



LOG OF AMENDMENTS

ESRS S3

AFFECTED
COMMUNITIES



DECEMBER 2025



EFRAG

Log of Amendments by Standard - ESRS S3 Affected Communities

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 (BFC), 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 S3 Affected Communities.
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 Amended ESRS	Comment/Rationale
	<p><u>1.The sustainability statement shall include information in relation to ESRS S3 Affected communities 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.</u> <u>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 affected communities 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 specify set out 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 affected communities 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>
(a) how the undertaking affects communities, in areas where impacts are most likely to be present and severe, in terms of material positive and negative actual or potential impacts;	<p><u>(a) how the undertaking affects communities, in areas where impacts are most likely to be present and severe, in terms of material positive and negative actual or potential impacts;</u></p>	<p>[DELETED]</p> <p>In line with simplification and clarification in objective.</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><u>(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;</u></p>	

(c) the nature, type and extent of the undertaking's material risks and opportunities related to its impacts and dependencies on affected communities, and how the undertaking manages them; and	(c) the nature, type and extent of the undertaking's material risks and opportunities related to its impacts and dependencies on affected communities, 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 arising from the undertaking's impacts and dependencies on affected communities.	(d) the financial effects on the undertaking over the short-, medium- and long-term of material risks and opportunities arising from the undertaking's impacts and dependencies on affected communities.	
	<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; and the UN Declaration on the Rights of Indigenous People.</u>	[AMENDED, MOVED] Moved to objective based on former [17] for enhanced clarity.
2. In order to meet the objective, this Standard requires an explanation of the general approach the undertaking takes to identify and manage any material actual and potential impacts on affected communities in relation to:	<u>5.2. In order to meet the objective, this Standard requires an explanation of the general approach the undertaking takes to identify and manage any material actual and potential impacts on affected communities in relation to: sets out DRs related to affected communities, in particular with respect to the following sub-topics:</u>	[AMENDED] Principle unchanged but aligned with changes in ESRS 1 Appendix A.
(a) communities' economic, social and cultural rights (for example, adequate housing, adequate food, water and sanitation, land-related and security-related impacts);	(a) communities' economic, social and cultural rights (including for example, land-related impacts, security-related impacts, adequate housing, adequate food, water and sanitation, land-related and security-related impacts);	[AMENDED] Wording unchanged but aligned with changes in ESRS 1 Appendix A

(b) communities' civil and political rights (for example, freedom of expression, freedom of assembly, impacts on human rights defenders); and	(b) communities' civil and political rights (<u>including for example</u> , freedom of expression, freedom of assembly, impacts on human rights defenders); and	[AMENDED] Wording unchanged but aligned with changes in ESRS 1 Appendix A
(c) particular rights of indigenous peoples (for example, free, prior and informed consent, self-determination, cultural rights).	(c) <u>particular</u> rights of indigenous peoples (<u>including for example</u> , free, prior and informed consent (<u>FPIC</u>), self-determination, cultural rights).	[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 affected communities, can create material risks or opportunities for the undertaking. For example, negative relationships with affected communities may disrupt the undertaking's own operations or harm its reputation, while constructive relationships can bring business benefits, such as stable and conflict-free operations and a greater ease of recruiting locally.	3. This Standard also requires an explanation of how such impacts, as well as the undertaking's dependencies on affected communities, can create material risks or opportunities for the undertaking. For example, negative relationships with affected communities may disrupt the undertaking's own operations or harm its reputation, while constructive relationships can bring business benefits, such as stable and conflict free operations and a greater ease of recruiting locally.	[DELETED] Examples have been kept to a minimum in the standard.
Interaction with other ESRS		
ESRS as enacted in 2023	Draft Amended ESRS	Comment/Rationale
4. This standard applies when material impacts on and/or material risks and opportunities related to affected communities have been identified through the materiality assessment process laid out in ESRS 2 General disclosures .	4. This standard applies when material impacts on and/or material risks and opportunities related to affected communities have been identified through the materiality assessment process laid out in ESRS 2 General disclosures.	[DELETED] This has been consolidated with [3] above.
5. This Standard shall be read in conjunction with ESRS 1 General requirements , and ESRS 2, as well as the ESRS S1 Own workforce , ESRS S2 Workers in the value chain and ESRS S4 Consumers and end-users .	<u>6. Social and environmental topics interact with each other. The points of interaction between ESRS S3 Affected Communities and the other topical standards are the following:</u>	[AMENDED] Amended text for clarity and aligned with other topical standards in line with input from the public consultation and outreach events.

	<p>This Standard shall be read in conjunction with ESRS 1 General requirements, and ESRS 2, as well as the ESRS S1 Own workforce, ESRS S2 Workers in the value chain and ESRS S4 Consumers and end-users.</p>	
	<p><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. 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; and</u></p>	[AMENDED] Amended text for clarity and aligned with other topical standards in line with input from the public consultation and outreach events.
	<p><u>(b) this Standard is related to the environmental standards (ESRS E1 to E5) because impacts on affected communities may stem from environmental impacts, risks and opportunities that the undertaking discloses under those. For example, the undertaking's climate or biodiversity transition plan may affect the lands, territories and natural resources of indigenous peoples.</u></p>	[NEW] New paragraphs added for interactions with Environmental standards
Disclosure Requirements ESRS 2 - General Disclosures		
ESRS as enacted in 2023	Draft Amended ESRS	Comment/Rationale
6. 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>6. 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>	[AMENDED] Revised architecture whereby no ESRS 2 specifications for SBM in the topical standards based on input from information gathering. This provision is now in [3].

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	
7. When responding to ESRS 2 SBM-2, paragraph 43, the undertaking shall disclose how the views, interests, and rights of affected communities , including respect for their human rights (and their rights as indigenous peoples , where applicable), inform its strategy and business model. Affected communities are a key group of affected stakeholders .	7. When responding to ESRS 2 SBM-2, paragraph 43, the undertaking shall disclose how the views, interests, and rights of affected communities , including respect for their human rights (and their rights as indigenous peoples , where applicable), inform its strategy and business model. Affected communities 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	
8. When responding to ESRS 2 SBM-3 paragraph 48, the undertaking shall disclose:	8. 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 affected communities 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 affected communities 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 its material risks and opportunities arising from impacts and dependencies on affected communities and its strategy and business model.	(b) the relationship between its material risks and opportunities arising from impacts and dependencies on affected communities and its strategy and business model.	[DELETED] Simplification of the double materiality assessment at ESRS 2 and topical level based on EFRAG decision.

