



LOG OF AMENDMENTS

ESRS S2

WORKERS IN THE VALUE CHAIN



DECEMBER 2025



EFRAG

Log of Amendments by Standard – ESRS S2 *Workers in the Value Chain*

Annex to the Basis for Conclusions accompanying the draft amended ESRS – Illustration of the Amendments

Disclaimer: The Log of Amendments by Standard accompanies but is not part of the draft amended ESRS issued by EFRAG on 3 December 2025. It complements and should be read in conjunction with the Basis for Conclusions, where a summarised description of the main changes to the Standards can be found. It does not reflect the position of the European Union or the European Commission DG Financial Stability, Financial Services and Capital Markets Union (DG FISMA).

Introduction

1. **This document complements and should be read in conjunction with the Basis for Conclusions where a summarised description of the main changes to individual Standards can be found.**
2. This document illustrates the amendments at paragraph level in draft amended ESRS S2 *Workers in the Value Chain*.
3. The starting point is the text of the ESRS as enacted in 2023, with each paragraph listed and numbered in Column 1.
4. A markup of amendments is provided in Column 2 including text added or removed. Text added has been underlined in Column 2. Text deleted is marked as strikethrough (~~strikethrough~~) in Column 2. Where text is unchanged this is also included (no change to text) including where there is no change to the DR.
5. The last column includes a summary of changes made to the DR using the following terminology: [AMENDED], [UNCHANGED], [MOVED], [NEW] or [DELETED].
6. The last column also includes explanations and rationale for changes useful to gain an understanding of why text or DRs have been amended.

Objective		
ESRS as enacted in 2023	Draft Draft Amended ESRS	Comment/Rationale
	<p><u>1.The sustainability statement shall include information in relation to ESRS S2 Workers in the Value Chain if this topic relates to material impacts, risks and opportunities to cover all the reporting areas listed in paragraph 5 of ESRS 1 General Requirements. If not all the sub-topics prescribed by this Standard are to be reported following the materiality assessment, paragraph 30 of ESRS 1 General Requirements applies.</u></p>	<p>[AMENDED]</p> <p>Consolidation of former [1] and reinforcement of ESRS 1 [30].</p>
1. The objective of this Standard is to specify disclosure requirements which will enable users of the sustainability statement to understand material impacts on value chain workers connected with the undertaking's own operations and value chain, including through its products or services, as well as through its business relationships, and its related material risks and opportunities, including:	<p><u>2 1. The objective of this Standard is to set out specify disclosure requirements DRs providing information in relation to the reporting areas referred above that implement and complement the cross-cutting provisions of ESRS 1 General Requirements and ESRS 2 General Disclosures, which will enable users of the sustainability statement to understand material impacts on value chain workers connected with the undertaking's own operations and value chain, including through its products or services, as well as through its business relationships, and its related material risks and opportunities, including:</u></p>	<p>[AMENDED]</p> <p>Additional clarification provided.</p>
<p>(a) how the undertaking affects workers in its value chain, in terms of material positive and negative actual or potential impacts;</p> <p>(b) any actions taken, and the result of such actions, to prevent, mitigate or remediate actual or potential negative impacts, and to address risks and opportunities;</p>	<p>(a) how the undertaking affects workers in its value chain, in terms of material positive and negative actual or potential impacts;</p> <p>(b) any actions taken, and the result of such actions, to prevent, mitigate or remediate actual or potential negative impacts, and to address risks and opportunities;</p>	<p>[DELETED]</p> <p>In line with simplification and clarification in objective.</p>

(c) the nature, type and extent of the undertaking's material risks and opportunities, including those related to its impacts and dependencies on workers in the value chain, and how the undertaking manages them; and	(c) the nature, type and extent of the undertaking's material risks and opportunities, including those related to its impacts and dependencies on workers in the value chain, and how the undertaking manages them; and	
(d) the financial effects on the undertaking over the short-, medium- and long-term of material risks and opportunities, including those arising from the undertaking's impacts and dependencies on workers in the value chain.	(d) the financial effects on the undertaking over the short, medium and long term of material risks and opportunities, including those arising from the undertaking's impacts and dependencies on workers in the value chain.	
	<u>3. In this Standard, each DR is introduced by a disclosure objective except for 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 DRs.</u>	[NEW] Simplification in the architecture whereby objectives are not included in topical Policies, Actions and Targets DRs.
	<u>4. The objective of this Standard is also to enable an understanding of the extent to which the undertaking aligns or complies with the 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 on Human Rights and the revised European Social Charter; and the Charter of Fundamental Rights of the European Union.</u>	[AMENDED] Moved to objective based on former [19] for enhanced clarity.
2. In order to meet the objective, this Standard requires an explanation of the general approach the undertaking takes	<u>5.2. In order to meet the objective, this Standard sets out the DRs related to workers in the value</u>	[AMENDED]

to identify and manage any material actual and potential impacts on value chain workers in relation to:	<u>chain, in particular with respect to the following sub-topics:</u> <u>requires an explanation of the general approach the undertaking takes to identify and manage any material actual and potential impacts on value chain workers in relation to:</u>	Principle unchanged but aligned with changes in ESRS 1 Appendix A.
(a) working conditions (for example, secure employment, working time, adequate wage, social dialogue, freedom of association, including the existence of work councils, collective bargaining, work-life balance and health and safety);	<u>(a) working conditions (including for example, adequate wages, work-life balance, working time, secure employment, social protection) secure employment, working time, adequate wage, social dialogue, freedom of association, including the existence of work councils, collective bargaining, work-life balance and health and safety);</u>	[AMENDED] Wording unchanged but aligned with changes in ESRS 1 Appendix A
	<u>(b) social dialogue, freedom of association, works councils, participation rights of workers and collective bargaining;</u>	[AMENDED] Wording unchanged but aligned with changes in ESRS 1 Appendix A
	<u>(c) health and safety;</u>	[AMENDED] Wording unchanged but aligned with changes in ESRS 1 Appendix A
(b) equal treatment and opportunities for all (for example, gender equality and equal pay for work of equal value, training and skills development, the employment and inclusion of persons with disabilities, measures against violence and harassment in the workplace, and diversity);	<u>(e) (b) diversity and equal treatment and opportunities for all (including for example, gender equality, and equal pay for work of equal value, training and skills development, the employment and inclusion of people persons with disabilities, measures against violence and non-discrimination, anti-harassment in the workplace, and diversity); and</u>	[AMENDED] Wording unchanged but aligned with changes in ESRS 1 Appendix A
	<u>(d) training and skills development;</u>	[AMENDED]

		Wording unchanged but aligned with changes in ESRS 1 Appendix A
(c) other work-related rights (for example, child labour, forced labour, adequate housing, water and sanitation and privacy).	(f) (e) other <u>work</u> <u>labour</u> -related <u>human</u> rights (<u>including</u> <u>for example</u> , child labour, forced labour, <u>privacy</u> , adequate housing, <u>and</u> water and sanitation <u>and</u> <u>privacy</u>).	[AMENDED] Wording unchanged but aligned with changes in ESRS 1 Appendix A
3. This Standard also requires an explanation of how such impacts, as well as the undertaking's dependencies on value chain workers, can create material risks or opportunities for the undertaking. For example, negative impacts on value chain workers may disrupt the undertaking's operations (through customers refusing to buy its products or state agencies impounding its goods) and harm its reputation. Conversely, respect for workers' rights and active support programmes (for example through financial literacy initiatives) can bring business opportunities, such as more reliable supply or widening of the future consumer base.	3. This Standard also requires an explanation of how such impacts, as well as the undertaking's dependencies on value chain workers, can create material risks or opportunities for the undertaking. For example, negative impacts on value chain workers may disrupt the undertaking's operations (through customers refusing to buy its products or state agencies impounding its goods) and harm its reputation. Conversely, respect for workers' rights and active support programmes (for example through financial literacy initiatives) can bring business opportunities, such as more reliable supply or widening of the future consumer base.	[DELETED] Examples have been kept to a minimum in the standard. Simplification exercise.
4. This Standard covers all workers in the undertaking's upstream and downstream value chain who are or can be materially impacted by the undertaking, including impacts that are connected with the undertaking's own operations and value chain, including through its products or services, as well as through its business relationships. This includes all workers who are not included in the scope of "own workforce" ("own workforce" includes employees, individual contractors, i.e., self-employed workers, and workers provided by third party undertakings primarily engaged in 'employment activities'). Own workforce is covered in ESRS S1 Own workforce. See AR 3 for examples of what is included in the scope of this Standard.	6. 4. This Standard covers all workers in the undertaking's upstream and downstream value chain who are or can be materially impacted by the undertaking, <u>including impacts that are</u> <u>Such impacts may be</u> connected with the undertaking's own operations <u>and</u> <u>or</u> <u>its upstream and downstream</u> value chain, <u>including through its</u> <u>They include</u> <u>impacts connected to the</u> <u>undertaking's products</u> <u>and</u> <u>or</u> <u>services</u>, as well as through its business relationships. This <u>standard covers</u> <u>includes</u> <u>all</u> workers who are not included in the scope of 'own workforce' <u>as set out in ESRS S1 Own Workforce</u> (people who are in an employment relationship with the undertaking ('employees') and people who, for the purposes of ESRS reporting, are called 'non-employees' in the undertaking's own	[AMENDED] Edits made to provide further clarity based on feedback from public consultation.

	<p><u>workforce).</u> ('own workforce' includes employees, individual contractors, i.e., self-employed workers and workers provided by third party undertakings primarily engaged in 'employment activities'). Own workforce is covered in ESRS S1 Own workforce. See AR 3 for examples of what is included in the scope of this Standard.</p>	
	<p><u>7. Examples of workers who could fall within the scope of this Standard are:</u></p>	[MOVED] Moved from former [AR 3] into the objective given feedback from outreach and public consultation that requested more examples and further clarity.
	<p><u>(a) workers of outsourced services working in the workplace of the undertaking (for example, third party catering or security workers);</u></p>	
	<p><u>(b) workers of a supplier contracted by the 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;</u></p>	
	<p><u>(c) workers of an equipment supplier to the undertaking who, at a workplace controlled by the undertaking, perform regular maintenance on the supplier's equipment (for example, photocopier) as stipulated in the contract between the equipment supplier and the undertaking; and</u></p>	
	<p><u>(d) (AR 3 amended) workers deeper in the supply chain who are extracting commodities that are then processed into components that go in the undertaking's products.</u></p>	
Interaction with other ESRS	Interaction with other topical ESRS	
ESRS as enacted in 2023	Draft Amended ESRS	Comment/Rationale
5. This Standard applies when material impacts on and/or material risks and opportunities related to value	5. This Standard applies when material impacts on and/or material risks and opportunities	[DELETED]

chain workers have been identified through the materiality assessment process laid out in ESRS 2 General disclosures.	related to value chain workers have been identified through the materiality assessment process laid out in ESRS 2 General disclosures.	This has been consolidated in [3] above.
6. This Standard shall be read in conjunction with ESRS 1 General requirements, and ESRS 2, as well as the ESRS S1, ESRS S3 Affected communities and ESRS S4 Consumers and end-users.	8.6. Social and environmental topics interact with each other. The points of interaction between ESRS S2 Workers in the Value Chain and the other topical standards are the following: This Standard shall be read in conjunction with ESRS 1 General requirements, and ESRS 2, as well as the ESRS S1, ESRS S3 Affected communities and ESRS S4 Consumers and end-users.	[AMENDED] Amended text for clarity and aligned with other topical standards in line with input from the public consultation and outreach events.
	<u>(a) all the social standards, i.e. ESRS S1 Own Workforce, ESRS S2 Workers in the Value Chain, ESRS S3 Affected Communities and ESRS S4 Consumers and End-users, are aligned in terms of content and structure and are 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 who 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;</u>	[AMENDED] Amended text for clarity and aligned with other topical standards in line with input from the public consultation and outreach events.
	<u>(b) this Standard interacts with ESRS E1 Climate Change to the extent that the transition to a low-carbon and climate-resilient economy is a source of impacts, risks and opportunities for ESRS S2 Workers in the Value Chain; and</u>	[NEW] New paragraphs added for interactions with Environmental standards in line with input from the public consultation and outreach events.
	<u>(c) this Standard interacts with ESRS E2 Pollution to the extent that pollution can cause material negative impacts with regard to health and safety at the workplace.</u>	[NEW] New paragraphs added for interactions with Environmental standards in line with input from the public consultation and outreach events.

