

 EXPOSURE DRAFT

# ESRS S4

CONSUMERS AND  
END-USERS

 JULY 2025

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## Revised structure and drafting conventions

As compared to the 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 For this reason, in all the documents the term ‘matter’ has been replaced by ‘topic’ where ‘topic’ is meant to refer either to topic or sub-topic depending on the context of the relevant disclosure.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 S4 *Consumers* and *end-users*, 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.
3. When only one of the **sub-topics** covered by this Standard is material, the undertaking shall report only on that sub-topic.
4. This Standard sets out DRs related to **consumers** and/or **end-users** and, in particular, for the following sub-topics:
  - (a) information-related impacts for consumers and/or end-users (privacy, access to information, freedom of expression);
  - (b) personal safety of consumers and/or end-users (health and safety, protection of children, security of a person); and
  - (c) social inclusion of consumers and/or end-users (access to products and services, responsible marketing practices, non-discrimination).
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** and **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 its **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. The unlawful use or misuse of the undertaking's products and services by **consumers** and/or **end-users** fall outside the scope of this Standard.

## Interaction with other topical ESRS

8. The reporting under this Standard shall be consistent, coherent and, where relevant, clearly linked with reporting on the undertaking's **own workforce** under [Draft] Amended ESRS S1 *Own workforce*.

## Disclosure Requirements

### Impact, risk and opportunity management

#### Disclosure Requirement S4-1 – Policies related to consumers and end-users

9. (15 amended) The undertaking shall describe its **policies** for managing the **material impacts, risks** and **opportunities** related to **consumers** and/or **end-users** in accordance with [Draft] Amended ESRS 2 GDR-P. It shall state whether these **policies** cover specific groups (for example, particular age groups) or all consumers and/or end-users.

### APPLICATION REQUIREMENTS

AR 1 for para. 9	(AR 13 amended) The channels the undertaking uses to communicate its <b>policies</b> to the individuals, groups of individuals or entities for whom they are relevant, either because they are expected to implement them (for
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(Policies related to consumers and end-users)	example, the undertaking's <b>employees</b> , contractors and <b>suppliers</b> ), or because they have a direct interest in their implementation, are examples of policy aspects to disclose.
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**Disclosure Requirement S4-2 – Engagement with consumers and end-users, existence of channels for consumers and end-users to raise concerns or needs and approaches to remedy**

10. (19 amended) The objective of this DR is to enable an understanding of the undertaking's general approach to engagement with **consumers** and/or **end-users**, the availability of channels, including **grievance mechanisms**, and **remedy**.
11. (20 and 21 amended) The undertaking shall disclose how it engages directly with **consumers** and/or **end-users**, their **legitimate representatives**, or with **credible proxies**, and how the perspectives of consumers and/or end-users inform its decisions or activities aimed at managing the **actual** and **potential impacts** on consumers and/or end-users during the reporting year. This shall include, where relevant, how it gains insight into the perspectives of consumers and/or end-users who may be particularly vulnerable to impacts and/or are marginalised (for example, **persons with disabilities**, children).
12. (25 amended) The undertaking shall describe the channels available to **consumers** and/or **end-users** to bring their concerns or needs directly their attention and have them addressed. In particular, it shall state whether it has a **grievance mechanism**<sup>1</sup>. It shall also explain how it assesses the effectiveness of these channels.
13. (25a 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 **consumers** and/or **end-users**.