<p>9. When fulfilling the requirements of paragraph 48, the undertaking shall disclose whether all affected communities 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:</p>	<p>9. When fulfilling the requirements of paragraph 48, the undertaking shall disclose whether all affected communities 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:</p>	<p>[DELETED] Simplification of the double materiality assessment at ESRS 2 and topical level based on EFRAG decision.</p>
<p>(a) a brief description of the types of communities subject to material impacts by its own operations or through its upstream and downstream value chain, and specify whether they are:</p> <p>i. communities living or working around the undertaking's operating sites, factories, facilities or other physical operations, or more remote communities affected by activities at those sites (for example by downstream water pollution);</p> <p>ii. communities along the undertaking's value chain (for example, those affected by the operations of suppliers' facilities or by the activities of logistics or distribution providers);</p> <p>iii. communities at one or both endpoints of the value chain (for example, at the point of extraction of metals or minerals or harvesting of commodities, or communities around waste or recycling sites);</p> <p>iv. communities of indigenous peoples.</p>	<p>(a) a brief description of the types of communities subject to material impacts by its own operations or through its upstream and downstream value chain, and specify whether they are:</p> <p>i. communities living or working around the undertaking's operating sites, factories, facilities or other physical operations, or more remote communities affected by activities at those sites (for example by downstream water pollution);</p> <p>ii. communities along the undertaking's value chain (for example, those affected by the operations of suppliers' facilities or by the activities of logistics or distribution providers);</p> <p>iii. communities at one or both endpoints of the value chain (for example, at the point of extraction of metals or minerals or harvesting of commodities, or communities around waste or recycling sites);</p> <p>iv. communities of indigenous peoples.</p>	<p>[DELETED] Simplification of the double materiality assessment at ESRS 2 and topical level based on EFRAG decision.</p>
<p>(b) in the case of material negative impacts, whether they are either (i) widespread or systemic in contexts where the undertaking operates or has sourcing or</p>	<p>(b) in the case of material negative impacts, whether they are either (i) widespread or systemic in contexts where the undertaking operates or has sourcing or</p>	<p>[DELETED] Deletion of specifications.</p>

<p>other business relationships (for example, marginalised populations suffering impacts on their health and quality of life in a highly industrialised area), or (ii) related to individual incidents in the undertaking's own operations (e.g., a toxic waste spill affecting a community's access to clean drinking water) or in a specific business relationship (e.g., a peaceful protest by communities against business operations that was met with a violent response from the undertaking's security services). This includes consideration of impacts on affected communities 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>other business relationships (for example, marginalised populations suffering impacts on their health and quality of life in a highly industrialised area), or (ii) related to individual incidents in the undertaking's own operations (e.g., a toxic waste spill affecting a community's access to clean drinking water) or in a specific business relationship (e.g., a peaceful protest by communities against business operations that was met with a violent response from the undertaking's security services). This includes consideration of impacts on affected communities 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>±</p>	
<p>(c) in the case of material positive impacts, a brief description of the activities that result in the positive impacts (for example, capacity-building to support more and new forms of local livelihoods) and the types of communities 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>(c) in the case of material positive impacts, a brief description of the activities that result in the positive impacts (for example, capacity building to support more and new forms of local livelihoods) and the types of communities 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]</p> <p>Revised architecture whereby no ESRS 2 specifications for SBM in the topical standards based on input from information gathering.</p>
<p>(d) any material risks and opportunities for the business arising from impacts and dependencies on affected communities.</p>	<p>(d) any material risks and opportunities for the business arising from impacts and dependencies on affected communities.</p>	<p>[DELETED]</p> <p>Revised architecture whereby no ESRS 2 specifications for SBM in the topical standards based on input from information gathering.</p>
<p>10. In describing the main types of communities who are or could be negatively affected, based on the materiality assessment set out in Disclosure Requirement ESRS 2 IRO-1, the undertaking shall disclose whether and how it has developed an</p>	<p>10. In describing the main types of communities who are or could be negatively affected, based on the materiality assessment set out in Disclosure Requirement ESRS 2 IRO-1, the undertaking shall disclose whether and how it has developed an</p>	<p>[DELETED]</p> <p>A reduction based on the revised objective based on EFRAG decision.</p>

understanding of how affected communities with particular characteristics or those living in particular contexts, or those undertaking particular activities may be at greater risk of harm.	understanding of how affected communities with particular characteristics or those living in particular contexts, or those undertaking particular activities may be at greater risk of harm.	
11. The undertaking shall disclose which, if any, of its material risks and opportunities arising from impacts and dependencies on affected communities relate to specific groups of affected communities rather than to all affected communities.	11. The undertaking shall disclose which, if any, of its material risks and opportunities arising from impacts and dependencies on affected communities relate to specific groups of affected communities rather than to all affected communities.	[DELETED] Deleted in relation to revised architecture of ESRS 2 based on input from information gathering.
Impact, risk and opportunity management		
Disclosure Requirement S3-1 – Policies related to affected communities	Disclosure Requirement S3-1 – Policies related to affected communities	Comment/Rationale
ESRS as enacted in 2023	Draft Amended ESRS	
12. The undertaking shall describe its policies adopted to manage its material impacts on affected communities, as well as associated material risks and opportunities.	12. The undertaking shall describe its policies adopted to manage its material impacts on affected communities, as well as associated material risks and opportunities.	[AMENDED] Moved to new [7] as part of editorial and simplification edits.
13. 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 affected communities specifically, as well as policies that cover material risks or opportunities related to affected communities.	13. 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 affected communities specifically, as well as policies that cover material risks or opportunities related to affected communities.	[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 of eliminating overlaps between ESRS 2 and topical standards.
14. The disclosure required by paragraph 12 shall contain the information on the undertaking's policies to manage its material impacts, risks and opportunities related to affected communities in accordance with ESRS 2 MDR-P Policies adopted to manage material sustainability matters. In addition, the undertaking shall specify if such policies cover	7. 14. The disclosure required by paragraph 12. The undertaking shall describe its policies contain the information on the undertaking's policies to manage for managing the its material impacts, risks and opportunities related to affected communities in accordance with ESRS 2 MDR-P Policies adopted to manage material sustainability matters. In addition, the undertaking It shall state whether these specify if	[UNCHANGED] Editorial changes for clarification and overall edits as part of the architectural decisions made by EFRAG. Elements moved from former [12].

specific affected communities or all affected communities.	such policies cover specific affected communities (for example, a community of indigenous peoples or a community living around a site) or all affected communities.	
15. The undertaking shall disclose any particular policy provisions for preventing and addressing impacts on indigenous peoples.	8.15. The undertaking shall disclose any particular policy provisions for preventing and addressing impacts on indigenous peoples.	[UNCHANGED]
16. The undertaking shall describe its human rights policy commitments (112) that are relevant to affected communities, 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. In its disclosure it shall focus on those matters that are material in relation to (113), as well as its general approach to:	16. The undertaking shall describe its human rights policy commitments (112) that are relevant to affected communities, 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. In its disclosure it shall focus on those matters that are material in relation to (113), as well as its 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 of communities, and indigenous peoples specifically;	(a) respect for the human rights of communities, and indigenous peoples specifically;	[DELETED] This datapoint was deleted as it refers to former [16] which was moved to ESRS 2.
(b) engagement with affected communities; and	(b) engagement with affected communities; and	[DELETED] This datapoint was deleted as it refers to former [16] which was moved to ESRS 2. Deleted because it overlaps with disclosures under new S3-2 on processes for engaging with affected communities about impacts and S3-3 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]