7. The reporting under this Standard shall be consistent, coherent and where relevant clearly linked with reporting on the undertaking's own workforce under ESRS S1, in order to ensure effective reporting.	7. The reporting under this Standard shall be consistent, coherent and where relevant clearly linked with reporting on the undertaking's own workforce under ESRS S1, in order to ensure effective reporting.	[DELETED] Based on EFRAG decision to simplify.
Disclosure Requirements ESRS 2 - General Disclosures		
ESRS as enacted in 2023	Draft Amended ESRS	Comment/Rationale
<p>8. The requirements of this section should be read in conjunction with the disclosures required by ESRS 2 on Strategy (SBM). The resulting disclosures shall be presented alongside the disclosures required by ESRS 2, except for SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model, for which the undertaking has an option to present the disclosures alongside the topical disclosure.</p>		
Strategy		
Disclosure Requirement related to ESRS 2 SBM-2 Interests and views of stakeholders	Disclosure Requirement related to ESRS 2 SBM-2 Interests and views of stakeholders	Comment/Rationale
ESRS as enacted in 2023	Draft Amended ESRS	
9. When responding to ESRS 2 SBM-2 paragraph 43, the undertaking shall disclose how the interests, views, and rights of its value chain workers could be materially impacted by the undertaking, including respect for their human rights, inform its strategy and business model. Value chain workers are a key group of affected stakeholders.	9. When responding to ESRS 2 SBM-2 paragraph 43, the undertaking shall disclose how the interests, views, and rights of its value chain workers could be materially impacted by the undertaking, including respect for their human rights, inform its strategy and business model. Value chain workers are a key group of affected stakeholders.	[DELETED] Revised architecture whereby no ESRS 2 specifications for SBM in the topical standards based on input from information gathering.
Disclosure Requirement related to ESRS 2 SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model	Disclosure Requirement related to ESRS 2 SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model	Comment/Rationale
ESRS as enacted in 2023	Draft Amended ESRS	
10. When responding to ESRS 2 SBM-3 paragraph 48, the undertaking shall disclose:	10. When responding to ESRS 2 SBM-3 paragraph 48, the undertaking shall disclose:	[DELETED]

		Simplification of the double materiality assessment at ESRS 2 and topical level based on EFRAG decision.
a) whether and how actual and potential impacts on value chain workers, as identified in ESRS 2 IRO-1 Description of the processes to identify and assess material impacts, risks and opportunities: (i) originate from or are connected to the undertaking's strategy and business models, and (ii) inform and contribute to adapting the undertaking's strategy and business model; and	a) whether and how actual and potential impacts on value chain workers, as identified in ESRS 2 IRO-1 Description of the processes to identify and assess material impacts, risks and opportunities: (i) originate from or are connected to the undertaking's strategy and business models, and (ii) inform and contribute to adapting the undertaking's strategy and business model; and	[DELETED] Simplification of the double materiality assessment at ESRS 2 and topical level based on EFRAG decision.
b) the relationship between on the one hand its material risks and opportunities arising from impacts and dependencies on value chain workers, and on the other hand its strategy and business model.	b) the relationship between on the one hand its material risks and opportunities arising from impacts and dependencies on value chain workers, and on the other hand its strategy and business model.	[DELETED] Simplification of the double materiality assessment at ESRS 2 and topical level based on EFRAG decision.
11. When fulfilling the requirements of paragraph ESRS 2 SBM-3 paragraph 48, the undertaking shall disclose whether all value chain workers who are likely to be materially impacted by the undertaking, including impacts that are connected with the undertaking's own operations and value chain, including through its products or services, as well as through its business relationships, are included in the scope of its disclosure under ESRS 2. In addition, the undertaking shall provide the following information:	11. When fulfilling the requirements of paragraph ESRS 2 SBM-3 paragraph 48, the undertaking shall disclose whether all value chain workers who are likely to be materially impacted by the undertaking, including impacts that are connected with the undertaking's own operations and value chain, including through its products or services, as well as through its business relationships, are included in the scope of its disclosure under ESRS 2. In addition, the undertaking shall provide the following information:	[DELETED] Simplification of the double materiality assessment at ESRS 2 and topical level based on EFRAG decision.
a) a brief description of the types of value chain workers who could be materially impacted by the undertaking, including impacts that connected with the undertaking's own operations and value chain, including through its products or services, as well as through its business relationships, and specify whether they are:	a) a brief description of the types of value chain workers who could be materially impacted by the undertaking, including impacts that connected with the undertaking's own operations and value chain, including through its products or services, as well as through its business relationships, and specify whether they are:	[DELETED] Simplification of the double materiality assessment at ESRS 2 and topical level based on EFRAG decision.

<p>i.workers working on the undertaking site but who are not part of own workforce, i.e., who are not self-employed workers or workers provided by third party undertakings primarily engaged in employment activities (covered through ESRS S1);</p> <p>ii.workers working for entities in the undertaking's upstream value chain (e.g., those involved in the extraction of metals or minerals or harvesting of commodities, in refining, manufacturing or other forms of processing);</p> <p>iii.workers working for entities in the undertaking's downstream value chain (e.g., those involved in the activities of logistics or distribution providers, franchisees, retailers);</p> <p>iv.workers working in the operations of a joint venture or special purpose vehicle involving the reporting undertaking;</p> <p>v.workers who (within the prior categories or additionally) are particularly vulnerable to negative impacts whether due to their inherent characteristics or to the particular context, such as trade unionists, migrant workers, home workers, women or young workers.</p>	<p>i.workers working on the undertaking site but who are not part of own workforce, i.e., who are not self-employed workers or workers provided by third party undertakings primarily engaged in employment activities (covered through ESRS S1);</p> <p>ii.workers working for entities in the undertaking's upstream value chain (e.g., those involved in the extraction of metals or minerals or harvesting of commodities, in refining, manufacturing or other forms of processing);</p> <p>iii.workers working for entities in the undertaking's downstream value chain (e.g., those involved in the activities of logistics or distribution providers, franchisees, retailers);</p> <p>iv.workers working in the operations of a joint venture or special purpose vehicle involving the reporting undertaking;</p> <p>v.workers who (within the prior categories or additionally) are particularly vulnerable to negative impacts whether due to their inherent characteristics or to the particular context, such as trade unionists, migrant workers, home workers, women or young workers.</p>	
<p>b) any geographies, at country level or other levels, or commodities for which there is a significant risk of child labour, or of forced labour or compulsory labour, among workers in the undertaking's value chain (¹¹¹);</p>	<p>b) any geographies, at country level or other levels, or commodities for which there is a significant risk of child labour, or of forced labour or compulsory labour, among workers in the undertaking's value chain (¹¹¹);</p>	<p>[MOVED] Revised architecture whereby no ESRS 2 specifications for SBM in the topical standards based on input from information gathering.</p>
<p>c) in the case of material negative impacts, whether they are either (i) widespread or systemic in contexts where the</p>	<p>c) in the case of material negative impacts, whether they are either (i) widespread or systemic in contexts where the</p>	<p>[DELETED] Deletion of specifications.</p>

<p>undertaking operates or has sourcing or other business relationships (e.g., child labour or forced labour in particular commodity supply chains in specific countries or regions), or (ii) related to individual incidents (e.g., an industrial accident or an oil spill) or to specific business relationships. This includes consideration of impacts on value chain workers that may arise from the transition to greener and climate-neutral operations. Potential impacts include impacts associated with innovation and restructuring, closure of mines, increased mining of minerals needed for the transition to a sustainable economy, and solar panel production.</p>	<p>where the undertaking operates or has sourcing or other business relationships (e.g., child labour or forced labour in particular commodity supply chains in specific countries or regions), or (ii) related to individual incidents (e.g., an industrial accident or an oil spill) or to specific business relationships. This includes consideration of impacts on value chain workers that may arise from the transition to greener and climate-neutral operations. Potential impacts include impacts associated with innovation and restructuring, closure of mines, increased mining of minerals needed for the transition to a sustainable economy, and solar panel production;</p>	
<p>d) in the case of material positive impacts, a brief description of the activities that result in the positive impacts (e.g., updated purchasing practices, capacity-building to supply chain workers), including providing opportunities for the workforce such as job creation and upskilling in the context of a 'just transition', and the types of value chain workers that are positively affected or could be positively affected; the undertaking may also disclose whether the positive impacts occur in specific countries or regions; and</p>	<p>d) in the case of material positive impacts, a brief description of the activities that result in the positive impacts (e.g., updated purchasing practices, capacity-building to supply chain workers), including providing opportunities for the workforce such as job creation and upskilling in the context of a 'just transition', and the types of value chain workers that are positively affected or could be positively affected; the undertaking may also disclose whether the positive impacts occur in specific countries or regions; and</p>	<p>[DELETED] Revised architecture whereby no ESRS 2 specifications for SBM in the topical standards based on input from information gathering.</p>
<p>e) any material risks and opportunities for the undertaking arising from impacts and dependencies on value chain workers.</p>	<p>e) any material risks and opportunities for the undertaking arising from impacts and dependencies on value chain workers.</p>	<p>[DELETED] Revised architecture whereby no ESRS 2 specifications for SBM in the topical standards based on input from information gathering.</p>
<p>12. In describing the main types of value chain workers who are or could be negatively affected, based on the materiality assessment set out in ESRS 2 IRO-1, the undertaking shall disclose whether and how it has developed an understanding of how workers with particular characteristics, those working in particular</p>	<p>12. In describing the main types of value chain workers who are or could be negatively affected, based on the materiality assessment set out in ESRS 2 IRO-1, the undertaking shall disclose whether and how it has developed an understanding of how workers with particular characteristics, those</p>	<p>[DELETED] A reduction based on the revised objective based on EFRAG decision.</p>

contexts, or those undertaking particular activities may be at greater risk of harm.	working in particular contexts, or those undertaking particular activities may be at greater risk of harm.	
13. The undertaking shall disclose which, if any, of its material risks and opportunities arising from impacts and dependencies on its value chain workers relate to specific groups of value chain workers (for example, particular age groups, workers in a particular factory or country) rather than to all of the value chain workers.	13. The undertaking shall disclose which, if any, of its material risks and opportunities arising from impacts and dependencies on its value chain workers relate to specific groups of value chain workers (for example, particular age groups, workers in a particular factory or country) rather than to all of the value chain workers.	[DELETED] Deleted in relation to revised architecture of ESRS 2 based on input from information gathering.
Impact, risk and opportunity management		
Disclosure Requirement S2-1 – Policies related to value chain workers	Disclosure Requirement S2-1 – Policies related to workers in the value chain workers	Comment/Rationale
ESRS as enacted in 2023	Draft Amended ESRS	
14. The undertaking shall describe its policies adopted to manage its material impacts on value chain workers, as well as associated material risks and opportunities.	14. The undertaking shall describe its policies adopted to manage its material impacts on value chain workers, as well as associated material risks and opportunities.	[AMENDED] Moved to new [9] as part of editorial and simplification edits.
15. The objective of this Disclosure Requirement is to enable an understanding of the extent to which the undertaking has policies that address the identification, assessment, management and/or remediation of material impacts on value chain workers specifically, as well as policies that cover material risks or opportunities related to value chain workers.	15. The objective of this Disclosure Requirement is to enable an understanding of the extent to which the undertaking has policies that address the identification, assessment, management and/or remediation of material impacts on value chain workers specifically, as well as policies that cover material risks or opportunities related to value chain workers.	[DELETED] Deleted in accordance with the decision by EFRAG to eliminate 'Objectives' paragraphs from topical PAT disclosures requirements. This decision is part of the effort to eliminate overlaps between ESRS 2 and topical standards.
16. The disclosure required by paragraph 14 shall contain the information on the undertaking's policies to manage its material impacts, risks and opportunities related to value chain workers in accordance with ESRS 2 MDR-P Policies adopted to manage material sustainability matters. In addition, the undertaking shall specify whether such policies cover specific groups of value chain workers or all value chain workers.	9. 16. The disclosure required by paragraph 14 shall contain the information on the undertaking's shall describe its policies for managing its material impacts, risks and opportunities related to workers in the value chain workers in accordance with ESRS 2 GDR-P MDR-P Policies adopted to manage material sustainability matters. In addition, the undertaking It shall state specify whether these such policies cover specific groups of workers in the value chain workers	[UNCHANGED] Editorial changes for clarification and overall edits as part of the architectural decisions made by EFRAG. Elements moved from former [14].