**APPLICATION REQUIREMENTS**

<b>AR 2 for para. 11</b> <b>(Engagement)</b>	(AR 16 amended) The engagement with <b>consumers</b> and/or <b>end-users</b> can take different forms, such as information, consultation or participation, and occur at different frequencies.
<b>AR 3 for para. 12</b> <b>(Channels for raising concerns)</b>	(AR 19 amended) Channels for raising concerns or needs are formal structures by the undertaking or a third party (e.g. governments, NGOs or industry associations), including business relationships, with dedicated processes through which <b>consumers</b> and/or <b>end-users</b> can raise their concerns or needs. This includes <b>grievance mechanisms</b> , hotlines, dialogue processes, as well as, under certain circumstances, whistleblowing mechanisms.
<b>AR 4 for para. 12</b> <b>(Grievance mechanism)</b>	(26 amended) The 'effectiveness criteria for non-judicial <b>grievance mechanisms</b> ', 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.  If the undertaking has <b>policies</b> for protecting individuals that use these channels against retaliation, and it is disclosed in [Draft] Amended ESRS G1-1, it may refer to that disclosure.
<b>AR 5 for para. 13</b> <b>(Remedy)</b>	(AR 19 amended) 'Processes' for providing or contributing to <b>remedy</b> 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

<sup>1</sup> 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 I of Annex I of Commission Delegated Regulation (EU) 2022/1288 with regard to disclosure rules on sustainable investments ('Lack of processes and compliance mechanisms to monitor compliance with the UNGPs and the OECD Guidelines for Multinational Enterprises').

	relevant, by providing or contributing to remedy for <b>actual impacts</b> . This can include channels to raise concerns or needs as reported under paragraph 12 if they are used for providing or contributing to remedy.
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#### Disclosure Requirement S4-3 – *Actions and resources related to consumers and end-users*

14. (30 amended) The undertaking shall describe the key **actions** and **resources** used to manage its **material impacts, risks** and **opportunities** related to **consumers** and/or **end-users** in accordance with [Draft] Amended ESRS 2 GDR-A.
14. (31 amended) In relation to the material **impacts** related to **consumers** and/or **end-users**, the undertaking shall describe:
- (a) key **actions** taken, planned or underway to prevent, mitigate and remediate material negative **impacts** on **consumers** and/or **end-users**, including its approach in situations where tensions arise between such actions and other business pressures (for example, practices related to marketing, sales and data use); and
  - (b) how it tracks and assesses the effectiveness of these **actions** and initiatives in delivering outcomes for **consumers** and/or **end-users**. 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.
15. (35 amended) Subject to relevant privacy regulation, the undertaking shall also disclose whether human rights **incidents** connected with its **consumers** and/or **end-users** have been reported and, if applicable, disclose these<sup>2</sup>.

#### APPLICATION REQUIREMENTS

<b>AR 6 for para. 15</b> <b>(Key actions)</b>	(AR 27 amended) The <b>actions</b> taken by the undertaking differ depending on its connection to the <b>impact</b> (causation, contribution, direct linkage), and how it has identified the actions as appropriate for addressing material impacts.  This also applies to key actions to provide for, contribute to, or enable <b>remedy</b> in cases of actual negative impacts. Key actions to prevent, mitigate or remediate impacts encompass the use of <b>leverage</b> and/or collective actions taken through multistakeholder and/or industry initiatives.
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### Metrics and Targets

#### Disclosure Requirement S4-4 – *Targets related to consumers and end-users*

16. (40 amended) The undertaking shall disclose the qualitative and/or quantitative targets related to **consumers** and/or **end-users** in accordance with [Draft] Amended ESRS 2 GDR-T.
17. (41 amended) When disclosing in accordance with [Draft] Amended ESRS 2 GDR-T, the undertaking shall disclose whether and how it has engaged directly with **consumers** and/or **end-users**, their **legitimate representatives**, or with **credible proxies** that have insight into their situation, for the purpose of **target-setting** and /or tracking performance against those targets.

#### APPLICATION REQUIREMENTS

<sup>2</sup> 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, 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 the 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.

<b>AR 7 for para. 18</b> <b>(Tracking performance against targets)</b>	In the context of tracking the undertaking's performance against <b>targets</b> , engagement with <b>consumers</b> and/or <b>end-users</b> , their <b>legitimate representatives</b> , or with <b>credible proxies</b> , can inform its understanding of the effectiveness of its management of material negative <b>impacts</b> and the identification of lessons learnt or improvements.
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