		<p>This datapoint was deleted as it refers to former [16] which was moved to ESRS 2.</p> <p>In addition, this datapoint overlaps with disclosures under new S3-2 on processes for engaging with affected communities about impacts and approaches to remedy.</p>
17. The undertaking shall disclose whether and how its policies with regard to affected communities are aligned with internationally recognised standards relevant to communities and indigenous peoples specifically, including the United Nations (UN) Guiding Principles on Business and Human Rights. 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 affected communities have been reported in its own operations or in its upstream and downstream value chain and, if applicable, an indication of the nature of such cases (114).	17. The undertaking shall disclose whether and how its policies with regard to affected communities are aligned with internationally recognised standards relevant to communities and indigenous peoples specifically, including the United Nations (UN) Guiding Principles on Business and Human Rights. 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 affected communities have been reported in its own operations or in its upstream and downstream value chain and, if applicable, an indication of the nature of such cases (114).	<p>[MOVED]</p> <p>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.</p> <p>This point supports alignment with EU Benchmark and EU SFDR legislation.</p>
18. The policy may take the form of a stand-alone policy regarding communities 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.	18. The policy may take the form of a stand-alone policy regarding communities 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>[DELETED]</p> <p>Deemed not essential by EFRAG decision and 'policy' included in Glossary.</p>
<i>Disclosure Requirement S3-2 – Processes for engaging with affected communities about impacts</i>	<i>Disclosure Requirement S3-2 – Processes for engaging with affected communities about impacts</i> <i>Engagement with affected communities, existence of channels for affected communities to raise concerns or needs and approaches to remedy</i>	Comment/Rationale

ESRS as enacted in 2023	Draft Amended ESRS	
		<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 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.</p>
19. The undertaking shall disclose its general processes for engaging with affected communities and their representatives about actual and potential impacts on them.	19. The undertaking shall disclose its general processes for engaging with affected communities and their representatives about actual and potential impacts on them.	<p>[DELETED]</p> <p>Deleted based on EFRAG decision to delete introductory paragraphs.</p>
20. 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 affected communities, 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 affected communities are taken into account in the decision-making processes of the undertaking.	9. 20. The objective of this Disclosure Requirement DR is to enable an understanding of whether and how the undertaking's general approach to engagement engages, as part of its ongoing due diligence process, with affected communities, 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 affected communities are taken into account in the decision-making processes of the undertaking., including the availability of channels to raise concerns or needs such as grievance mechanisms, and its approach to remedy.	<p>[AMENDED]</p> <p>The wording was simplified and amended to align with the decision to merge former ESRS S3-2 and S3-3. Elements moved from former [26].</p>

21. The undertaking shall disclose whether and how the perspectives of affected communities inform its decisions or activities aimed at managing actual and potential impacts on communities. This shall include, where relevant, an explanation of:	<u>10. 21.</u> The undertaking shall disclose <u>whether and how it engages directly with affected communities, their legitimate representatives, or with credible proxies and how the perspectives of affected communities inform its decisions or activities aimed at managing the actual and potential impacts on affected communities during the reporting year.</u> This shall include, <u>where relevant, an explanation of: how the undertaking gains insight into the perspectives of affected communities who may be particularly vulnerable to impacts and/or who are marginalised (for example, women, girls, migrants, persons with disabilities), if the undertaking takes action to understand those perspectives.</u>	[AMENDED] The wording was simplified and amended to align with the decision to merge Set 1 ESRS S3-2 and S3-3. Elements moved from former [21] (a) and [22] and clarified timeframe (i.e. reporting year).
(a) whether engagement occurs with affected communities or their legitimate representatives directly, or with credible proxies that have insight into their situation;	<u>(a) whether engagement occurs with affected communities or their legitimate representatives directly, or with credible proxies that have insight into their situation;</u>	[AMENDED] Moved to new [10] in line with simplification.
(b) the stage(s) at which engagement occurs, the type of engagement, and the frequency of the engagement;	<u>(b) the stage(s) at which engagement occurs, the type of engagement, and the frequency of the engagement;</u>	[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 this engagement happens, and that the results inform the undertaking's approach;	<u>(c) the function and the most senior role within the undertaking that has operational responsibility for ensuring this engagement happens, and that the results inform the undertaking's approach;</u>	[DELETED] Granularity removed from narrative disclosures.
(d) where applicable, how the undertaking assesses the effectiveness of its engagement with affected communities, including, where relevant, any agreements or outcomes that result.	<u>(d) where applicable, how the undertaking assesses the effectiveness of its engagement with affected communities, including, where relevant, any agreements or outcomes that result.</u>	[DELETED] Moved to new [12] which covers disclosure on how the undertaking assesses the effectiveness of channels to raise concerns or needs.
22. Where applicable, the undertaking shall disclose the steps it takes to gain insight into the perspectives of affected communities that may be particularly	<u>22. Where applicable, the undertaking shall disclose the steps it takes to gain insight into the perspectives of affected communities that may be particularly</u>	[AMENDED] Moved and consolidated with new [10]