	<u>(for example, particular age groups or workers in a particular factory or country) or all workers in the value chain workers.</u>	
17. The undertaking shall describe its human rights policy commitments (105) that are relevant to value chain workers, including those processes and mechanisms to monitor compliance with the UN Guiding Principles on Business and Human Rights, ILO Declaration on Fundamental Principles and Rights at Work or OECD Guidelines for Multinational Enterprises (106). In its disclosure, it shall focus on those matters that are material in relation to, as well as the general approach to:	17. The undertaking shall describe its human rights policy commitments (105) that are relevant to value chain workers, including those processes and mechanisms to monitor compliance with the UN Guiding Principles on Business and Human Rights, ILO Declaration on Fundamental Principles and Rights at Work or OECD Guidelines for Multinational Enterprises (106). In its disclosure, it shall focus on those matters that are material in relation to, as well as the general approach to:	[MOVED] Moved to ESRS 2 [GDR-P], Merged with #11 Table 1, where disclosures regarding human rights policy commitments are pooled for all four social stakeholder groups based on input from information gathering. This point supports alignment with SFDR and Benchmark regulation.
(a) respect for the human rights, including labour rights, of workers;	(a) respect for the human rights, including labour rights, of workers;	[DELETED] This datapoint was deleted as it refers to former [17] which was moved to ESRS 2.
(b) engagement with value chain workers; and	(b) engagement with value chain workers; and	[DELETED] This datapoint was deleted as it refers to former [17] which was moved to ESRS 2. In addition, this datapoint overlaps with disclosures under new S2-2 on processes for engaging with value chain workers about impacts and S2-3 concerning actions.
(c) measures to provide and/or enable remedy for human rights impacts	(c) measures to provide and/or enable remedy for human rights impacts	[DELETED] This datapoint was deleted as it refers to former [17] which was moved to ESRS 2. In addition, this datapoint overlaps with disclosures under new S2-2 on processes for engaging with value chain workers about impacts and approaches to remedy.

<p>18. The undertaking shall state whether its policies in relation to value chain workers explicitly address trafficking in human beings (107), forced labour or compulsory labour and child labour. It shall also state whether the undertaking has a supplier code of conduct (108).</p>	<p><u>10.18.</u> The undertaking shall state whether its policies in relation to <u>workers in the value chain</u> <u>workers explicitly</u> address trafficking in human beings¹, forced labour or compulsory labour, and child labour. It shall also state whether the undertaking has a supplier code of conduct (108).</p>	<p>[AMENDED] Former [18] was divided into 2 paragraphs to enhance clarity in line with EFRAG decision.</p>
	<p><u>11.</u> The undertaking shall also state whether it has a <u>supplier code of conduct</u>.²</p>	<p>[AMENDED] Former [18] was divided into 2 paragraphs to enhance clarity in line with EFRAG decision.</p>
<p>19. The undertaking shall disclose whether and how its policies with regard to value chain workers are aligned with internationally recognised instruments relevant to value chain workers, including the United Nations (UN) Guiding Principles on Business and Human Rights (109). The undertaking shall also disclose the extent to which cases of non-respect of the UN Guiding Principles on Business and Human Rights, ILO Declaration on Fundamental Principles and Rights at Work or OECD Guidelines for Multinational Enterprises that involve value chain workers have been reported in its upstream and downstream value chain and, if applicable, an indication of the nature of such cases (110).</p>	<p><u>19.</u> The undertaking shall disclose whether and how its policies with regard to value chain workers are aligned with internationally recognised instruments relevant to value chain workers, including the United Nations (UN) Guiding Principles on Business and Human Rights (109). The undertaking shall also disclose the extent to which cases of non-respect of the UN Guiding Principles on Business and Human Rights, ILO Declaration on Fundamental Principles and Rights at Work or OECD Guidelines for Multinational Enterprises that involve value chain workers have been reported in its upstream and downstream value chain and, if applicable, an indication of the nature of such cases (110).</p>	<p>[MOVED] Moved to ESRS 2 [GDR-P] where disclosures regarding human rights policy commitments are pooled for all four social stakeholder groups based on input from information gathering. This point supports alignment with EU Benchmark and EU SFDR legislation.</p>
<p><i>Disclosure Requirement S2-2 – Processes for engaging with value chain workers about impacts</i></p>	<p><i>Disclosure Requirement S2-2 – Processes for engaging with value chain workers about impacts</i> <u><i>Engagement with workers in the value chain, existence of channels for workers in the value chain to raise concerns or needs and approaches to remedy</i></u></p>	<p>Comment/Rationale</p>
<p>ESRS as enacted in 2023</p>	<p>Draft Amended ESRS</p>	<p>[AMENDED]</p>

		<p>Overall approach: Consolidation of two DRs under a single DR in light of the connection between the three points on engagement, channels to raise concerns and remedy. Deletion of a number of datapoints and clear delimitation of the scope of existing datapoints as per input from public input survey.</p>
20. The undertaking shall disclose its general processes for engaging with value chain workers and their representatives about actual and potential impacts on them.	20. The undertaking shall disclose its general processes for engaging with value chain workers and their representatives about actual and potential impacts on them.	<p>[DELETED]</p> <p>Deleted based on EFRAG decision to delete introductory paragraphs.</p>
21. The objective of this Disclosure Requirement is to enable an understanding of whether and how the undertaking engages, as part of its ongoing due diligence process, with value chain workers and their legitimate representatives, or with credible proxies , about material actual and potential positive and/or negative impacts that do or are likely to affect them, and whether and how perspectives of value chain workers are taken into account in the decision-making processes of the undertaking.	12. 21. The objective of this Disclosure Requirement DR is to enable an understanding of the undertaking's general approach to engagement with workers in the value chain, including the availability of channels to raise concerns or needs such as grievance mechanisms, and its approach to remedy. whether and how the undertaking engages, as part of its ongoing due diligence process, with value chain workers and their legitimate representatives, or with credible proxies , about material actual and potential positive and/or negative impacts that do or are likely to affect them, and whether and how perspectives of value chain workers are taken into account in the decision making processes of the undertaking.	<p>[AMENDED]</p> <p>The wording was simplified and amended to align with the decision to merge former ESRS S2-2 and S2-3. Elements moved from former [26].</p>
22. The undertaking shall disclose whether and how the perspectives of value chain workers inform its decisions or activities aimed at managing the actual and potential impacts on value chain workers. This shall include, where relevant, an explanation of:	13-22. The undertaking shall disclose whether and how it engages directly with workers in the value chain, their legitimate representatives or with credible proxies, and how the perspectives of its workers in the value chain workers inform its decisions or activities aimed at managing the actual and potential impacts on workers in the value chain	<p>[AMENDED]</p> <p>The wording was simplified and amended to align with the decision to merge former ESRS S2-2 and ESRS S2-3. Elements moved from former [22] (a) and clarified timeframe (i.e. reporting year).</p>

	workers during the reporting year. This shall include, where relevant, an explanation of:	
(a) whether engagement occurs with value chain workers or their legitimate representatives directly, or with credible proxies that have insight into their situation.	(a) whether engagement occurs with value chain workers or their legitimate representatives directly, or with credible proxies that have insight into their situation;	[AMENDED] Moved to new [13] in line with simplification.
(b) the stage(s) at which engagement occurs, the type of engagement, and the frequency of the engagement;	(b) the stage(s) at which engagement occurs, the type of engagement, and the frequency of the engagement;	[MOVED] Moved to new [AR 2] (type of engagement)
(c) the function and the most senior role within the undertaking that has operational responsibility for ensuring that this engagement happens, and that the results inform the undertaking's approach;	(c) the function and the most senior role within the undertaking that has operational responsibility for ensuring that this engagement happens, and that the results inform the undertaking's approach;	[DELETED] Granularity removed from narrative disclosures.
(d) where applicable, Global Framework Agreements or for agreements that the undertaking has with global union federations related to respect of human rights of workers in the value chain, including their right to bargain collectively, and including an explanation of how the agreement enables the undertaking to gain insight into those workers' perspectives; and	(b) (d) where applicable, the Global Framework Agreements ('GFA') or other outcomes for agreements that the undertaking has reached with workers in the value chain representatives global union federations related to the respect of human rights of workers in the value chain, if there are any such agreements or outcomes, including their right to bargain collectively, and including an explanation of how the agreement enables the undertaking to gain insight into those workers' perspectives; and	[UNCHANGED] Minor editorial changes.
e) where applicable, how the undertaking assesses the effectiveness of its engagement with workers in the value chain, including, where relevant, any agreements or outcomes that result.	e) where applicable, how the undertaking assesses the effectiveness of its engagement with workers in the value chain, including, where relevant, any agreements or outcomes that result.	[DELETED] Moved to new [14] which covers disclosure on how the undertaking assesses the effectiveness of channels to raise concerns or needs.

23. Where applicable, the undertaking shall disclose the steps it takes to gain insight into the perspectives of workers that may be particularly vulnerable to impacts and/or marginalised (for example, women workers, migrant workers, workers with disabilities).	(a) 23. Where applicable, how the undertaking shall disclose the steps it takes to gain insight into the perspectives of workers in the value chain who that may be particularly vulnerable to impacts and/or who are marginalised (for example, women workers, migrant workers, workers with disabilities) if the undertaking takes action to understand those perspectives; and	[UNCHANGED] Minor editorial changes.
24. If the undertaking cannot disclose the above required information because it has not adopted a general process to engage with workers in the value chain, it shall disclose this to be the case. It may disclose a timeframe in which it aims to have such a process in place.	24. If the undertaking cannot disclose the above required information because it has not adopted a general process to engage with workers in the value chain, it shall disclose this to be the case. It may disclose a timeframe in which it aims to have such a process in place.	[DELETED] Burden reduction by deleting this negative statement requirement.
<i>Disclosure Requirement S2-3 – Processes to remediate negative impacts and channels for value chain workers to raise concerns</i>	<i>Disclosure Requirement S2-3 – Processes to remediate negative impacts and channels for value chain workers to raise concerns</i>	Comment/Rationale
ESRS as enacted in 2023	Draft Amended ESRS	
		[AMENDED] Overall approach: Consolidation of two DRs under a single DR in light of the connection between the three points on engagement, channels to raise concerns and remedy. Deletion of a number of datapoints and clear delimitation of the scope of existing datapoints in line with input from public input survey. General approach to remedy moved after “channels to raise concerns” for better alignment with the sequencing of UNGPs or OECD MNE.
25. The undertaking shall describe the processes it has in place to provide for or cooperate in the remediation of	25. The undertaking shall describe the processes it has in place to provide for or cooperate in the	[DELETED]

<p>negative impacts on value chain workers that the undertaking is connected with, as well as channels available to value chain workers to raise concerns and have them addressed.</p>	<p>remediation of negative impacts on value chain workers that the undertaking is connected with, as well as channels available to value chain workers to raise concerns and have them addressed.</p>	<p>The paragraph was removed as part of the overall architectural decisions made by EFRAG to streamline the text.</p>
<p>26. The objective of this Disclosure Requirement is to enable an understanding of the formal means by which value chain workers can make their concerns and needs known directly to the undertaking and/or through which the undertaking supports the availability of such channels (for example, grievance mechanisms) in the workplace of value chain workers, how follow up is carried out with these workers regarding the issues raised, and the effectiveness of these channels.</p>	<p>26. The objective of this Disclosure Requirement is to enable an understanding of the formal means by which value chain workers can make their concerns and needs known directly to the undertaking and/or through which the undertaking supports the availability of such channels (for example, grievance mechanisms) in the workplace of value chain workers, how follow up is carried out with these workers regarding the issues raised, and the effectiveness of these channels.</p>	<p>[DELETED]</p> <p>Deleted in accordance with the decision to eliminate 'Objectives' paragraphs from PAT disclosures requirements. This decision is part of the effort in eliminating overlaps between ESRS 2 and topical standards.</p> <p>Streamlined with ESRS S2-2 based on agreement by EFRAG and input from information gathering to merge former ESRS S2-2 and ESRS S2-3.</p>
<p>27. The undertaking shall describe:</p>	<p>27. The undertaking shall describe:</p>	<p>[DELETED]</p> <p>Based on EFRAG decision to simplify content.</p>
<p>(a) its general approach to and processes for providing or contributing to remedy where it has caused or contributed to a material negative impact on value chain workers, including whether and how the undertaking assesses that the remedy provided is effective;</p>	<p>15. (a) The undertaking shall describe its general approach to and processes to provide or cooperate in remediation for providing or contributing to remedy where it has caused or contributed to a material negative impact on workers in the value chain workers, including whether and how the undertaking assesses that the remedy provided is effective;</p>	<p>[AMENDED]</p> <p>As part of the merging former ESRS S2-2 and ESRS S2-3, this is moved to ESRS S2-2 [15]</p> <p>Editorial change to refer to "provide or cooperate in remediation" in alignment with international standards (UNGPs principle 22).</p>
<p>(b) any specific channels it has in place for value chain workers to raise their concerns or needs directly with the undertaking and have them addressed, including whether these are established by the undertaking itself and/or whether they are third-party mechanisms;</p>	<p>14. (b) any The undertaking shall describe the specific channels it has in place for available to workers in the value chain workers to raise bring their concerns or needs directly to its attention with the undertaking and have them addressed., including whether these are established by the</p>	<p>[AMENDED]</p> <p>Text moved from former [27] (d) and simplified to improve clarity in line with simplification.</p>

