

 EXPOSURE DRAFT

ESRS S1

OWN WORKFORCE

 JULY 2025

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About EFRAG

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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 For this reason, in all the documents the term ‘matter’ has been replaced by ‘topic’ where ‘topic’ is meant to refer either to topic or sub-topic depending on the context of the relevant disclosure.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.

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Objective

1. When reporting in accordance with the ESRS, the **sustainability statement** shall cover information in relation to [Draft] Amended ESRS S1 *Own workforce* when this **topic** relates to **material impacts, risks** and **opportunities**. The disclosure on the material impacts, risks and opportunities is expected to cover **policies, actions** and **targets** (if in place), **dependencies** when relevant, **metrics** and **financial effects**.
2. The objective of this Standard is to specify Disclosure Requirements ('DRs') in relation to the items of information mentioned in paragraph 1 that are not covered in [Draft] Amended ESRS 2. It is also to enable **users** an understanding of 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.
3. 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.
4. This Standard sets out DRs related to **own workforce** and, in particular, with respect to the following **sub-topics**:
 - (a) working conditions (**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** (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 (child labour, forced labour, privacy and adequate housing).
5. 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.
6. 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.
7. 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, are called **non-employees** in the undertaking's own workforce. The latter comprise people with contracts with the 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*.

8. The definitions of self-employed or people provided by undertaking 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.
- (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’).
9. **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

10. The reporting under this Standard shall be consistent, coherent and, where relevant, clearly linked with reporting on the undertaking’s **value chain workers** under [Draft] Amended ESRS S2 *Workers in the value chain*.

Disclosure Requirements

Impact, risk and opportunity management

Disclosure Requirement S1-1 – Policies related to own workforce

11. (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) or all of its own workforce.
12. (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**.
13. (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. 11 (Policies related to own workforce)</p>	<p>(AR 14 amended) The channels 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*

14. (26 amended) The objective of this DR is to enable an understanding of the undertaking's general approach to engagement with its **own workforce**, the availability of channels, including **grievance mechanisms**, and **remedy**.
15. (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 it 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**); and
 - (b) 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.
16. (32 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**.³ It shall also explain how it assesses the effectiveness of these channels.
17. (32a amended) The undertaking shall describe its general approach to and processes for providing or contributing to **remedy** where it has caused or contributed to a material negative **impact** on people in its **own workforce**.

APPLICATION REQUIREMENTS

<p>AR 2 for para. 15 (Engagement)</p>	<p>(AR 19 amended) The engagement with the own workforce can take different forms, such as information, consultation or participation, and occur at different frequencies.</p>
<p>AR 3 for para. 16 (Channels for raising concerns)</p>	<p>(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,</p>

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').

	dialogue processes, as well as, under certain circumstances, whistleblowing mechanisms.
AR 4 for para. 16 (Grievance mechanism)	<p>(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.</p> <p>(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 ESRS G1-1, the undertaking may refer to that disclosure.</p>
AR 5 for para. 17 (Remedy)	<p>(AR 28 amended) ‘Processes’ for providing or contributing to <i>remedy</i> 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 <i>actual impacts</i>. This can include channels to raise concerns or needs as reported under paragraph 16 if they are used for providing or contributing to remedy.</p>

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

18. (37 amended) The undertaking shall describe the key ***actions*** and resources used to manage its ***material impacts, risks*** and ***opportunities*** related to its ***own workforce*** in accordance with [Draft] Amended ESRS 2 GDR-A.
19. (38 amended) In relation to material ***impacts*** related to its ***own workforce***, the undertaking shall describe:
 - (a) key ***actions*** taken, planned or underway to prevent, mitigate and remediate 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 6 for para. 19 (Key actions)	<p>(AR 35 amended) The <i>actions</i> taken by the undertaking differ depending on its connection to the <i>impact</i> (causation, contribution, direct 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 <i>remedy</i> in cases of actual negative impacts. Key actions to prevent, mitigate or remediate impacts encompass the use of <i>leverage</i> and/or collective actions taken through multi-stakeholder and/or industry initiatives.</p>
AR 7 for para. 19 (Climate transition)	<p>(AR 43 amended) The undertaking shall present its <i>actions</i> in a way that allows an understanding of the connections that exist between the interaction of different <i>topics</i>, in accordance with Chapters 3.2 and 9.1 of [Draft] Amended ESRS 1. This applies to measures taken to mitigate negative <i>impacts</i> on its <i>own workforce</i> that arise from the transition to a greener, climate-neutral economy. In cases where downscaling or mass</p>

	dismissal occur, this could lead to measures like intra-company placements or early retirement plans. In addition, current and/or expected external developments that influence whether dependencies turn into risks for a just transition is another aspect that could lead to actions.
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Metrics and targets