vulnerable to impacts and/or marginalised, and into the perspective of specific groups within the affected communities, such as women and girls.	vulnerable to impacts and/or marginalised, and into the perspective of specific groups within the affected communities, such as women and girls.	
23. Where affected communities are indigenous peoples, the undertaking shall also disclose how it takes into account and ensures respect of their particular rights in its stakeholder engagement approach, including their right to free, prior and informed consent with regard to: (i) their cultural, intellectual, religious and spiritual property; (ii) activities affecting their lands and territories; and (iii) legislative or administrative measures that affect them. In particular, where engagement occurs with indigenous peoples, the undertaking shall also disclose whether and how indigenous peoples have been consulted on the mode and parameters of the engagement (for example, in designing the agenda, nature, and timeliness of the engagement).	<u>11. 23.</u> Where affected communities are indigenous peoples, the undertaking shall also disclose how it takes into account and ensures respect of their particular rights in its stakeholder engagement approach, including their right to free, prior and informed consent (FPIC) with regard to: (i) their cultural, intellectual, religious and spiritual property; (ii) activities affecting their lands and territories; and (iii) legislative or administrative measures that affect them. Where engagement occurs with indigenous peoples, the undertaking it shall also disclose whether and how indigenous peoples have been consulted on the mode and parameters of the engagement (for example, in designing the agenda, nature, and timeliness of the engagement).	[UNCHANGED]
24. If the undertaking cannot disclose the above required information because it has not adopted a general process to engage with affected communities, 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 affected communities, 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.
Disclosure Requirement S3-3 – Processes to remediate negative impacts and channels for affected communities to raise concerns	Disclosure Requirement S3-3 – Processes to remediate negative impacts and channels for affected communities to raise concerns	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 negative impacts on affected communities that the undertaking is connected with, as well as channels available to affected communities to raise concerns and have them addressed.	25. The undertaking shall describe the processes it has in place to provide for or cooperate in the remediation of negative impacts on affected communities that the undertaking is connected with, as well as channels available to affected communities to raise concerns and have them addressed.	[DELETED] The paragraph was removed as part of the overall architectural decisions made by EFRAG to streamline the text.
26. The objective of this Disclosure Requirement is to enable an understanding of the formal means by which affected communities 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) by its business relationships, how follow up is performed with these communities regarding the issues raised, and the effectiveness of these channels.	26. The objective of this Disclosure Requirement is to enable an understanding of the formal means by which affected communities 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) by its business relationships, how follow up is performed with these communities regarding the issues raised, and the effectiveness of these channels.	[DELETED] 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. Streamlined with ESRS S3-2 based on agreement by EFRAG and input from information gathering to merge former ESRS S3-2 and ESRS S3-3.
27. The undertaking shall describe:	27. The undertaking shall describe:	[DELETED] Based on EFRAG decision to simplify content.
(a) its general approach to and processes for providing or contributing to remedy where it has identified that it has caused or contributed to a material negative impact on affected communities, including whether and how the undertaking assesses that the remedy provided is effective;	13. (a) The undertaking shall describe its general approach to and processes for providing to provide or contributing to remedy cooperate in remediation where it has identified that it has caused or contributed to a material negative impact on affected communities, including whether and how the undertaking assesses that the remedy provided is effective;	[AMENDED] As part of the merging former ESRS S3-2 and ESRS S3-3, this is moved to ESRS S3-2 [13] Editorial change to refer to “provide or cooperate in remediation” in alignment with international standards (UNGPs principle 22).

<p>(b) any specific channels it has in place for affected communities 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 through participation in third-party mechanisms;</p>	<p><u>12. (b) The undertaking shall describe the any specific channels available to it has in place for affected communities 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 undertaking itself and/or through participation in third party mechanisms; In particular, it shall state whether it has a grievance mechanism in place¹. It shall also explain how it assesses the effectiveness of these channels.</u></p>	<p>[AMENDED]</p> <p>Text moved from former [27] (d) and simplified to improve clarity in line with simplification. Reference to third party mechanisms moved to defined term “channels to raise concerns or needs” that is now included in the glossary.</p>
<p>(c) its processes through which the undertaking supports the availability of such channels by its business relationships; and</p>	<p><u>(c) its processes through which the undertaking supports the availability of such channels by its business relationships; and</u></p>	<p>[DELETED]</p> <p>Deleted to reduce granularity.</p>
<p>(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 of those channels.</p>	<p><u>(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 of those channels.</u></p>	<p>[AMENDED]</p> <p>Moved to new [12]</p> <p>Criteria for effectiveness are provided in new [AR 4] 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.</p>
<p>28. The undertaking shall disclose whether and how it assesses that affected communities 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.</p>	<p><u>28. The undertaking shall disclose whether and how it assesses that affected communities 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.</u></p>	<p>[MOVED]</p> <p>Criteria for effectiveness are provided in new [AR 4] 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.</p> <p>New [AR 4] also covers policies for protecting against retaliation individuals that use the channels.</p>

29. If the undertaking cannot disclose the above required information because it has not adopted a channel for raising concerns and/or does not support the availability of such a channel by its business relationships, 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.	29. If the undertaking cannot disclose the above required information because it has not adopted a channel for raising concerns and/or does not support the availability of such a channel by its business relationships, 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.	[DELETED] Burden reduction by deleting this negative statement provision.
<i>Disclosure Requirement S3-4 – Taking action on material impacts on affected communities, and approaches to managing material risks and pursuing material opportunities related to affected communities, and effectiveness of those actions</i>	<i>Disclosure Requirement S3-34 – Taking action on material impacts on affected communities, and approaches to managing material risks and pursuing material opportunities related to affected communities, and effectiveness of those actions</i> <u>Actions and resources related to affected communities</u>	Comment/Rationale
ESRS as enacted in 2023	Draft Amended ESRS	
30. The undertaking shall disclose how it takes action to address material impacts on affected communities, and to manage material risks and pursue material opportunities related to affected communities and the effectiveness of those actions.	30. The undertaking shall disclose how it takes action to address material impacts on affected communities, and to manage material risks and pursue material opportunities related to affected communities 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 provide an understanding of any actions and initiatives through which the undertaking seeks to:	31. The objective of this Disclosure Requirement is twofold. Firstly, it is to provide an understanding of any actions and 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 affected communities; and/or	(a) prevent, mitigate and remediate the negative material impacts on affected communities; and/or	
(b) achieve positive material impacts for affected communities.	(b) achieve positive material impacts for affected communities.	
Secondly, it is to enable an understanding of the ways in which the undertaking is addressing the material	Secondly, it is to enable an understanding of the ways in which the undertaking is addressing the material	[DELETED]

risks and pursuing the material opportunities related to affected communities.	risks and pursuing the material opportunities related to affected communities.	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 affected communities as per ESRS 2 MDR-A Actions and resources in relation to material sustainability matters.	<u>14.</u> The undertaking shall provide describe the key a summarised description of the actions plans and resources <u>used</u> to manage its material <u>positive and negative</u> impacts, risks, and opportunities related to affected communities as per <u>in accordance with</u> ESRS 2 MDR-A . Actions and resources in relation to material sustainability matters.	[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>15.</u> 32. In relation to material <u>negative</u> impacts <u>on affected communities</u> , the undertaking shall describe:	[AMENDED] Editorial: addition of "negative".
(a) actions taken, planned or underway to prevent or mitigate material negative impacts on affected communities;	(a) <u>its key</u> actions taken, planned or underway to prevent or mitigate <u>and remediate</u> material negative impacts on affected communities; <u>including its approach in situations where tensions arise between such actions and other business pressures (for example, its practices in relation to planning and land acquisition or in relation to the exploitation and financing of raw materials)</u> ; and	[AMENDED] Elements 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;	(b) whether and how it has taken action to provide or enable remedy in relation to an actual material impact;	[AMENDED] Concept of remedy included in new [15].
(c) any additional actions or initiatives it has in place with the primary purpose of delivering positive impacts for affected communities; and	(c) any additional actions or initiatives it has in place with the primary purpose of delivering positive impacts for affected communities; and	[DELETED] Based on EFRAG decision to simplify content. Disclosures on positive impacts are now all covered in new [14]
(d) how it tracks and assesses the effectiveness of these actions and initiatives in delivering intended outcomes for affected communities.	(b) (d) how it tracks and assesses the effectiveness of these actions <u>and initiatives</u> in delivering <u>intended</u> outcomes for affected communities. <u>This disclosure</u> can be omitted if the undertaking discloses how it	[AMENDED] Amended to make it clear that companies need not disclose the same information twice and to improve