	<u>undertaking itself and/or whether they are third-party mechanisms; In particular, it shall state whether it has a grievance mechanism in place. It shall also explain how it assesses the effectiveness of these channels.</u>	Reference to third party mechanisms moved to defined term “channels to raise concerns or needs” that is now included in the glossary.
(c) the processes through which it supports or requires the availability of such channels in the workplace of value chain workers; and	(c) the processes through which it supports or requires the availability of such channels in the workplace of value chain workers; and	[DELETED] Deleted to reduce granularity.
(d) how it tracks and monitors issues raised and addressed, and how it ensures the effectiveness of the channels, including through involvement of stakeholders who are the intended users.	(d) how it tracks and monitors issues raised and addressed, and how it ensures the effectiveness of the channels, including through involvement of stakeholders who are the intended users.	[AMENDED] Moved to new [14] Criteria for effectiveness are provided in new [AR 3] by reference to the ‘effectiveness criteria for non-judicial grievance mechanisms’, as laid out in the UN Guiding Principles on Business and Human Rights, in particular Principle 31.
28. The undertaking shall disclose whether and how it assesses that value chain workers are aware of and trust these structures or processes as a way to raise their concerns or needs and have them addressed. In addition, the undertaking shall disclose whether it has policies in place regarding the protection of individuals that use them against retaliation. If such information has been disclosed in accordance with ESRS G1-1, the undertaking may refer to that information.	28. The undertaking shall disclose whether and how it assesses that value chain workers are aware of and trust these structures or processes as a way to raise their concerns or needs and have them addressed. In addition, the undertaking shall disclose whether it has policies in place regarding the protection of individuals that use them against retaliation. If such information has been disclosed in accordance with ESRS G1-1, the undertaking may refer to that information.	[MOVED] Criteria for effectiveness are provided in new [AR 3] by reference to the “effectiveness criteria for non-judicial grievance mechanisms”, as laid out in the UN Guiding Principles on Business and Human Rights, in particular Principle 31. New [AR 3] also covers policies for protecting against retaliation individuals that use the channels.
29. If the undertaking cannot disclose the above required information because it has not adopted a channel for	29. If the undertaking cannot disclose the above required information because it has not adopted a	[DELETED]

raising concerns and/or does not support the availability of such a channel in the workplace of value chain workers, it shall disclose this to be the case. It may disclose a timeframe in which it aims to have such a channel or processes in place.	channel for raising concerns and/or does not support the availability of such a channel in the workplace of value chain workers, it shall disclose this to be the case. It may disclose a timeframe in which it aims to have such a channel or processes in place.	Burden reduction by deleting this negative statement provision.
<i>Disclosure Requirement S2-4 – Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions</i>	<i>Disclosure Requirement S2-3 4 Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions <u>Actions and resources related to workers in the value chain</u></i>	Comment/Rationale
ESRS as enacted in 2023	Draft Amended ESRS	
30. The undertaking shall disclose how it takes action to address material impacts on value chain workers, and to manage material risks and pursue material opportunities related to value chain workers and the effectiveness of those actions.	30. The undertaking shall disclose how it takes action to address material impacts on value chain workers, and to manage material risks and pursue material opportunities related to value chain workers and the effectiveness of those actions.	[DELETED] The paragraph was removed as part of the overall architectural decisions made by EFRAG to streamline the text.
31. The objective of this Disclosure Requirement is twofold. Firstly, it is to enable an understanding of any actions or initiatives through which the undertaking seeks to:	31. The objective of this Disclosure Requirement is twofold. Firstly, it is to enable an understanding of any actions or initiatives through which the undertaking seeks to:	[DELETED] Deleted in accordance with the decision to eliminate 'Objectives' paragraphs from PAT disclosures requirements. This decision is part of the effort of eliminating overlaps between ESRS 2 and topical standards.
(a) prevent, mitigate and remediate the negative material impacts on value chain workers; and/or	(a) prevent, mitigate and remediate the negative material impacts on value chain workers; and/or	
(b) achieve positive material impacts for value chain workers	(b) achieve positive material impacts for value chain workers	
Secondly, it is to enable an understanding of the ways in which the undertaking is addressing the material risks and pursuing the material opportunities related to workers in the value chain.	Secondly, it is to enable an understanding of the ways in which the undertaking is addressing the material risks and pursuing the material opportunities related to workers in the value chain.	[DELETED] Deleted in accordance with the decision to eliminate 'Objectives' paragraphs from PAT disclosures requirements. This decision is part of

		the effort of eliminating overlaps between ESRS 2 and topical standards.
The undertaking shall provide a summarised description of the action plans and resources to manage its material impacts, risks, and opportunities related to value chain workers as per ESRS 2 MDR-A Actions and resources in relation to material sustainability matters.	<u>16.</u> The undertaking shall <u>describe provide a summarised description of the key actions plans and resources used to manage its material positive and negative impacts, risks, and opportunities related to workers in the value chain workers in accordance with as per ESRS 2 GDR-A. MDR-A Actions and resources in relation to material sustainability matters.</u>	[AMENDED] Editorial change to clarify that this disclosure applies to both material positive and negative impacts.
32. In relation to material impacts, the undertaking shall describe:	<u>17.</u> <u>32.</u> In relation to material <u>negative</u> impacts on <u>workers in the value chain</u> , the undertaking shall describe:	[AMENDED] Editorial: addition of “negative”.
(a) actions taken, planned or underway to prevent or mitigate material negative impacts on value chain workers;	(a) <u>its key</u> actions taken, planned or underway to prevent, <u>or mitigate and remediate</u> material negative impacts on <u>workers in the value chain workers</u> ; <u>including its approach in situations where tensions arise between such actions and other business pressures (for example, in procurement or sales); and</u>	[AMENDED] Element moved from former [32] (b) and [35] that were connected and both relate to remedies. This datapoint now covers prevention, mitigation as well as remediation of material negative impacts.
(b) whether and how it has taken action to provide or enable remedy in relation to an actual material impact;	<u>(b) whether and how it has taken action to provide or enable remedy in relation to an actual material impact;</u>	[AMENDED] Concept of remedy included in new [17].
(c) any additional actions or initiatives it has in place with the primary purpose of delivering positive impacts for value chain workers; and	<u>(c) any additional actions or initiatives it has in place with the primary purpose of delivering positive impacts for value chain workers; and</u>	[DELETED] Based on EFRAG decision to simplify content. Disclosures on positive impacts are now all covered in new [16]
(d) how it tracks and assesses the effectiveness of such actions and initiatives in delivering intended outcomes for value chain workers.	<u>(b)-(d) how it tracks and assesses the effectiveness of such these actions and initiatives in delivering intended outcomes for workers in the value chain workers. This disclosure can be omitted if the</u>	[AMENDED] Amended to make it clear that companies need not disclose the same information twice and to

	<u>undertaking discloses how it tracks the effectiveness of its actions in accordance with ESRS 2 GDR-T or GDR-M. In that case, a reference to that disclosure is sufficient.</u>	improve articulation between topical PAT disclosures and ESRS 2.
33. In relation to paragraph 30, the undertaking shall describe:	33. In relation to paragraph 30, the undertaking shall describe:	[DELETED] Deleted to reduce granularity and duplications.
(a) the processes through which it identifies what action is needed and appropriate in response to a particular actual or potential negative impact on value chain workers;	(a) the processes through which it identifies what action is needed and appropriate in response to a particular actual or potential negative impact on value chain workers;	
(b) its approach to taking action in relation to specific material negative impacts on value chain workers, including any action in relation to its own purchasing or other internal practices, as well as capacity- building or other forms of engagement with entities in the value chain, or forms of collaborative action with industry peers or other relevant parties; and	(b) its approach to taking action in relation to specific material negative impacts on value chain workers, including any action in relation to its own purchasing or other internal practices, as well as capacity- building or other forms of engagement with entities in the value chain, or forms of collaborative action with industry peers or other relevant parties; and	[DELETED] Simplified via actions disclosed in new [17]. Some additional information on key actions, including reference to collective actions in [AR 4]. Including editorial changes made to simplify wording and enhance understanding.
(c) how it ensures that processes to provide or enable remedy in the event of material negative impacts are available and effective in their implementation and outcomes.	(c) how it ensures that processes to provide or enable remedy in the event of material negative impacts are available and effective in their implementation and outcomes.	[DELETED] Simplified via actions disclosed in new [17]. Some additional information on key actions, including reference to collective actions in [AR 4]. Including editorial changes made to simplify wording and enhance understanding.
34. In relation to material risks and opportunities, the undertaking shall describe:	34. In relation to material risks and opportunities, the undertaking shall describe:	[DELETED]
(a) what action is planned or underway to mitigate material risks for the undertaking arising from its impacts and dependencies on value chain workers and how it tracks effectiveness in practice; and	(a) what action is planned or underway to mitigate material risks for the undertaking arising from its impacts and dependencies on value chain workers and how it tracks effectiveness in practice; and	Simplification of topical datapoints linked to [GDR-A] in line with EFRAG decision.

(b) what action is planned or underway to pursue material opportunities for the undertaking in relation to value chain workers.	(b) what action is planned or underway to pursue material opportunities for the undertaking in relation to value chain workers.	
35. The undertaking shall disclose whether and how it takes action to avoid causing or contributing to material negative impacts on value chain workers through its own practices, including, where relevant, in relation to procurement, sales and data use. This may include disclosing what approach is taken when tensions arise between the prevention or mitigation of material negative impacts and other business pressures.	35. The undertaking shall disclose whether and how it takes action to avoid causing or contributing to material negative impacts on value chain workers through its own practices, including, where relevant, in relation to procurement, sales and data use. This may include disclosing what approach is taken when tensions arise between the prevention or mitigation of material negative impacts and other business pressures.	[DELETED] Simplification of topical datapoints linked to [GDR-A] in line with EFRAG decision. Tensions arising with business pressures (for example, in procurement or sales) are now covered in [17] (a).
36. The undertaking shall also disclose whether severe human rights issues and incidents connected to its upstream and downstream value chain have been reported and, if applicable, disclose these (111).	18. 36. For the sub-topics assessed as material for this Standard, subject to the relevant privacy regulation, the undertaking shall also disclose whether severe human rights issues and incidents connected to workers in the its upstream and downstream value chain identified in the reporting period. have been reported and, if applicable, disclose these (111).	[AMENDED] Amended to reflect the additional clarification of privacy regulation based on input from information gathering. Reference also added to reflect similar reference in new [S1-16]. Clarified in alignment with new [S1-16] and feedback from public consultation that the incidents are those identified "in the reporting period". This is an EU SFDR PAI
37. When disclosing the information required under paragraph 32 (c), the undertaking shall consider ESRS 2 (see ESRS 2 MDR-T Tracking effectiveness of policies and actions through targets) if it evaluates the effectiveness of an action by setting a target.	37. When disclosing the information required under paragraph 32 (c), the undertaking shall consider ESRS 2 (see ESRS 2 MDR-T Tracking effectiveness of policies and actions through targets) if it evaluates the effectiveness of an action by setting a target.	[DELETED] This is covered by ESRS 2 [GDR-A]. New S2-4 also consolidates references on targets.
38. The undertaking shall disclose what resources are allocated to the management of its material impacts, with information that enables users to gain an understanding of how the material impacts are managed.	38. The undertaking shall disclose what resources are allocated to the management of its material impacts, with information that enables users to gain	[DELETED] This is covered by ESRS 2 [GDR-A].