Disclosure Requirement S1-4 – Targets related to own workforce

20. (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.
21. (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

AR 8 for para. 21 (Tracking performance against targets)	In the context of tracking the undertaking's performance against targets , engagement with the own workforce or workers' representatives can inform the undertaking's understanding of the effectiveness of its management of material negative impacts and the identification of lessons learnt or improvements.
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Disclosure Requirement S1-5 – Characteristics of the undertaking's employees

22. (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.
23. (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:
 - (c) permanent **employees** and breakdown by gender;
 - (d) temporary employees and breakdown by gender; and
 - (e) non-guaranteed hours employees;
 - (f) the rate of **employee** turnover in the reporting period; and
 - (g) 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 9 for para. 23(b) (Definition of distinct types of employees)	(AR 56 amended) The definitions of permanent, temporary, non-guaranteed hours (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
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	calculate country-level data. Country-level data shall then be added up to calculate the total numbers, disregarding differences in national legal definitions.																						
AR 10 for para. 23 (Methodological context information)	The undertaking's method for compiling employee data (for example, at the end of the reporting year or average) may provide contextual information.																						
AR 11 for para. 23(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 border="1"> <thead> <tr> <th>Gender</th><th>Number of employees (head count)</th></tr> </thead> <tbody> <tr> <td>Male</td><td></td></tr> <tr> <td>Female</td><td></td></tr> <tr> <td>Other</td><td></td></tr> <tr> <td>Not reported</td><td></td></tr> <tr> <td>Total Employees</td><td></td></tr> </tbody> </table> <p>In some MS, 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 border="1"> <thead> <tr> <th>Country</th><th>Number of employees (head count)</th></tr> </thead> <tbody> <tr> <td>Country A</td><td></td></tr> <tr> <td>Country B</td><td></td></tr> <tr> <td>Country C</td><td></td></tr> <tr> <td>Country D</td><td></td></tr> </tbody> </table>	Gender	Number of employees (head count)	Male		Female		Other		Not reported		Total Employees		Country	Number of employees (head count)	Country A		Country B		Country C		Country D	
Gender	Number of employees (head count)																						
Male																							
Female																							
Other																							
Not reported																							
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Country	Number of employees (head count)																						
Country A																							
Country B																							
Country C																							
Country D																							
AR 12 for para. 23(b) (Presentation table employee headcount breakdown)	<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	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)				
	n/a	n/a	n/a	n/a	
* Gender as specified by the employees themselves					
In some countries, non-guaranteed hours contracts may be considered permanent or temporary contracts, according to national legislation.					
AR 13 For para. 23(c) (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 average employee head count.				

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

24. (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**.
25. (55 amended) The undertaking shall disclose the total number of **non-employees** in the undertaking's **own workforce**.

APPLICATION REQUIREMENTS

AR 14 for para. 25 (Materiality considerations for non-employees)	This DR is applicable when non-employees within the undertaking's own workforce are a significant driver of impacts, risks and opportunities related to own workforce . This situation arises when non-employees are a key part of the undertaking's business model , for example when they are used to provide flexible labour or when they are used in key processes. Dependencies on non-employees due to the business model can be a risk for the undertaking, particularly when the reliance on non-employees is increasing, for example due to changes in labour market regulations. The use of non-employees can also be a significant driver of negative impacts when non-employees make up a substantial proportion of own workforce or where potential or actual negative impacts are material in relation to non-employees.
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AR 15 for para. 25 (Use of estimates)	(AR 63 amended) If the undertaking cannot report exact figures, it shall apply the [Draft] Amended ESRS 1 provisions regarding estimates.
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Disclosure Requirement S1-7 – Collective bargaining coverage and social dialogue

26. (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**.
27. (60 amended) The undertaking shall disclose:
- (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 are the 10 largest countries in terms of employee numbers for the undertaking, as calculated in paragraph 23(a) above; and
 - (c) outside the EEA, the percentage of its **employees** covered by **collective bargaining** agreements by region.
28. (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 27(b) above; and
 - (b) where applicable, the existence of any agreement 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

AR 16 for para. 27(a) (Calculation collective bargaining coverage)	<p>(AR 66 amended) The percentage of employees covered by collective bargaining agreements shall be calculated using the following formula.</p> $\frac{\text{Number of employees covered by collective bargaining agreements}}{\text{Number of employees}} \times 100$ <p>(AR 67 amended) The employees in the undertaking's own workforce covered by collective bargaining agreements are those individuals to whom the undertaking is obliged to apply the agreement. This means that if none of the employees are covered by a collective bargaining agreement, the percentage reported is zero. An employee in the undertaking's own workforce covered by more than one collective bargaining agreement only needs to be counted once.</p>
AR 17 for para. 27 and 28	(AR 70 amended) The undertaking shall present the information in a narrative format or following the table below.