	<u>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>	articulation between topical PAT disclosures and ESRS 2.
33. In relation to paragraph 29, the undertaking shall describe:	33. In relation to paragraph 29, 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 affected communities;	(a) the processes through which it identifies what action is needed and appropriate in response to a particular actual or potential negative impact on affected communities;	
(b) its approach to taking action in relation to specific material negative impacts on communities, including any action in relation to its own practices regarding land acquisition, planning and construction, operation or closure practices, as well as whether wider industry or collaborative action with other relevant parties will be required; and	(b) its approach to taking action in relation to specific material negative impacts on communities, including any action in relation to its own practices regarding land acquisition, planning and construction, operation or closure practices, as well as whether wider industry or collaborative action with other relevant parties will be required; and	[DELETED] Simplified via actions disclosed in new [15]. Some additional information on key actions, including reference to collective actions in [AR 5]. 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 [15]. Some additional information on key actions, including reference to collective actions in [AR 5]. 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] Simplification of topical datapoints linked to [GDR-A] in line with EFRAG decision.
(a) what action is planned or underway to mitigate material risks for the undertaking arising from its impacts and dependencies on affected communities 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 affected communities and how it tracks effectiveness in practice; and	

(b) what action is planned or underway to pursue material opportunities for the undertaking in relation to affected communities.	(b) what action is planned or underway to pursue material opportunities for the undertaking in relation to affected communities.	
35. The undertaking shall disclose whether and how it takes action to avoid causing or contributing to material negative impacts on affected communities through its own practices, including, where relevant, in relation to planning, land acquisition and exploitation, finance, extraction or production of raw materials, use of natural resources, and management of environmental impacts. 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 affected communities through its own practices, including, where relevant, in relation to planning, land acquisition and exploitation, finance, extraction or production of raw materials, use of natural resources, and management of environmental impacts. 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 [15] (a).
36. The undertaking shall also disclose whether severe human rights issues and incidents connected to affected communities have been reported and, if applicable, disclose these (115).	<u>16. 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 affected communities have been reported and, if applicable, disclose these (115). identified in the reporting period.</u>	[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 31 (c), the undertaking shall consider 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 31 (c), the undertaking shall consider 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 S3-4 also consolidates references on targets.
38. The undertaking shall disclose what resources are allocated to the management of its material impacts,	38. The undertaking shall disclose what resources are allocated to the management of its material impacts,	[DELETED]

with information that enables users to gain an understanding of how the material impacts are managed.	with information that enables users to gain an understanding of how the material impacts are managed.	This is covered by ESRS 2 [GDR-A].
Metrics and Targets		
Disclosure Requirement S3-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	Disclosure Requirement S3-45 – Targets related to affected communities managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	Comment/Rationale
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 affected communities; and/or	(a) reducing negative impacts on affected communities; and/or	
(b) advancing positive impacts on affected communities; and/or	(b) advancing positive impacts on affected communities; and/or	
(c) managing material risks and opportunities related to affected communities.	(c) managing material risks and opportunities related to affected communities.	
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 affected communities, and/or in managing material risks and opportunities related to affected communities.	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 affected communities, and/or in managing material risks and opportunities related to affected communities.	[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 affected communities shall contain the information requirements defined in ESRS 2 MDR-T.	17. 41. The summarised description of the The undertaking shall disclose qualitative and/or quantitative targets to manage its material impacts, risks and opportunities related to affected communities shall contain the information	[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 targets and

	requirements defined in accordance with ESRS 2 GM4DR-T.	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 affected communities, 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 affected communities, their legitimate representatives, or with credible proxies that have insight into their situation in:	[AMENDED, MOVED] Amended and consolidated for the various aspects of target setting that can involve affected stakeholders in new [AR 12].
(a) setting any such targets;	(a) setting any such targets;	[MOVED] Moved to [AR 12] 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. 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 affected communities and, as appropriate, disclose as material impacts, risks and opportunities within the scope of this Standard.	AR 1. 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 affected communities and, as appropriate, disclose as material impacts, risks and opportunities within the scope of this Standard.	[DELETED] Deleted for simplification based on EFRAG decision and information gathering input.

AR 2. 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 impacts on communities related to the undertaking's operations due to extreme and sudden weather conditions.	AR 2. 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 impacts on communities related to the undertaking's operations due to extreme and sudden weather conditions.	
ESRS 2 – General Disclosures		
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	
ESRS as enacted in 2023	Draft Amended ESRS	Comment/Rationale
AR 3. Disclosure Requirement ESRS 2 SBM-2 requires the undertaking to provide an understanding of if and how it considers the role that its strategy and business model may play in creating, exacerbating or mitigating significant material impacts on affected communities , and whether and how the business model and strategy are adapted to address such material impacts.	AR 3. Disclosure Requirement ESRS 2 SBM-2 requires the undertaking to provide an understanding of if and how it considers the role that its strategy and business model may play in creating, exacerbating or mitigating significant material impacts on affected communities , 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 4. While affected communities 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 affected communities and affected communities' representatives.	AR 4. While affected communities 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 affected communities and affected communities' representatives.	[DELETED] Deleted for simplification based on EFRAG decision and information gathering input.
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	
ESRS as enacted in 2023	Draft Amended ESRS	Comment/Rationale
AR 5. Impacts on affected communities can originate in the undertaking's strategy or business model in a number of different ways. For example, impacts may	AR 5. Impacts on affected communities can originate in the undertaking's strategy or business model in a number of different ways. For example, impacts may	[DELETED]