	<p>an understanding of how the material impacts are managed.</p>	
<i>Metrics and targets</i>		
<i>Disclosure Requirement S2-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities</i>	<i>Disclosure Requirement S2-4-5 Targets related to workers in the value chain managing material negative impacts, advancing positive impacts, and managing material risks and opportunities</i>	<i>Comment/Rationale</i>
ESRS as enacted in 2023	Draft Amended ESRS	
39. The undertaking shall disclose the time-bound and outcome-oriented targets it may have set related to:	39. The undertaking shall disclose the time bound and outcome-oriented targets it may have set related to:	[DELETED] Deleted to eliminate overlap with [GDR-T].
(a) reducing negative impacts on value chain workers; and/or	(a) reducing negative impacts on value chain workers; and/or	
(b) advancing positive impacts on value chain workers; and/or	(b) advancing positive impacts on value chain workers; and/or	
(c) managing material risks and opportunities related to value chain workers.	(c) managing material risks and opportunities related to value chain workers.	
40. The objective of this Disclosure Requirement is to enable an understanding of the extent to which the undertaking is using time-bound and outcome-oriented targets to drive and measure its progress in addressing material negative impacts, and/or advancing positive impacts on value chain workers, and/or in managing material risks and opportunities related to value chain workers.	40. The objective of this Disclosure Requirement is to enable an understanding of the extent to which the undertaking is using time bound and outcome-oriented targets to drive and measure its progress in addressing material negative impacts, and/or advancing positive impacts on value chain workers, and/or in managing material risks and opportunities related to value chain workers.	[DELETED] Deleted in accordance with the decision to eliminate 'Objectives' paragraphs from PAT disclosures requirements. This decision is part of the effort of eliminating overlaps between ESRS 2 and topical standards.
41. The summarised description of the targets to manage its material impacts, risks and opportunities related to value chain workers shall contain the information requirements defined in ESRS 2 MDR-T.	19. 41. The undertaking shall disclose qualitative and/or quantitative The summarised description of the targets to manage its material impacts, risks and opportunities related to workers in the value chain	[AMENDED] General approach: DR 4 is the result of the reduction of several datapoints and ARs in Set 1 DR 5 (targets) to simplify disclosure and better connect

	workers shall contain the information requirements defined in accordance with ESRS 2 GDR-T MDR-T.	targets and metrics with the tracking and assessment of the effectiveness of actions.
42. The undertaking shall disclose the process for setting the targets, including whether and how the undertaking engaged directly with workers in the value chain, their legitimate representatives, or with credible proxies that have insight into their situation in:	42. The undertaking shall disclose the process for setting the targets, including whether and how the undertaking engaged directly with workers in the value chain, their legitimate representatives, or with credible proxies that have insight into their situation in:	[AMENDED, MOVED] Amended and consolidated the various aspects of target setting that can involve affected stakeholders in new [AR 10].
(a) setting any such targets;	(a) setting any such targets;	[MOVED] Moved to [AR 10] for clarity.
(b) tracking the undertaking's performance against them; and	(b) tracking the undertaking's performance against them; and	
(c) identifying any lessons or improvements as a result of the undertaking's performance.	(c) identifying any lessons or improvements as a result of the undertaking's performance.	
<i>Appendix A Application Requirements</i>		
Objective	Objective	Comment/Rationale
ESRS as enacted in 2023	Draft Amended ESRS	
AR 1. In addition to the issues listed in paragraph 2, the undertaking may also consider disclosing information about other issues relevant to a material impact for a shorter period of time, for instance initiatives regarding the health and safety of value chain workers during a pandemic.	AR 1. In addition to the issues listed in paragraph 2, the undertaking may also consider disclosing information about other issues relevant to a material impact for a shorter period of time, for instance initiatives regarding the health and safety of value chain workers during a pandemic.	[DELETED] Deleted for simplification based on EFRAG decision and information gathering input.
AR 2. The overview of social and human rights matters provided in paragraph 2 is not meant to imply that all of these issues should be disclosed in each Disclosure Requirement in this Standard. Rather, it provides a list of matters that the undertaking shall consider in its materiality assessment (ref. to ESRS 1 chapter 3 Double materiality as the basis for sustainability disclosures and ESRS 2 IRO-1) related to value chain workers and, as	AR 2. The overview of social and human rights matters provided in paragraph 2 is not meant to imply that all of these issues should be disclosed in each Disclosure Requirement in this Standard. Rather, it provides a list of matters that the undertaking shall consider in its materiality assessment (ref. to ESRS 1 chapter 3 Double materiality as the basis for sustainability disclosures and ESRS 2 IRO-1) related to value chain	

appropriate, disclose as material impacts, risks and opportunities within the scope of this Standard.	workers and, as appropriate, disclose as material impacts, risks and opportunities within the scope of this Standard.	
AR 3. Examples of workers that fall within the scope of this Standard are:	AR 3. Examples of workers that fall within the scope of this Standard are:	
a) workers of outsourced services working in the workplace of the undertaking (e.g., third party catering or security workers);	a) workers of outsourced services working in the workplace of the undertaking (e.g., third party catering or security workers);	
b) workers of a supplier contracted by the undertaking who work on the supplier's premises using the supplier's work methods;	b) workers of a supplier contracted by the undertaking who work on the supplier's premises using the supplier's work methods;	
c) workers for a 'downstream' entity which purchases goods or services from the undertaking;	c) workers for a 'downstream' entity which purchases goods or services from the undertaking;	
d) workers of an equipment supplier to the undertaking who, at a workplace controlled by the undertaking, perform regular maintenance on the supplier's equipment (e.g., photocopier) as stipulated in the contract between the equipment supplier and the undertaking; and	d) workers of an equipment supplier to the undertaking who, at a workplace controlled by the undertaking, perform regular maintenance on the supplier's equipment (e.g., photocopier) as stipulated in the contract between the equipment supplier and the undertaking; and	
e) workers deeper in the supply chain who are extracting commodities that are then processed into components that go in the undertaking's products.	e) workers deeper in the supply chain who are extracting commodities that are then processed into components that go in the undertaking's products.	
ESRS 2 – General Disclosures		
Strategy		
<i>Disclosure Requirement related to ESRS 2 SBM-2 - Interests and views of stakeholders</i>	<i>Disclosure Requirement related to ESRS 2 SBM-2 - Interests and views of stakeholders</i>	
ESRS as enacted in 2023	Draft Amended ESRS	Comment/Rationale

AR 4. Disclosure Requirement ESRS 2 SBM-2 requires the undertaking to provide an understanding of whether and how it considers the role that its strategy and business model may play in creating, exacerbating or mitigating significant material impacts on value chain workers, and whether and how the business model and strategy are adapted to address such material impacts.	AR 4. Disclosure Requirement ESRS 2 SBM-2 requires the undertaking to provide an understanding of whether and how it considers the role that its strategy and business model may play in creating, exacerbating or mitigating significant material impacts on value chain workers, and whether and how the business model and strategy are adapted to address such material impacts.	[DELETED] Deleted for simplification based on EFRAG decision and information gathering input.
AR 5. While value chain workers may not be engaging with the undertaking at the level of its strategy or business model, their views can inform the undertaking's assessment of its strategy and business model. The undertaking may disclose the views of the value chain workers and value chain workers' representatives.	AR 5. While value chain workers may not be engaging with the undertaking at the level of its strategy or business model, their views can inform the undertaking's assessment of its strategy and business model. The undertaking may disclose the views of the value chain workers and value chain workers' representatives.	[DELETED] Deleted for simplification based on EFRAG decision and information gathering input.
<i>Disclosure Requirement related to ESRS 2 SBM-3 - Material impacts, risks and opportunities and their interaction with strategy and business model</i>	<i>Disclosure Requirement related to ESRS 2 SBM-3 - Material impacts, risks and opportunities and their interaction with strategy and business model</i>	
ESRS as enacted in 2023	Draft Amended ESRS	Comment/Rationale
AR 6. Impacts on value chain workers can originate in the undertaking's strategy or business model in a number of different ways. For example, impacts may relate to the undertaking's value proposition (such as providing lowest cost products or services, or high-speed delivery, in ways that put pressure on labour rights in the upstream and downstream value chains), its value chain (such as relying on commodities of unclear provenance, without visibility on impacts on workers), or its cost structure and the revenue model (e.g. shifting inventory risk to suppliers, with knock-on effects on the labour rights of their workers).	AR 6. Impacts on value chain workers can originate in the undertaking's strategy or business model in a number of different ways. For example, impacts may relate to the undertaking's value proposition (such as providing lowest cost products or services, or high-speed delivery, in ways that put pressure on labour rights in the upstream and downstream value chains), its value chain (such as relying on commodities of unclear provenance, without visibility on impacts on workers), or its cost structure and the revenue model (e.g. shifting inventory risk to suppliers, with knock-on effects on the labour rights of their workers).	[DELETED] Deleted for simplification based on EFRAG decision and information gathering input.
AR 7. Impacts on value chain workers that originate in the strategy or the business model can also bring material risks to the undertaking. For example, in the	AR 7. Impacts on value chain workers that originate in the strategy or the business model can also bring material risks to the undertaking. For example, in the	

<p>context of a pandemic or other severe health crisis, undertakings that rely on contingent labour with little to no access to sick care and health benefits may face severe operational and business continuity risks as workers have no choice but to keep working while sick, further exacerbating the spread of the disease and causing major supply chain breakdowns. Another example is where selling goods premised on cheapest prices for customers create operational risks as suppliers under extreme price pressure may sub-contract production, leading to lower quality, and a longer, less transparent, and less controllable supply chain. Reputational and business opportunity risks linked to the exploitation of low-skilled, low-paid workers in sourcing geographies with minimal protections for them are also increasing with media backlash and consumer preferences moving to more ethically sourced or sustainable goods.</p>	<p>the context of a pandemic or other severe health crisis, undertakings that rely on contingent labour with little to no access to sick care and health benefits may face severe operational and business continuity risks as workers have no choice but to keep working while sick, further exacerbating the spread of the disease and causing major supply chain breakdowns. Another example is where selling goods premised on cheapest prices for customers create operational risks as suppliers under extreme price pressure may sub-contract production, leading to lower quality, and a longer, less transparent, and less controllable supply chain. Reputational and business opportunity risks linked to the exploitation of low-skilled, low-paid workers in sourcing geographies with minimal protections for them are also increasing with media backlash and consumer preferences moving to more ethically sourced or sustainable goods.</p>	
<p>AR 8. Examples of particular characteristics of value chain workers that may be considered by the undertaking when responding to paragraph 12 relate to young workers that may be more susceptible to impacts on their physical and mental development, or women workers in a context where women are routinely discriminated against in the terms and conditions of work, or migrant workers in a context where the market for the supply of labour is poorly regulated and workers are routinely charged recruitment fees. For some workers, the inherent nature of the activity that they are required to undertake may put them at risk (e.g., workers required to handle chemicals or operate certain equipment or low paid workers who are on “zero hours” contracts).</p>	<p>AR 8. Examples of particular characteristics of value chain workers that may be considered by the undertaking when responding to paragraph 12 relate to young workers that may be more susceptible to impacts on their physical and mental development, or women workers in a context where women are routinely discriminated against in the terms and conditions of work, or migrant workers in a context where the market for the supply of labour is poorly regulated and workers are routinely charged recruitment fees. For some workers, the inherent nature of the activity that they are required to undertake may put them at risk (e.g., workers required to handle chemicals or operate certain equipment or low paid workers who are on “zero hours” contracts).</p>	
<p>AR 9. With regard to paragraph 13, material risks could also arise because of the undertaking’s dependency</p>	<p>AR 9. With regard to paragraph 13, material risks could also arise because of the undertaking’s dependency</p>	

<p>on value chain workers where low likelihood but high impact events may trigger financial effects; for example, where a global pandemic leads to severe health impacts on workers at all stages of the value chain resulting in major disruptions to production and distribution. Other examples of risk related to the undertaking's dependency on value chain workers include a shortage in skilled workers or political decisions or legislation affecting value chain workers working for logistics providers. For example, if some workers in the undertaking's value chain are at risk of forced labour, and the undertaking is importing products into countries where the law allows for the confiscation of imported goods that are suspected of being made with forced labour.</p>	<p>dependency on value chain workers where low likelihood but high impact events may trigger financial effects; for example, where a global pandemic leads to severe health impacts on workers at all stages of the value chain resulting in major disruptions to production and distribution. Other examples of risk related to the undertaking's dependency on value chain workers include a shortage in skilled workers or political decisions or legislation affecting value chain workers working for logistics providers. For example, if some workers in the undertaking's value chain are at risk of forced labour, and the undertaking is importing products into countries where the law allows for the confiscation of imported goods that are suspected of being made with forced labour.</p>	
<i>Impact, risk and opportunity management</i>		
<p><i>Disclosure Requirement S2-1 – Policies related to value chain workers</i></p>	<p><i>Disclosure Requirement S2-1 – Policies related to workers in the value chain workers</i></p>	Comment/Rationale
<p>ESRS as enacted in 2023</p> <p>AR 10. If the policies are limited to the undertaking's own workforce and do not cover workers in upstream and downstream entities and relationships, they shall be disclosed under ESRS S1 and not in relation to this requirement.</p>	<p>Draft Amended ESRS</p> <p>AR 10. If the policies are limited to the undertaking's own workforce and do not cover workers in upstream and downstream entities and relationships, they shall be disclosed under ESRS S1 and not in relation to this requirement.</p>	<p>[DELETED]</p> <p>Deemed not essential in line with simplification decision of EFRAG.</p>
<p>AR 11. If the disclosures under ESRS S1 include information relevant for workers in the value chain, a reference to this can be made here; disclosures on the remaining elements shall then be fulfilled under this Disclosure Requirement.</p>	<p>AR 11. If the disclosures under ESRS S1 include information relevant for workers in the value chain, a reference to this can be made here; disclosures on the remaining elements shall then be fulfilled under this Disclosure Requirement.</p>	<p>[DELETED]</p> <p>Deemed not essential in line with simplification decision of EFRAG.</p>
<p>AR 12. The undertaking may disclose explanations of significant changes to the policies adopted during the reporting year (e.g., new expectations for suppliers, new or additional approaches to due diligence and remedy).</p>	<p>AR 12. The undertaking may disclose explanations of significant changes to the policies adopted during the reporting year (e.g., new expectations for suppliers, new or additional approaches to due diligence and remedy).</p>	<p>[DELETED]</p> <p>Deemed not essential in line with simplification decision of EFRAG.</p>

