iv.iii. <u>total fair value of all annual long-term incentives (for example, stock option awards, restricted stock shares or units, performance stock shares or units, phantom stock shares, stock appreciation rights, and long-term cash awards).</u> <p>(b)(d) apply the following formula for the annual total remuneration ratio:</p> $\frac{\text{Annual total remuneration for the undertaking's highest paid individual}}{\text{Median employee annual total remuneration (excluding the highest - paid individual)}}$

Disclosure Requirement S1-16 – Incidents of discrimination and other human rights incidents

40. (101 amended) The objective of this DR is to allow an understanding of the extent to which **incidents of discrimination** and other **human rights incidents** affect the undertaking's **own workforce**.

41. ~~103~~(103a, c and 104a, b amended) The undertaking shall disclose:

- (a) subject to the relevant privacy regulations, the number of **incidents of discrimination** at work on the grounds of gender, racial or ethnic origin, nationality, religion or belief, disability, age, sexual orientation, or other relevant forms of **discrimination**, including **harassment**, ~~re-~~
ported/identified in the reporting period;¹⁰

¹⁰ This information supports the information needs of financial market participants subject to Regulation (EU) 2019/2088 because it is derived from an additional indicator related to principal adverse impacts as set out by indicator #7 in Table III of Annex I of Commission Delegated Regulation (EU) 2022/1288 with regard to disclosure rules on sustainable investments ('Incidents of discrimination').

- (b) subject to the relevant privacy regulations, the number of **human rights incidents** connected to its **own workforce** ~~that it has~~ identified in the reporting period, ~~but~~ excluding those that relate to discrimination which are reported according to paragraph ~~4641~~(a);¹¹ and
- (c) the total amount of fines, penalties and compensation for damages ~~for the incidents disclosed under paragraph 46(a)(b)~~ recognised during the reporting period in the financial statements: for incidents of discrimination and other human rights incidents.

The incidents from the sub-paragraph above relate to sub-topics assessed as material by the undertaking.

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<p>AR 3736 for para. 4641(b) (Internationally recognised (Human rights incidents))</p>	<p><u>(NEW) The human rights incidents in scope for this disclosure are those that relate to not respecting internationally recognised human rights as defined in [Draft] Amended ESRS 2 AR 30 and CSRD Art. 29b (2) (b) (iii), These incidents are understood as the number of substantiated instances of:</u></p> <p><u>(a) judicial and non-judicial proceedings that have been initiated (such as cases before domestic courts and tribunals, mediation, complaints filed with the National Contact Points for OECD Multinational Enterprises); and/or</u></p> <p><u>(b) incidents registered by the undertaking, including those it identified through its internal processes.</u></p>
<p>AR 3837 for para. 4641(a) (Human rights incidents)(Incidents of discrimination)</p>	<p>Incidents referred to in paragraph 46(a)(b) include<u>(NEW) The incidents of discrimination in scope for this disclosure are those that relate to discrimination. These incidents are understood as</u> the number of substantiated instances of:</p> <p><u>(a) judicial and non-judicial proceedings that have been initiated (such as cases before domestic courts and tribunals, mediation, complaints filed with the National Contact Points for OECD Multinational Enterprises); and/or</u></p> <p><u>(b) incidents registered by the undertaking, including those it identified through its internal processes.</u></p>
<p>AR 38 for para. <u>41(a) and (b)</u> (<u>Human rights incidents and incidents of discrimination</u>)</p>	<p><u>(NEW) When applying the filter of information materiality (paragraph 23 of ESRS 1) to the information about incidents referred to under paragraph 41 (a) and (b), the undertaking's assessment is primarily based on the severity of the impacts on its own workforce.</u></p>
<p>AR 39 for para. <u>4641</u> (Contextual information)</p>	<p><u>(NEW) In accordance with <u>ESRS 2</u> GDR-M paragraph 4149(d), to allow a proper understanding of the significant changes in performance, the undertaking shall consider whether an increase in incidents being reported</u></p>

¹¹ This information supports the information needs of financial market participants subject to Regulation (EU) 2019/2088 because it is derived from a mandatory and additional indicator related to principal adverse impacts, as set out by indicator #10 in Table I of Annex I, and by indicator #14 in Table III of Annex I of Commission Delegated Regulation (EU) 2022/1288 with regard to disclosure rules on sustainable investments ("Violations of the UNGPs and OECD Guidelines for Multinational Enterprises" and "Number of identified cases of severe human rights issues and incidents"), and the information needs of benchmark administrators to disclose ESG factors subject to Regulation (EU) 2020/1816 as set out by indicator 'Number of benchmark constituents subject to social violations (absolute number and relative divided by all benchmark constituents), as referred to in international treaties and conventions, United Nations principles and, where applicable, national law' in Section 1 and 2 of Annex II.

	<p>by or to the undertaking may reflect improvements in the effectiveness, <u>including and</u> availability, of channels to raise concerns, including <i>grievance mechanisms</i>, <u>can be provided as contextual information</u>.</p> <p>In addition, it shall disclose the methodology it has used to compile the data on the incidents referred to in paragraph 4641(a)(i) and (b).</p>
<p>AR 40 for para. 4641(a)(i) and (b) (Remedy or actions related to incidents disclosed)</p>	<p><u>(NEW)</u> The way the undertaking has addressed or is addressing incidents referred to in paragraph 4641(a)(i) and (b) may be cross-referenced to DR ESRS S1-3.</p>
<p>AR 41 for para. 4641(c) (Connectivity with financial statement data)</p>	<p><u>(NEW)</u> This figure derives from the monetary amount recognised in the financial statements, but no formal reconciliation or cross-referencing with the financial statements is required in the <i>sustainability statement</i>. ‘Fines, penalties and compensation’ refer to those imposed on the undertaking through <u>administrative or judicial and non-judicial</u> proceedings.</p>