<p>relate to the undertaking's value proposition (such as, construction or commencement of projects with timelines that do not allow sufficient time for consultation with groups affected by the projects), its value chain (for example, land-use in countries in which ownership is often contested or records are unreliable or in which land-users such as indigenous peoples are unrecognised), or its cost structure and the revenue model (such as, aggressive strategies to minimise taxation, particularly with respect to operations in developing countries).</p>	<p>relate to the undertaking's value proposition (such as, construction or commencement of projects with timelines that do not allow sufficient time for consultation with groups affected by the projects), its value chain (for example, land-use in countries in which ownership is often contested or records are unreliable or in which land-users such as indigenous peoples are unrecognised), or its cost structure and the revenue model (such as, aggressive strategies to minimise taxation, particularly with respect to operations in developing countries).</p>	<p>Deleted for simplification based on EFRAG decision and information gathering input.</p>
<p>AR 6. Impacts on affected communities that originate in the strategy or business model can also bring material risks to the undertaking. For example, where the undertaking's strategy involves moving into higher risk geographies in pursuit of certain commodities, and if affected communities resist its presence or object to its local practices, this may create extensive and costly delays, and affect the undertaking's ability to secure future land concessions or permits. Similarly, if the undertaking's business model relies on intensive water extraction at its plants, to the extent that it affects access to water for communities' consumption, hygiene and livelihoods, this may result in reputationally-damaging boycotts, complaints and lawsuits.</p>	<p>AR 6. Impacts on affected communities that originate in the strategy or business model can also bring material risks to the undertaking. For example, where the undertaking's strategy involves moving into higher risk geographies in pursuit of certain commodities, and if affected communities resist its presence or object to its local practices, this may create extensive and costly delays, and affect the undertaking's ability to secure future land concessions or permits. Similarly, if the undertaking's business model relies on intensive water extraction at its plants, to the extent that it affects access to water for communities' consumption, hygiene and livelihoods, this may result in reputationally-damaging boycotts, complaints and lawsuits.</p>	
<p>AR 7. Examples of particular characteristics of affected communities that may be considered by the undertaking when responding to paragraph 10 may be an affected community that is physically or economically isolated and is particularly susceptible to introduced diseases or has limited access to social services and therefore relies on infrastructure set up by the undertaking. It may be because where land worked by women is purchased by the undertaking</p>	<p>AR 7. Examples of particular characteristics of affected communities that may be considered by the undertaking when responding to paragraph 10 may be an affected community that is physically or economically isolated and is particularly susceptible to introduced diseases or has limited access to social services and therefore relies on infrastructure set up by the undertaking. It may be because where land worked by women is purchased by the undertaking</p>	

<p>and payments go to male heads of households, women become further disenfranchised in the community. It may also be because the community is indigenous, and its members seek to exercise cultural or economic rights to the land owned or used by the undertaking – or by one of the entities with which it has a business relationship – in a context where their rights are not protected by the state. In addition, the undertaking shall consider whether different characteristics overlap. For example, characteristics such as ethnicity, socioeconomic status, migrant status and gender may create overlapping risks of harm for certain affected communities, or for distinct parts of those affected communities, since affected communities are often heterogeneous in nature.</p>	<p>and payments go to male heads of households, women become further disenfranchised in the community. It may also be because the community is indigenous, and its members seek to exercise cultural or economic rights to the land owned or used by the undertaking – or by one of the entities with which it has a business relationship – in a context where their rights are not protected by the state. In addition, the undertaking shall consider whether different characteristics overlap. For example, characteristics such as ethnicity, socioeconomic status, migrant status and gender may create overlapping risks of harm for certain affected communities, or for distinct parts of those affected communities, since affected communities are often heterogeneous in nature.</p>	
<p>AR 8. With regard to paragraph 11, material risks could also arise because of the undertaking's dependency on affected communities where low likelihood but high impact events may trigger financial effects; for example, where a natural disaster leads to a catastrophic industrial accident involving the undertaking's operations, resulting in severe harm to affected communities.</p>	<p>AR 8. With regard to paragraph 11, material risks could also arise because of the undertaking's dependency on affected communities where low likelihood but high impact events may trigger financial effects; for example, where a natural disaster leads to a catastrophic industrial accident involving the undertaking's operations, resulting in severe harm to affected communities.</p>	
Impact, risk and opportunity management		
<p>Disclosure Requirement S3-1 – Policies related to affected communities</p>	<p>Disclosure Requirement S3-1 – Policies related to affected communities</p>	Comment/Rationale
<p>ESRS as enacted in 2023</p>	<p>Draft Amended ESRS</p>	
<p>AR 9. The description shall include the key information necessary to ensure a faithful representation of the policies in relation to affected communities and, therefore, the undertaking shall consider explanations of significant changes to the policies adopted during the reporting year (for example, new or additional approaches to engagement, due diligence and remedy).</p>	<p>AR 9. The description shall include the key information necessary to ensure a faithful representation of the policies in relation to affected communities and, therefore, the undertaking shall consider explanations of significant changes to the policies adopted during the reporting year (for example, new or additional approaches to engagement, due diligence and remedy).</p>	<p>[DELETED] Deemed not essential in line with simplification decision of EFRAG.</p>

<p>AR 10. 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 consists of the Universal Declaration of Human Rights and the two Covenants that implement it, as well as the UN Declaration on the Rights of Indigenous Peoples, the International Labour Organisation's Convention concerning Indigenous and Tribal Peoples (ILO No. 169) and the core conventions that underpin it, and may disclose its alignment with these instruments.</p>	<p>AR 10. 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 consists of the Universal Declaration of Human Rights and the two Covenants that implement it, as well as the UN Declaration on the Rights of Indigenous Peoples, the International Labour Organisation's Convention concerning Indigenous and Tribal Peoples (ILO No. 169) 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 11. 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.</p>	<p>AR 1. AR 11. The undertaking may provide an illustration of the types of communication of Examples of policy aspects to disclose are the means of communication the undertaking uses to communicate its policies to those the individuals, groups of individuals or entities for whom they are relevant, either because they are expected to implement them (for example, the undertaking's employees, contractors and suppliers), or because they have a direct interest in their implementation. (for example, 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.</p>	<p>[AMENDED] Editorial changes made for consistency in line with the EFRAG decision on simplification. Second part might be considered by EFRAG as future non mandatory guidance.</p>
<p>AR 12. When disclosing severe human rights issues and incidents connected to affected communities, the undertaking shall consider any legal disputes related</p>	<p>AR 8. AR 12. When disclosing determining the severe human rights issues and incidents connected to affected communities, the undertaking shall consider</p>	<p>[UNCHANGED]</p>