<p>AR 13. The policy may take the form of a stand-alone policy regarding value chain workers or be included in a broader document such as a code of ethics or a general sustainability policy that has already been disclosed by the undertaking as part of another ESRS. In those cases, the undertaking shall provide an accurate cross-reference to identify the aspects of the policy that satisfy the requirements of this Disclosure Requirement.</p>	<p>AR 13. The policy may take the form of a stand alone policy regarding value chain workers or be included in a broader document such as a code of ethics or a general sustainability policy that has already been disclosed by the undertaking as part of another ESRS. In those cases, the undertaking shall provide an accurate cross reference to identify the aspects of the policy that satisfy the requirements of this Disclosure Requirement.</p>	<p>[DELETED] Deemed not essential and because 'policy' is already defined in Glossary.</p>
<p>AR 14. When disclosing the alignment of its policies with the UN Guiding Principles on Business and Human Rights, the undertaking shall consider that the Guiding Principles refer to the International Bill of Rights, which consist of the Universal Declaration of Human Rights and the two Covenants that implement it, as well as the International Labour Organisation's Declaration on Fundamental Rights and Principles at Work and the core conventions that underpin it, and may disclose its alignment with these instruments.</p>	<p>AR 14. When disclosing the alignment of its policies with the UN Guiding Principles on Business and Human Rights, the undertaking shall consider that the Guiding Principles refer to the International Bill of Rights, which consist of the Universal Declaration of Human Rights and the two Covenants that implement it, as well as the International Labour Organisation's Declaration on Fundamental Rights and Principles at Work and the core conventions that underpin it, and may disclose its alignment with these instruments.</p>	<p>[MOVED] MOVED to ESRS 2 [GDR-P] [AR 35]</p>
<p>AR 15. When disclosing how external-facing policies are embedded, the undertaking may, for example, consider internal policies of responsible sourcing, and alignment with other policies relevant to value chain workers, for example, regarding forced labour. With regard to supplier codes of conduct that the undertaking may have, the summary shall indicate whether they include provisions addressing the safety of workers, precarious work (for example, the use of workers on short-term or limited hours contracts, workers employed via third parties, sub-contracting to third parties or use of informal workers), human trafficking, the use of forced labour or child labour, and whether such provisions are fully in line with applicable ILO standards.</p>	<p>AR 15. When disclosing how external facing policies are embedded, the undertaking may, for example, consider internal policies of responsible sourcing, and alignment with other policies relevant to value chain workers, for example, regarding forced labour. With regard to supplier codes of conduct that the undertaking may have, the summary shall indicate whether they include provisions addressing the safety of workers, precarious work (for example, the use of workers on short term or limited hours contracts, workers employed via third parties, sub-contracting to third parties or use of informal workers), human trafficking, the use of forced labour</p>	<p>[DELETED] Deleted for simplification based on EFRAG decision and information gathering input.</p>

	or child labour, and whether such provisions are fully in line with applicable ILO standards.	
AR 16. The undertaking may provide an illustration of the types of communication of its policies to those individuals, group of individuals or entities for whom they are relevant, either because they are expected to implement them (for example, the undertaking's employees, contractors and suppliers), or because they have a direct interest in their implementation (for example, own workers, investors). It may disclose communication tools and channels (for example, flyers, newsletters, dedicated websites, social media, face to face interactions, workers' representatives), aimed at ensuring that the policy is accessible and that different audiences understand its implications. The undertaking may also explain how it identifies and removes potential barriers for dissemination, such as through translation into relevant languages or the use of graphic depictions.	AR 1. AR 16. Examples of policy aspects to disclose are the means of communication the undertaking uses to communicate The undertaking may provide an illustration of the types of communication of its policies to the those 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, workers in the value chain own workers, investors). It may disclose communication tools and channels (for example, flyers, newsletters, dedicated websites, social media, face to face interactions, workers' representatives), aimed at ensuring that the policy is accessible and that different audiences understand its implications. The undertaking may also explain how it identifies and removes potential barriers for dissemination, such as through translation into relevant languages or the use of graphic depictions.	[AMENDED] Editorial changes made for consistency in line with the EFRAG decision on simplification and ensuring guidance materials and remaining content might be considered by EFRAG as future non mandatory guidance.
<i>Disclosure Requirement S2-2 – Processes for engaging with value chain workers about impacts</i>	<i>Disclosure Requirement S2-2 – Processes for engaging with value chain workers about impacts</i> <i>Engagement with workers in the value chain, existence of channels for workers in the value chain to raise concerns or needs and approaches to remedy</i>	Comment/Rationale
ESRS as enacted in 2023	Draft Amended ESRS	
AR 17. When describing which function or role has operational responsibility for such engagement and/or ultimate accountability, the undertaking may disclose whether this is a dedicated role or function or part of a broader role or function, and whether any capacity building activities have been offered to support the staff to undertake engagement. If it cannot identify such a position	AR 17. When describing which function or role has operational responsibility for such engagement and/or ultimate accountability, the undertaking may disclose whether this is a dedicated role or function or part of a broader role or function, and whether any capacity building activities have been offered to support the staff to undertake	[DELETED] Examples and granularity of AR considerations has been removed.

<p>or function, it may state that this is the case. This disclosure could also be fulfilled by making reference to information disclosed according to ESRS 2 GOV-1 <i>The role of the administrative, management and supervisory bodies</i>.</p>	<p>engagement. If it cannot identify such a position or function, it may state that this is the case. This disclosure could also be fulfilled by making reference to information disclosed according to ESRS 2 GOV-1 <i>The role of the administrative, management and supervisory bodies</i>.</p>	
<p>AR 18. When preparing the disclosures described in paragraph 22 b) and c), the following illustrations may be considered:</p>	<p>AR 18. When preparing the disclosures described in paragraph 22 b) and c), the following illustrations may be considered:</p>	<p>[DELETED] Deemed not essential in line with simplification decision of EFRAG.</p>
<p>a) examples of stages at which engagement occurs are i) determining the approach to mitigation and ii) evaluation the effectiveness of mitigation;</p>	<p>a) examples of stages at which engagement occurs are i) determining the approach to mitigation and ii) evaluation the effectiveness of mitigation;</p>	<p>[DELETED] Deemed not essential in line with simplification decision of EFRAG.</p>
<p>b) for type of engagement, these could be participation, consultation and/or information;</p>	<p>AR 2. b) for type of engagement, these could be participation, consultation and/or information; <u>Engagement with workers in the value chain can take different forms, such as information sessions, consultation or participation, and take place at different intervals.</u></p>	<p>[AMENDED] Amended in new [AR 2].</p>
<p>c) for the frequency of the engagement, information may be provided on whether engagement occurs on a regular basis, at certain points in a project or business process, for example, when a new harvest season begins or a new production line is opened, as well as whether it occurs in response to legal requirements and/or in response to stakeholder requests and whether the result of the engagement is being integrated into the undertaking's decision-making processes; and</p>	<p>c) for the frequency of the engagement, information may be provided on whether engagement occurs on a regular basis, at certain points in a project or business process, for example, when a new harvest season begins or a new production line is opened, as well as whether it occurs in response to legal requirements and/or in response to stakeholder requests and whether the result of the engagement is being integrated into the undertaking's decision-making processes; and</p>	<p>[AMENDED] Reference to engagement taking place at different intervals in new [AR 2].</p>
<p>d) for the role with operational responsibility, whether the undertaking requires relevant staff to have certain skills, or</p>	<p>d) for the role with operational responsibility, whether the undertaking requires relevant staff to have certain skills, or whether it provides training or</p>	<p>[DELETED]</p>

whether it provides training or capacity building to relevant staff to undertake engagement.	capacity building to relevant staff to undertake engagement.	Content might be considered by EFRAG as future non mandatory guidance.
AR 19. Global Framework Agreements (GFA) serve to establish an ongoing relationship between a multinational enterprise and a Global Union Federation to ensure that the undertaking adheres to the same standards in every country in which it operates.	AR 19. Global Framework Agreements (GFA) serve to establish an ongoing relationship between a multinational enterprise and a Global Union Federation to ensure that the undertaking adheres to the same standards in every country in which it operates.	[MOVED] The definition was agreed and moved to glossary.
AR 20. To illustrate how the perspectives of value chain workers have informed specific decisions or activities of the undertaking, the undertaking may provide examples from the current reporting period.	AR 20. To illustrate how the perspectives of value chain workers have informed specific decisions or activities of the undertaking, the undertaking may provide examples from the current reporting period.	[DELETED] Deemed not essential in line with simplification decision of EFRAG.
<i>Disclosure Requirement S2-3 – Processes to remediate negative impacts and channels for value chain workers to raise concerns</i>	<i>Disclosure Requirement S2-3 – Processes to remediate negative impacts and channels for value chain workers to raise concerns</i>	Comment/Rationale
ESRS as enacted in 2023	Draft Amended ESRS	
AR 21. In fulfilling the requirements set out by Disclosure Requirement ESRS S2-3, the undertaking may be guided by the content of the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises focused on remediation and grievance mechanisms.	AR 21. In fulfilling the requirements set out by Disclosure Requirement ESRS S2-3, the undertaking may be guided by the content of the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises focused on remediation and grievance mechanisms.	[MOVED] Moved to ESRS S2-2 [AR 3]
AR 22. Channels for raising concerns or needs include grievance mechanisms, hotlines, trade unions (where workers are unionised), dialogue processes or other means through which value chain workers or their legitimate representatives can raise concerns about impacts or explain needs that they would like the undertaking to address. This could include both channels provided by the undertaking directly and channels provided by the entities where the value chain workers are working, in addition to any other mechanisms the undertaking may use to gain insight into the management of impacts on workers, such as compliance audits. Where	AR 22. Channels for raising concerns or needs include grievance mechanisms, hotlines, trade unions (where workers are unionised), dialogue processes or other means through which value chain workers or their legitimate representatives can raise concerns about impacts or explain needs that they would like the undertaking to address. This could include both channels provided by the undertaking directly and channels provided by the entities where the value chain workers are working, in addition to any other mechanisms the undertaking may use to gain insight into the	[AMENDED, MOVED] The definition was agreed and moved to glossary. Editorial changes to definition to enhance understanding, reference to whistleblowing mechanisms was clarified as well as articulation between channels to raise concerns or needs and remedies.