(Presentation table collective bargaining coverage)	Table 1. Reporting template for collective bargaining coverage and social dialogue			
		Collective Bargaining Coverage		Social dialogue
	Coverage Rate	Employees – EEA (for countries with >50 employees for the ten largest countries)	Employees – non-EEA	Workplace representation (EEA only) (for the EEA countries included in the ten largest countries)
	0-19%		Region A	
	20-39%	Country A	Region B	
	40-59%	Country B		Country A
	60-79%			Country B
80-100%				
AR 18 for para. 28(a) (Calculation social dialogue coverage)	<p>(AR 69 amended) For calculating the information required by paragraph 28(a), the undertaking shall identify in which EEA countries it has significant employment. For these countries it shall report the percentage of employees in that country which are employed in establishments in which employees are represented by workers’ representatives.</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> <div><div><div>Number of employees working in establishments with workers’ representatives</div><div></div></div><div><div></div><div>Number of employees</div></div><div>x 100</div></div>			

Disclosure Requirement S1-8 – Diversity metrics

29. (65 amended) The objective of this DR is to enable an understanding of gender diversity at top management level.
30. (66(a) amended) The undertaking shall disclose the gender distribution in number (head count) and percentage at top management level.

APPLICATION REQUIREMENTS

AR 19 for para. 30 (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'. In this case it shall disclose that fact.
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Disclosure Requirement S1-9 – Adequate wages

31. (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**.
32. (69 amended) The undertaking shall disclose whether or not its **employees** are paid an **adequate wage**. If employees are not paid an adequate wage, it shall disclose the countries and the percentage of employees concerned.

APPLICATION REQUIREMENTS

AR 20 for para. 32 (Adequate wages)	(69 amended) If all employees are paid an adequate wage , stating this is sufficient to fulfil this requirement, and no further information is needed.
AR 21 for para. 32 (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 outside the EU when the relevant adequate or minimum wage is defined at sub-national level.
AR 22 for para. 32 (Adequate wage benchmark hierarchy)	<p>The adequate wage benchmark used for comparison with the lowest wage shall not be lower than:</p> <ol 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: <ol style="list-style-type: none"> i. the wage level established through collective bargaining or the statutory minimum wage established by legislation or collective bargaining agreement, which is periodically reviewed/adjusted every two years and takes into account the ILO wage setting principles; ii. if an adequate minimum wage does not exist, any living wage estimate produced by an institution mandated by the public authorities of the country where the workers are based and which takes into account the ILO principles on estimating a living wage;

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>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>(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*

33. (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.
34. (74 amended) In situations where an 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 shall disclose the countries where employees lack those protections for the following major life events:
- (a) sickness;
 - (b) unemployment starting from when the own worker is working for the undertaking;
 - (c) employment injury and acquired disability; and
 - (d) maternity leave.

Disclosure Requirement S1-11 – *Persons with disabilities*

35. (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**.
36. (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

<p>AR 23 for para. 36</p> <p>(Data collection for persons with disabilities)</p>	<p>The DR about persons with disabilities requires the undertaking to only report data that can be lawfully collected. Disability status depends on national legal definitions, but the undertaking may use the same definition across the various countries where it operates or uses applicable national definitions.</p> <p>(AR 76 amended) In accordance with GDR-T paragraph 41(a), the undertaking shall disclose the calculation methodology, data types and sources used as input, for example this may consist of data about persons with a disability, collected 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*

37. (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' skills and facilitate continued employability.
38. (83 amended) The undertaking shall disclose the following information for the reporting period:

- (a) the percentage of **employees** that participated in regular performance and career development reviews;
- (b) the average number of training hours per **employee**.