to land rights and to the free, prior and informed consent of indigenous peoples.	any legal disputes related to land rights and to the free, prior and informed consent (<u>FPIC</u>) of indigenous peoples.	Simplified and streamlined under ESRS S3-3 in line with EFRAG decision.
Disclosure Requirement S3-2 – Processes for engaging with affected communities about impacts	Disclosure Requirement S3-2 – Processes for engaging with affected communities about impacts <u>Engagement with affected communities, existence of channels for affected communities to raise concerns or needs and approaches to remedy</u>	Comment/Rationale
ESRS as enacted in 2023	Draft Amended ESRS	
AR 13. Explanations of how the undertaking takes into account and ensures respect of the right of indigenous peoples to free, prior and informed consent may include information about processes to consult with indigenous peoples to obtain such consent. The undertaking shall consider how the consultation includes a good faith negotiation with affected indigenous peoples to obtain their free, prior and informed consent where the undertaking affects the lands, territories or resources that indigenous peoples customarily own, occupy or otherwise use; or relocates them from land or territories subject to traditional ownership or under customary use or occupation; or affects or exploits their cultural, intellectual, religious and spiritual property.	AR 3. AR 13. Explanations of how the undertaking takes into account and ensures respect of the right of indigenous peoples to free, prior and informed consent may include information about processes to consult with indigenous peoples to obtain such consent. The undertaking shall consider how the consultation includes a good faith negotiation with affected indigenous peoples to obtain their free, prior and informed consent where the undertaking affects the lands, territories or resources that indigenous peoples customarily own, occupy or otherwise use; or relocates them from land or territories subject to traditional ownership or under customary use or occupation; or affects or exploits their cultural, intellectual, religious and spiritual property. <u>Examples of the engagement disclosure in paragraph 11 include the process to obtain consent from indigenous peoples and to ensure good faith negotiations where the undertaking affects lands, territories or resources through relocation or occupation.</u>	[AMENDED] Simplified in line with EFRAG decision.
AR 14. 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	AR 14. 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	[DELETED] Examples and granularity of AR considerations has been removed.

<p>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 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 The role of the administrative, management and supervisory bodies.</p>	<p>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 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 The role of the administrative, management and supervisory bodies.</p>	
<p>AR 15. When preparing the disclosures described in paragraph 20 b) and c), the following illustrations may be considered:</p>	<p>AR 15. When preparing the disclosures described in paragraph 20 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) evaluating the effectiveness of mitigation;</p>	<p>(a) examples of stages at which engagement occurs are i) determining the approach to mitigation and ii) evaluating 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; with affected communities can take different forms, such as information sessions, consultation or participation, and take place at different intervals.</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; 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; 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 whether it provides training or capacity building to relevant staff to undertake engagement. In the case of material impacts, risks and opportunities related to indigenous peoples, this</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 capacity building to relevant staff to undertake engagement. In the case of material impacts, risks and opportunities related to indigenous peoples, this</p>	<p>[DELETED] Content might be considered by EFRAG as future non mandatory guidance.</p>

includes training on indigenous people's rights, including on free, prior and informed consent.	includes training on indigenous people's rights, including on free, prior and informed consent.	
AR 16. To illustrate how the perspectives of communities have informed specific decisions or activities of the undertaking, the undertaking may provide examples from the current reporting period.	AR 16. To illustrate how the perspectives of communities 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.
Disclosure Requirement S3-3 – Processes to remediate negative impacts and channels for affected communities to raise concerns	Disclosure Requirement S3-3 – Processes to remediate negative impacts and channels for affected communities to raise concerns	Comment/Rationale
ESRS as enacted in 2023	Draft Amended ESRS	
AR 17. In fulfilling the requirements set out by Disclosure Requirement ESRS S3-3, 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 17. In fulfilling the requirements set out by Disclosure Requirement ESRS S3-3, 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 S3-2 [AR 4]
AR 18. Channels for raising concerns or needs, include grievance mechanisms, hotlines, dialogue processes or other means through which affected communities or their legitimate representatives can raise concerns about impacts or explain needs that they would like the undertaking to address. This could include channels provided by the undertaking directly, in addition to any other mechanisms the undertaking may use to gain insight into the management of impacts on communities, 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.	AR 18. Channels for raising concerns or needs, include grievance mechanisms, hotlines, dialogue processes or other means through which affected communities or their legitimate representatives can raise concerns about impacts or explain needs that they would like the undertaking to address. This could include channels provided by the undertaking directly, in addition to any other mechanisms the undertaking may use to gain insight into the management of impacts on communities, 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.	[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.
AR 19. To provide greater insight into the information covered in ESRS S3-3, the undertaking may explain	AR 19. To provide greater insight into the information covered in ESRS S3-3, the undertaking may explain	[DELETED]

whether and how communities that may be affected are able to access channels at the level of the undertaking they are affected by, in relation to each material impact. Relevant insights include information on whether affected communities can access channels in a language they understand, and whether they have been consulted in the design of such channels.	whether and how communities that may be affected are able to access channels at the level of the undertaking they are affected by, in relation to each material impact. Relevant insights include information on whether affected communities can access channels in a language they understand, and whether they have been consulted in the design of such channels.	Deleted in line with the EFRAG decision to merge former ESRS S3-2 and ESRS S3-3.
AR 20. 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 affected communities 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.	AR 20. Third party mechanisms could can include those operated by a government, NGOs, industry associations and or other collaborative initiatives. When such mechanisms are used, disclosure on their effectiveness, as per AR 5, is of particular relevance.	[AMENDED, MOVED] The definition was agreed and moved to glossary.
AR 21. In relation to the protection of individuals that use the mechanisms against retaliation, the undertaking may describe whether it treats grievances confidentially and with respect to the rights of privacy and data protection; and whether to the mechanisms can be used anonymously (for example, through representation by a third party).	AR 21. In relation to the protection of individuals that use the mechanisms against retaliation, the undertaking may describe whether it treats grievances confidentially and with respect to the rights of privacy and data protection; and whether to the mechanisms can be used anonymously (for example, through representation by a third party).	[DELETED] Content might be considered by EFRAG as future non-mandatory guidance.
AR 22. When disclosing processes related to providing and enabling remedy for indigenous peoples, relevant information includes whether and how the undertaking has considered their customs, traditions, rules and legal systems.	AR 22. When disclosing processes related to providing and enabling remedy for indigenous peoples, relevant information includes whether and how the undertaking has considered their customs, traditions, rules and legal systems.	[DELETED] Content might be considered by EFRAG as future non-mandatory guidance.
AR 23. In disclosing whether and how the undertaking knows that affected communities 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	AR 23. In disclosing whether and how the undertaking knows that affected communities 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	[AMENDED, MOVED] The criteria for assessing the effectiveness of the channels are included in new [AR 4] by way of reference to the "effectiveness criteria for non-judicial

of affected communities themselves. Examples of sources of information are surveys of community members that have used such channels and their levels of satisfaction with the process and outcomes.	of affected communities themselves. Examples of sources of information are surveys of community members that have used such channels and their levels of satisfaction with the process and outcomes.	grievance mechanisms", as laid out in the UN Guiding Principles on Business and Human Rights, in particular Principle 31.
AR 24. In describing the effectiveness of channels for affected communities 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 on an individual channel basis or for the collective system of channels:	AR 4. AR 24. In describing the effectiveness of channels for affected communities 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 on an individual channel basis or for the 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, MOVED] Cross-reference added to G1-1. In line with input from information gathering and EFRAG decision, former [AR 24] was reduced as the criteria for assessing the effectiveness of the channels are included in new [AR 4] 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 21].
(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 4] 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, set timeframes and clarity on the processes?	(c) do the channels have clear and known procedures, set timeframes and clarity on the processes?	[DELETED]