<p>the undertaking is relying solely on information about the existence of such channels provided by its business relationships to answer this requirement, it may state that.</p>	<p>management of impacts on workers, such as compliance audits. Where the undertaking is relying solely on information about the existence of such channels provided by its business relationships to answer this requirement, it may state that.</p>	
<p>AR 23. To provide greater insight into the information covered in Disclosure Requirement ESRS S2-3, the undertaking may explain whether and how value chain workers that may be affected are able to access channels at the level of the undertaking they are employed by, or contracted to work for, in relation to each material impact.</p>	<p>AR 23. To provide greater insight into the information covered in Disclosure Requirement ESRS S2-3, the undertaking may explain whether and how value chain workers that may be affected are able to access channels at the level of the undertaking they are employed by, or contracted to work for, in relation to each material impact.</p>	<p>[DELETED]</p> <p>Deleted in line with the EFRAG decision to merge former ESRS S2-2 and ESRS S2-3.</p>
<p>AR 24. Third party mechanisms could include those operated by the government, NGOs, industry associations and other collaborative initiatives. The undertaking may disclose whether these are accessible to all workers who may be potentially or actually materially impacted by the undertaking, or individuals or organisations acting on their behalf or who are otherwise in a position to be aware of negative impacts.</p>	<p>AR 24. Third party mechanisms could include those operated by the government, NGOs, industry associations and other collaborative initiatives. The undertaking may disclose whether these are accessible to all workers who may be potentially or actually materially impacted by the undertaking, or individuals or organisations acting on their behalf or who are otherwise in a position to be aware of negative impacts.</p>	<p>[AMENDED, MOVED]</p> <p>The definition was agreed and moved to glossary.</p>
<p>AR 25. In relation to the protection of individuals that use the mechanisms against the retaliation, the undertaking may describe whether it treats grievances confidentially and with respect to the rights of privacy and data protection; and whether the mechanisms allow for workers to use them anonymously (for example, through representation by a third party).</p>	<p>AR 25. In relation to the protection of individuals that use the mechanisms against the retaliation, the undertaking may describe whether it treats grievances confidentially and with respect to the rights of privacy and data protection; and whether the mechanisms allow for workers to use them anonymously (for example, through representation by a third party).</p>	<p>[DELETED]</p> <p>Content might be considered by EFRAG as future non-mandatory guidance.</p>
<p>AR 26. In disclosing whether and how the undertaking knows that value chain workers are aware of and trust any of these channels, the undertaking may provide relevant and reliable data about the effectiveness of these channels from the perspective of value chain workers themselves.</p>	<p>AR 26. In disclosing whether and how the undertaking knows that value chain workers are aware of and trust any of these channels, the undertaking may provide relevant and reliable data about the effectiveness of these channels from the</p>	<p>[AMENDED, MOVED]</p> <p>The criteria for assessing the effectiveness of the channels are included in new [AR 3] by way of reference to the "effectiveness criteria for non-</p>

Examples of sources of information are surveys of workers that have used such channels and their levels of satisfaction with the process and outcomes.	perspective of value chain workers themselves. Examples of sources of information are surveys of workers that have used such channels and their levels of satisfaction with the process and outcomes.	judicial grievance mechanisms", as laid out in the UN Guiding Principles on Business and Human Rights, in particular Principle 31.
AR 27. In describing the effectiveness of channels for value chain workers to raise concerns, the undertaking may be guided by the following questions, based on the "effectiveness criteria for non-judicial grievance mechanisms", as laid out in the UN Guiding Principles on Business and Human Rights, in particular Principle 31. The below considerations may be applied to individual channels or to a collective system of channels:	AR 3. AR 27. In describing the effectiveness of channels for value chain workers to raise concerns, the undertaking may be guided by the following questions, based on The "effectiveness criteria for non-judicial grievance mechanisms", as laid out in the UN Guiding Principles on Business and Human Rights, in particular Principle 31, can be used for assessing the effectiveness of the channels. The below considerations may be applied to individual channels or to a collective system of channels: If the undertaking has policies for protecting individuals that use these channels against retaliation, and they are disclosed under ESRS G1-1, the undertaking may refer to that disclosure.	[AMENDED] Cross-reference added to G1-1. In line with input from information gathering and EFRAG decision, former [AR 27] was reduced as the criteria for assessing the effectiveness of the channels are included in new [AR 3] by way of reference to the "effectiveness criteria for non-judicial grievance mechanisms", as laid out in the UN Guiding Principles on Business and Human Rights, in particular Principle 31. [28] amended, also reflecting former [AR 25].
a) do the channels hold legitimacy by providing appropriate accountability for their fair conduct and building stakeholder trust?	a) do the channels hold legitimacy by providing appropriate accountability for their fair conduct and building stakeholder trust?	[DELETED] The criteria for assessing the effectiveness of the channels are included in new [AR 3] by way of reference to the "effectiveness criteria for non-judicial grievance mechanisms", as laid out in the UN Guiding Principles on Business and Human Rights, in particular Principle 31.
b) are the channels known and accessible to stakeholders?	b) are the channels known and accessible to stakeholders?	[DELETED] Examples of questions to assess the effectiveness of channels removed.
c) do the channels have clear and known procedures, with indicative timeframes?	c) do the channels have clear and known procedures, with indicative timeframes?	[DELETED]

		Examples of questions to assess the effectiveness of channels removed.
d) do the channels ensure reasonable access for stakeholders to sources of information, advice and expertise?	d) do the channels ensure reasonable access for stakeholders to sources of information, advice and expertise?	[DELETED] Examples of questions to assess the effectiveness of channels removed.
e) do the channels offer transparency by providing sufficient information both to complainants and, where applicable, to meet any public interest?	e) do the channels offer transparency by providing sufficient information both to complainants and, where applicable, to meet any public interest?	[DELETED] Examples of questions to assess the effectiveness of channels removed.
f) do outcomes achieved through the channels accord with internationally recognised human rights?	f) do outcomes achieved through the channels accord with internationally recognised human rights?	[DELETED] Examples of questions to assess the effectiveness of channels removed.
g) does the undertaking identify insights from the channels that support continuous learning in both improving the channels and preventing future impacts?	g) does the undertaking identify insights from the channels that support continuous learning in both improving the channels and preventing future impacts?	[DELETED] Examples of questions to assess the effectiveness of channels removed.
h) does the undertaking focus on dialogue with complainants as the means to reach agreed solutions, rather than seeking to unilaterally determine the outcome?	h) does the undertaking focus on dialogue with complainants as the means to reach agreed solutions, rather than seeking to unilaterally determine the outcome?	[DELETED] Examples of questions to assess the effectiveness of channels removed.
<i>Disclosure Requirement S2-4 – Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions</i>	<i>Disclosure Requirement S2-3 4 – Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions</i> <i>Actions and resources related to workers in the value chain</i>	Comment/Rationale
ESRS as enacted in 2023	Draft Amended ESRS	
AR 28. It may take time to understand negative impacts and how the undertaking may be involved with them through its value chain, as well as to identify appropriate	AR 28. It may take time to understand negative impacts and how the undertaking may be involved with them through its value chain, as well as to	[DELETED] Based on EFRAG decision to enhance clarity and remove voluntary datapoints.

responses and put them into practice. Therefore, the undertaking shall consider:	identify appropriate responses and put them into practice. Therefore, the undertaking shall consider:	
a) its general and specific approaches to addressing material negative impacts;	a) its general and specific approaches to addressing material negative impacts;	[DELETED] Duplications with ESRS 2 [GDR-A]
b) its initiatives aimed at contributing to additional material positive impacts;	b) its initiatives aimed at contributing to additional material positive impacts;	[DELETED] Duplications with ESRS 2 [GDR-A]
c) how far it has progressed in its efforts during the reporting period; and	c) how far it has progressed in its efforts during the reporting period; and	[DELETED] Based on EFRAG decision to enhance clarity and remove voluntary datapoints.
d) its aims for continued improvement.	d) its aims for continued improvement.	[DELETED] Based on EFRAG decision to enhance clarity and remove voluntary datapoints.
AR 29. Appropriate action can vary according to whether the undertaking causes or contributes to a material impact or whether the material impact is directly linked to its own operations, products or services through a business relationship.	AR 4. AR 29. Appropriate action can vary according to whether the undertaking causes or contributes to a material impact or whether the material impact is directly linked to its own operations, products or services through a business relationship. <u>The actions taken by the undertaking differ depending on its connection to the impact (causation, contribution, direct linkage) and how it has identified the actions as appropriate for addressing material impacts.</u> <u>This disclosure requirement also applies to key actions to provide, cooperate in, or enable remediation in cases of actual negative impacts. Key actions to prevent, mitigate or remediate impacts include the use of different types of leverage or</u>	[AMENDED] Consolidated former [AR29] and [AR 30] into Amended [AR 4].

	<u>collective actions taken through multi-stakeholder or industry initiatives.</u>	
AR 30. Given that material negative impacts affecting value chain workers that have occurred during the reporting period may also be linked to entities or operations outside its direct control, the undertaking may disclose whether and how it seeks to use its leverage in its business relationships to manage those impacts. This may include using commercial leverage (for example, enforcing contractual requirements with business relationships or implementing incentives), other forms of leverage within the relationship (such as providing training or capacity-building on workers' rights to entities with which the undertaking has a business relationships) or collaborative leverage with peers or other actors (such as initiatives aimed at responsible recruitment or ensuring workers receive an adequate wage).	AR 30. Given that material negative impacts affecting value chain workers that have occurred during the reporting period may also be linked to entities or operations outside its direct control, the undertaking may disclose whether and how it seeks to use its leverage in its business relationships to manage those impacts. This may include using commercial leverage (for example, enforcing contractual requirements with business relationships or implementing incentives), other forms of leverage within the relationship (such as providing training or capacity-building on workers' rights to entities with which the undertaking has a business relationships) or collaborative leverage with peers or other actors (such as initiatives aimed at responsible recruitment or ensuring workers receive an adequate wage).	[DELETED] Partially merged with former [AR 29] and partially reflected in new [AR 4] (on leverage and collective actions). Based on EFRAG decision to enhance clarity and remove voluntary datapoints and enhance guidance.
AR 31. When the undertaking discloses its participation in an industry or multi-stakeholder initiative as part of its actions to address material negative impacts, the undertaking may disclose how the initiative, and its own involvement, is aiming to address the material impact concerned. It may disclose under ESRS S2-5 the relevant targets set by the initiative and progress towards them.	AR 31. When the undertaking discloses its participation in an industry or multi-stakeholder initiative as part of its actions to address material negative impacts, the undertaking may disclose how the initiative, and its own involvement, is aiming to address the material impact concerned. It may disclose under ESRS S2-5 the relevant targets set by the initiative and progress towards them.	[MOVED] Moved to ESRS 2 [GDR-A] [AR 37]. Also mentioned in [AR 4] above.
AR 32. When disclosing whether and how the undertaking considers actual and potential impacts on value chain workers in decisions to terminate business relationships and whether and how it seeks to address any	AR 32. When disclosing whether and how the undertaking considers actual and potential impacts on value chain workers in decisions to terminate business relationships and whether and how it seeks to address any negative impacts that	[DELETED] Deleted based on EFRAG decision to streamline voluntary datapoints and enhance clarity.

negative impacts that may result from termination, the undertaking may include examples.	may result from termination, the undertaking may include examples.	
AR 33. In disclosing how it tracks the effectiveness of its actions to manage material impacts during the reporting period, the undertaking may disclose any lessons learned from the previous and current reporting periods.	AR 33. In disclosing how it tracks the effectiveness of its actions to manage material impacts during the reporting period, the undertaking may disclose any lessons learned from the previous and current reporting periods	[AMENDED, MOVED] The tracking of the effectiveness of actions is included in new [17](b) and new [AR 10] on tracking performance in relation to targets.
AR 34. Processes used to track the effectiveness of actions can include internal or external auditing or verification, court proceedings and/or related court decisions, impact assessments, measurement systems, stakeholder feedback, grievance mechanisms, external performance ratings, and benchmarking.	AR 34. Processes used to track the effectiveness of actions can include internal or external auditing or verification, court proceedings and/or related court decisions, impact assessments, measurement systems, stakeholder feedback, grievance mechanisms, external performance ratings, and benchmarking.	[DELETED] Based on EFRAG decision to enhance clarity and remove voluntary datapoints.
AR 35. Reporting on effectiveness is aimed at enabling the understanding of the links between actions taken by the undertaking and the effective management of impacts. For example, to show the effectiveness of its actions to support its suppliers with improving their working conditions, the undertaking may disclose survey feedback from the suppliers' workers showing that working conditions have improved since the time the undertaking began working with those suppliers. Additional information that the undertaking may provide includes data showing a decrease in the number of incidents identified through for instance, independent audits.	AR 35. Reporting on effectiveness is aimed at enabling the understanding of the links between actions taken by the undertaking and the effective management of impacts. For example, to show the effectiveness of its actions to support its suppliers with improving their working conditions, the undertaking may disclose survey feedback from the suppliers' workers showing that working conditions have improved since the time the undertaking began working with those suppliers. Additional information that the undertaking may provide includes data showing a decrease in the number of incidents identified through for instance, independent audits.	[DELETED] Relationship about changes in the number of incidents reported and effectiveness of channels and actions described in ESRS S2-3 [AR 9].
AR 36. With regard to initiatives or processes the undertaking has in place that are based on affected workers' needs and with regard to progress in the implementation of such initiatives or processes, the undertaking may disclose:	AR 36. With regard to initiatives or processes the undertaking has in place that are based on affected workers' needs and with regard to progress in the implementation of such initiatives or processes, the undertaking may disclose:	[DELETED] Based on EFRAG decision to enhance clarity and remove voluntary datapoints. Content might be considered by EFRAG as future non-mandatory guidance.

a) information about whether and how value chain workers and legitimate representatives or their credible proxies play a role in decisions regarding the design and implementation of these programmes or processes; and	a) information about whether and how value chain workers and legitimate representatives or their credible proxies play a role in decisions regarding the design and implementation of these programmes or processes; and	[DELETED] Based on EFRAG decision to enhance clarity and remove voluntary datapoints. Content might be considered by EFRAG as future non-mandatory guidance.
b) information about the intended or achieved positive outcomes for value chain workers of these initiatives or processes.	b) information about the intended or achieved positive outcomes for value chain workers of these initiatives or processes.	[DELETED] Based on EFRAG decision to enhance clarity and remove voluntary datapoints.
AR 37. The undertaking may disclose whether any initiatives or processes whose primary aim is to deliver positive impacts for value chain workers are designed also to support the achievement of one or more of the UN Sustainable Development Goals (SDGs). For example, through a commitment to advance UN SDG 8 to "promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all" the undertaking may be providing capacity-building to smallholders in its supply chain, resulting in increases in their income; or it may be supporting training to increase the proportion of women able to take delivery jobs in its downstream value chain.	AR 37. The undertaking may disclose whether any initiatives or processes whose primary aim is to deliver positive impacts for value chain workers are designed also to support the achievement of one or more of the UN Sustainable Development Goals (SDGs). For example, through a commitment to advance UN SDG 8 to "promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all" the undertaking may be providing capacity building to smallholders in its supply chain, resulting in increases in their income; or it may be supporting training to increase the proportion of women able to take delivery jobs in its downstream value chain.	[DELETED] Based on EFRAG decision to enhance clarity and remove voluntary datapoints.