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<p>AR 24 for para. 38(a)</p> <p>(Calculation performance review)</p>	<p>(AR 77 amended) A regular performance 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 38(a), the undertaking shall use the employee headcount figures from DR ESRS S1-5 in the denominator as follows:</p> $\left(\frac{\text{\# employees who participated in regular performance review}}{\text{\# employees according to S1 – 5}} \right) * 100.$
<p>AR 25 for para. 38(b)</p> <p>(Calculation average training hours)</p>	<p>(AR 78 amended) The average number of training hours required by paragraph 38(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

- 39. (87 amended) The objective of this DR is to allow an understanding of the coverage, quality and performance of the health and safety management system established to prevent **work-related accidents**, ill-health and fatalities.
- 40. (88 amended) The undertaking shall disclose the following information for the reporting period and, where applicable, broken down between **employees** and **non-employees** for the undertaking's **own workforce**:
 - (a) the percentage of people in its own workforce who are covered by the undertaking's health and safety management system based on legal requirements and/or recognised standards or guidelines;
 - (b) the sum of:
 - i. the number of fatalities from work-related injuries among everybody 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**;⁵
 - (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

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 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.

- (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.⁶

APPLICATION REQUIREMENTS

AR 26 for para. 40(a) (Health & safety management system coverage)	(AR 80 amended) The percentage of the undertaking's own workforce who are covered by its health and safety management system shall be disclosed on a head count rather than a full-time equivalent basis.
AR 27 for para. 40(c) (Calculation work-related accidents)	<p>(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.</p> <p>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 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.</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 28 for para. 40(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 .
AR 29 for para. 40(d) (Cases of work-related ill health)	(AR 93 amended) 'Cases of work-related ill health' in paragraph 40(d) refers to cases of work-related ill-health 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 injuries).
AR 30 for para. 40(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*

41. (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**.
42. (93 amended) The undertaking shall disclose the percentage of **employees** entitled to take **family-related leave** during the period.

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 #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').

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AR 31 for para. 42 (Family leave entitlement)	(94) If all of the undertaking's employees are entitled to family-related leave through social policy and/or collective bargaining agreements, it is sufficient to disclose this to comply with paragraph 42.
AR 32 for para. 42 (Employees entitled to family leave)	(AR 97 amended) For the purposes of paragraph 42, 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

43. (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 the level of remuneration inequality within the undertaking to enable an understanding of whether pay disparities exist.
44. (97 amended) The undertaking shall disclose:
- (a) the gender **pay** gap, defined as the difference of average pay levels between female and male **employees**, expressed as a percentage of the average pay level of male employees;⁷ 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).⁸

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AR 33 for para. 44(a) (Calculation gender pay gap)	<p>(AR 98 amended) The gender pay gap disclosure in accordance with paragraph 44(a) shall include all male and female employees' gross hourly pay level and be calculated as follows:</p> $\frac{(\text{Average gross hourly pay level of male employees} - \text{average gross hourly pay level of female employees})}{\text{Average gross hourly pay level of male employees}} \times 100$
AR 34 for para. 44(a) and (b) (Methodological context information)	(AR 99 amended) In accordance with GDR-M paragraph 41(a), the undertaking shall disclose the methodology and/or how the data has been compiled.

⁷ 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.

⁸ 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').

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

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

45. (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**.
46. (103 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**, reported in the reporting period;⁹
 - (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 46(a);¹⁰ and

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 #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').

¹⁰ 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.

- (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.

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AR 37 for para. 46(b) (Internationally recognised human rights)	<p>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).</p>
AR 38 for para. 46 (Human rights incidents)	<p>Incidents referred to in paragraph 46(a)(b) include the number of substantiated instances of:</p> <p>(a) judicial and non-judicial proceedings that have been initiated (such as cases before domestic courts, mediation, complaints filed with the National Contact Points for OECD Multinational Enterprises); and/or</p> <p>(b) incidents registered by the undertaking, including those it identified through its internal processes.</p>
AR 39 for para. 46 (Contextual information)	<p>In accordance with GDR-M paragraph 41(d), to allow a proper understanding of the significant changes in performance, the undertaking shall consider whether an increase in incidents being reported by or to the undertaking may reflect improvements in the effectiveness, including availability, of channels to raise concerns, including grievance mechanisms.</p> <p>In addition, it shall disclose the methodology it has used to compile the data on the incidents referred to in paragraph 46(a)(b).</p>
AR 40 for para. 46(a)(b) (Remedy or actions related to incidents disclosed)	<p>The way the undertaking has addressed or is addressing incidents referred to in paragraph 46(a)(b) may be cross-referenced to DR ESRS S1-3.</p>
AR 41 for para. 46(c) (Connectivity with financial statement data)	<p>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 sustainability statement. ‘Fines, penalties and compensation’ refer to those imposed on the undertaking through administrative or judicial proceedings.</p>