<p>AR 38. When disclosing the intended or achieved positive outcomes of its actions for value chain workers a distinction is to be made between evidence of certain activities having occurred (e.g., that x number of workers have received financial literacy training) from evidence of actual outcomes for workers (e.g., that x workers report that they are able to better manage their household budgets so as to meet their savings goals).</p>	<p>AR 38. When disclosing the intended or achieved positive outcomes of its actions for value chain workers a distinction is to be made between evidence of certain activities having occurred (e.g., that x number of workers have received financial literacy training) from evidence of actual outcomes for workers (e.g., that x workers report that they are able to better manage their household budgets so as to meet their savings goals).</p>	<p>[DELETED] Based on EFRAG decision to enhance clarity and remove voluntary datapoints. Content might be considered by EFRAG as future non-mandatory guidance.</p>
<p>AR 39. When disclosing whether initiatives or processes also play a role in mitigating material negative impacts, the undertaking may e.g., consider programmes that aim to advance women workers' financial literacy that have resulted in more women being promoted as well as in reports of reduced sexual harassment in the workplace.</p>	<p>AR 39. When disclosing whether initiatives or processes also play a role in mitigating material negative impacts, the undertaking may e.g., consider programmes that aim to advance women workers' financial literacy that have resulted in more women being promoted as well as in reports of reduced sexual harassment in the workplace.</p>	<p>[DELETED] Based on EFRAG decision to enhance clarity and remove voluntary datapoints.</p>
<p>AR 40. When disclosing the material risks and opportunities related to the undertaking's impacts or dependencies on value chain workers, the undertaking may consider the following:</p>	<p>AR 40. When disclosing the material risks and opportunities related to the undertaking's impacts or dependencies on value chain workers, the undertaking may consider the following:</p>	<p>[DELETED] Based on EFRAG decision to streamline voluntary datapoints and enhance clarity.</p>
<p>a) risks related to the undertaking's impacts on value chain workers may include the reputational or legal exposure where value chain workers are found to be subject to forced labour or child labour;</p>	<p>a) risks related to the undertaking's impacts on value chain workers may include the reputational or legal exposure where value chain workers are found to be subject to forced labour or child labour;</p>	
<p>b) risks related to the undertaking's dependencies on value chain workers may include disruption of business operations where a pandemic closes significant parts of its supply chain or distribution network;</p>	<p>b) risks related to the undertaking's dependencies on value chain workers may include disruption of business operations where a pandemic closes significant parts of its supply chain or distribution network;</p>	
<p>c) opportunities related to the undertaking's impacts on value chain workers may include market differentiation and</p>	<p>c) opportunities related to the undertaking's impacts on value chain workers may include market differentiation and greater customer appeal from</p>	

greater customer appeal from guaranteeing decent pay and conditions for non-employee workers; and	guaranteeing decent pay and conditions for non-employee workers; and	
d) opportunities related to the undertaking's dependencies on value chain workers might include the achievement of a future sustainable supply of a commodity by ensuring smallholder farmers earn enough to persuade future generations to keep farming that crop.	d) opportunities related to the undertaking's dependencies on value chain workers might include the achievement of a future sustainable supply of a commodity by ensuring smallholder farmers earn enough to persuade future generations to keep farming that crop.	
AR 41. When disclosing whether dependencies turn into risks, the undertaking shall consider external developments.	AR 41. When disclosing whether dependencies turn into risks, the undertaking shall consider external developments.	[DELETED] Based on EFRAG decision to streamline voluntary datapoints and enhance clarity.
AR 42. When disclosing policies, actions and resources and targets related to the management of material risks and opportunities, in cases where risks and opportunities arise from a material impact, the undertaking may cross-reference its disclosures on policies, action and resources and targets in relation to that impact.	AR 42. When disclosing policies, actions and resources and targets related to the management of material risks and opportunities, in cases where risks and opportunities arise from a material impact, the undertaking may cross-reference its disclosures on policies, action and resources and targets in relation to that impact.	[DELETED] Based on EFRAG decision to streamline voluntary datapoints and enhance clarity.
AR 43. The undertaking shall consider whether and how its process(es) to manage material risks related to value chain workers are integrated into its existing risk management process(es).	AR 43. The undertaking shall consider whether and how its process(es) to manage material risks related to value chain workers are integrated into its existing risk management process(es).	[DELETED] Based on EFRAG decision to streamline voluntary datapoints and enhance clarity.
AR 44. When disclosing the resources allocated to the management of material impacts, the undertaking may disclose which internal functions are involved in managing the impacts and what types of action they take to address negative and advance positive impacts.	AR 44. When disclosing the resources allocated to the management of material impacts, the undertaking may disclose which internal functions are involved in managing the impacts and what types of action they take to address negative and advance positive impacts.	[DELETED] Based on EFRAG decision to streamline voluntary datapoints and enhance clarity.
	<u>AR 5. The undertaking shall present its actions in a way that enables users to understand the connections that exist between different topics, in</u>	[MOVED]

	<p>accordance with Chapters 3.3 and 9.1 of ESRS 1 General Requirements. This applies to measures taken to mitigate negative impacts on its workers in the value chain that arise from the transition to a low-carbon and climate-resilient economy. For example, innovation and restructuring can lead to mine closures or increased mining of minerals needed for the transition to a sustainable economy. Conversely, positive impacts may arise from initiatives such as updating purchasing practices or training supply chain workers. Other examples include current and/or expected external developments that influence dependencies that are sources of just transition risks.</p>	<p>Moved from [11(c)] amended and clarified based on EFRAG decision and information gathering input.</p>
	<p>AR 6. The human rights incidents in scope for this disclosure are those that relate to not respecting internationally recognised human rights as defined in CSRD Art. 29b (2) (b) (iii). These incidents are understood as the substantiated instances of:</p>	<p>[NEW] Definition of “human rights incidents” added to clarify the concept and act as a first filter for incidents to be disclosed.</p>
	<p>(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</p>	
	<p>(b) incidents registered by the undertaking, including those it identified through its internal processes.</p>	
	<p>AR 7. When applying the filter of information materiality (paragraph 23 of ESRS 1 General Requirements) to the information about incidents referred to under paragraph 18, the undertaking's assessment is primarily based on the severity of the impacts on its workers in the value chain.</p>	<p>[NEW] Additional filtering process (materiality of information and severity of the impacts) to guide preparers in the human rights incidents to be disclosed.</p>

	<p><u>AR 8. The undertaking is not expected to disclose a list of each human rights incident, and may aggregate the information provided, such as by relevant types of incidents and/or workers in the value chain affected.</u></p>	[NEW] Information on the expected level of granularity of the disclosure and suggesting that this level is different than for the disclosure of “human rights incidents” covered in S1.
	<p><u>AR 9. If the undertaking considers that changes in human rights incidents are relevant for understanding the effectiveness and availability of channels to raise concerns or needs, including grievance mechanisms, it may cross-reference paragraph 18 and paragraph 14.</u></p> <p><u>The way the undertaking has addressed or is addressing human rights incidents may be cross-referenced to information disclosed in accordance with paragraph 17.</u></p>	[NEW] Allowing for appropriate cross references to avoid duplication in reporting in relation to 1) channels to raise concerns and needs and changes in incidents and 2) actions taken to address human rights incidents.
Metrics and Targets		
Disclosure Requirement S2-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	Disclosure Requirement S2-4.5 Targets related to workers in the value chain managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	Comment/Rationale
ESRS as enacted in 2023	Draft Amended ESRS	
AR 45. When disclosing information about targets in accordance with paragraph 39, the undertaking may disclose:	AR 45. When disclosing information about targets in accordance with paragraph 39, the undertaking may disclose:	[DELETED] Based on EFRAG decision to streamline voluntary datapoints and enhance clarity. Content might be considered by EFRAG as future non-mandatory guidance.
a) the intended outcomes to be achieved in the lives of value chain workers, being as specific as possible;	a) the intended outcomes to be achieved in the lives of value chain workers, being as specific as possible;	
b) the stability of the targets over time in terms of definitions and methodologies to enable comparability over time;	b) the stability of the targets over time in terms of definitions and methodologies to enable comparability over time;	

c) the standards or commitments on which the targets are based (for instance codes of conduct, sourcing policies, global frameworks or industry codes).	e) the standards or commitments on which the targets are based (for instance codes of conduct, sourcing policies, global frameworks or industry codes).	
AR 46. Targets related to material risks and opportunities may be the same as or distinct from targets related to material impacts. For example, a target to reach living wages for supply chain workers could both reduce impacts on those workers and reduce associated risks in terms of the quality and reliability of supply.	AR 46. Targets related to material risks and opportunities may be the same as or distinct from targets related to material impacts. For example, a target to reach living wages for supply chain workers could both reduce impacts on those workers and reduce associated risks in terms of the quality and reliability of supply.	[DELETED] Based on EFRAG decision to streamline voluntary datapoints and enhance clarity. Content might be considered by EFRAG as future non-mandatory guidance.
AR 47. The undertaking may also distinguish between short-, medium- and long-term targets covering the same policy commitment. For example, the undertaking may have a long-term target to achieve an 80% reduction in health and safety incidents affecting the workers of a given supplier by 2030 and a near-term target to reduce their overtime hours of delivery drivers by x% while maintaining their income by 2024.	AR 47. The undertaking may also distinguish between short, medium and long term targets covering the same policy commitment. For example, the undertaking may have a long term target to achieve an 80% reduction in health and safety incidents affecting the workers of a given supplier by 2030 and a near term target to reduce their overtime hours of delivery drivers by x% while maintaining their income by 2024.	[DELETED] Based on EFRAG decision to streamline voluntary datapoints and enhance clarity. Content might be considered by EFRAG as future non-mandatory guidance.
AR 48. When modifying or replacing a target in the reporting period, the undertaking may explain the change by cross-referencing it to significant changes in the business model or to broader changes in the accepted standard or legislation from which the target is derived to provide contextual information, as per ESRS 2 BP-2 Disclosures in relation to specific circumstances.	AR 48. When modifying or replacing a target in the reporting period, the undertaking may explain the change by cross-referencing it to significant changes in the business model or to broader changes in the accepted standard or legislation from which the target is derived to provide contextual information, as per ESRS 2 BP-2 Disclosures in relation to specific circumstances.	[DELETED] Granularity removed from the AR.
	<u>AR 10. Engagement with workers in the value chain, their legitimate representatives, or with credible proxies can inform the undertaking's tracking and assessment of the effectiveness of its actions disclosed under paragraph 17(b), including the development of metrics, target-setting or tracking of</u>	[AMENDED] [42(b) and (c)] amended. New AR resulting from deleting former DR on engagement in relation to targets and moving some of its content in new [AR 10]. Better

	<p><u>performance against those metrics and targets.</u></p> <p><u>In particular, in relation to the tracking of performance, such engagement can inform the understanding of the effectiveness of the undertaking's management of material negative impacts and the identification of lessons learnt or improvements.</u></p>	connecting the tracking of performance with effectiveness of actions and lessons learnt for improvement.
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