		Examples of questions to assess the effectiveness of channels removed.
(d) do the channels ensure reasonable access to sources of information, advice and expertise?	(d) do the channels ensure reasonable access 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 at stake?	(e) do the channels offer transparency by providing sufficient information both to complainants and, where applicable, to meet any public interest at stake?	[DELETED] Examples of questions to assess the effectiveness of channels removed.
(f) do the outcomes achieved through the channels accord with internationally recognised human rights?	(f) do the 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.
Disclosure Requirement S3-4 – Taking action on material impacts on affected communities, and approaches to managing material risks and pursuing material opportunities related to affected communities, and effectiveness of those actions	Disclosure Requirement S3-34 <u>Taking action on material impacts on affected communities, and approaches to managing material risks and pursuing material opportunities related to affected communities, and effectiveness of those actions</u> <u>Actions and resources related to affected communities</u>	Comment/Rationale
ESRS as enacted in 2023	Draft Amended ESRS	
AR 25. 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	AR 25. 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.

identify appropriate 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 social investment or other development programmes aimed at contributing to additional material positive impacts;	(b) its social investment or other development programmes 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 26. 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 5. AR 26. 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. 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. 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 and/or collective actions taken through multi-stakeholder and/or industry initiatives.	[AMENDED] Consolidated former [AR 26] and [AR 27] into Amended [AR 5].

<p>AR 27. Given that material negative impacts affecting communities 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 the rights of indigenous peoples to entities with which the undertaking has a business relationships) or collaborative leverage with peers or other actors (such as initiatives aimed at minimising security-related impacts on communities or participating in company-community partnerships).</p>	<p>AR 27. Given that material negative impacts affecting communities 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 the rights of indigenous peoples to entities with which the undertaking has a business relationships) or collaborative leverage with peers or other actors (such as initiatives aimed at minimising security related impacts on communities or participating in company-community partnerships).</p>	<p>[DELETED]</p> <p>Partially merged with former [AR 26]. and partially reflected in new [AR 5] (on leverage and collective actions).</p> <p>Based on EFRAG decision to enhance clarity and remove voluntary datapoints and enhance guidance.</p>
<p>AR 28. Impacts on communities may stem from environmental matters which are disclosed by the undertaking under the ESRS E1 to E5. Examples include:</p>	<p>AR 28. Impacts on communities may stem from environmental matters which are disclosed by the undertaking under the ESRS E1 to E5. Examples include:</p>	<p>[DELETED]</p> <p>Content might be considered by EFRAG as future non-mandatory guidance.</p>
<p>(a) ESRS E1 Climate Change: The implementation of climate change mitigation plans may require the undertaking to invest in renewable energy projects that may affect the lands, territories and natural resources of indigenous peoples. If the undertaking does not consult with the affected indigenous peoples, it could negatively impact the affected communities' right to free, prior and informed consent;</p>	<p>(a) ESRS E1 Climate Change: The implementation of climate change mitigation plans may require the undertaking to invest in renewable energy projects that may affect the lands, territories and natural resources of indigenous peoples. If the undertaking does not consult with the affected indigenous peoples, it could negatively impact the affected communities' right to free, prior and informed consent;</p>	<p>[DELETED]</p> <p>Content might be considered by EFRAG as future non-mandatory guidance.</p>
<p>(b) ESRS E2 Pollution: The undertaking may negatively impact affected communities by failing to protect them from pollution from a particular production facility that causes them health-related issues;</p>	<p>(b) ESRS E2 Pollution: The undertaking may negatively impact affected communities by failing to protect them from pollution from a particular production facility that causes them health related issues;</p>	<p>[DELETED]</p>

		Content might be considered by EFRAG as future non-mandatory guidance.
(c) ESRS E3 Water and marine sources: The undertaking may negatively impact the access to clean drinking water of communities when withdrawing water in water stressed areas;	(c) ESRS E3 Water and marine sources: The undertaking may negatively impact the access to clean drinking water of communities when withdrawing water in water stressed areas;	[DELETED] Content might be considered by EFRAG as future non-mandatory guidance.
(d) ESRS E4 Biodiversity and ecosystems: The undertaking may negatively affect the livelihood of local farmers through operations that contaminate soil. Additional examples include the sealing of land through building new infrastructure, which can eradicate plant species that are critical for, for example, local biodiversity or to filter water for communities; or the introduction of invasive species (whether plants or animals) that can impact ecosystems and cause subsequent harm;	(d) ESRS E4 Biodiversity and ecosystems: The undertaking may negatively affect the livelihood of local farmers through operations that contaminate soil. Additional examples include the sealing of land through building new infrastructure, which can eradicate plant species that are critical for, for example, local biodiversity or to filter water for communities; or the introduction of invasive species (whether plants or animals) that can impact ecosystems and cause subsequent harm;	[DELETED] Content might be considered by EFRAG as future non-mandatory guidance.
(e) ESRS E5 Resource use and circular economy: The undertaking may negatively impact the lives of communities by affecting their health through the mismanagement of hazardous waste. Where the connection between environmental impacts and local communities is addressed in the disclosures within the Disclosure Requirements ESRS E1-E5, the undertaking may cross reference to those and clearly identify such disclosures.	(e) ESRS E5 Resource use and circular economy: The undertaking may negatively impact the lives of communities by affecting their health through the mismanagement of hazardous waste. Where the connection between environmental impacts and local communities is addressed in the disclosures within the Disclosure Requirements ESRS E1-E5, the undertaking may cross reference to those and clearly identify such disclosures.	[DELETED] Content might be considered by EFRAG as future non-mandatory guidance.
AR 29. 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	AR 29. 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	[MOVED] Moved to ESRS 2 [GDR-A] [AR 37]. Also mentioned in [AR 5] above.

disclose under ESRS S3-5 the relevant targets set by the initiative and progress towards them.	disclose under ESRS S3-5 the relevant targets set by the initiative and progress towards them.	
AR 30. When disclosing whether and how the undertaking considers actual and potential impacts on affected communities in decisions to terminate business relationships and whether and how it seeks to address any negative impacts that may result from termination, the undertaking may include examples.	AR 30. When disclosing whether and how the undertaking considers actual and potential impacts on affected communities in decisions to terminate business relationships and whether and how it seeks to address any negative impacts that may result from termination, the undertaking may include examples.	[DELETED] Deleted based on EFRAG decision to streamline voluntary datapoints and enhance clarity.
AR 31. In disclosing how it tracks the effectiveness of actions to manage material impacts during the reporting period, the undertaking may disclose any lessons learned from the previous and current reporting periods.	AR 31. In disclosing how it tracks the effectiveness of 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 [15](b) and new [AR 12] on tracking performance in relation to targets.
AR 32. 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 32. 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 33. Reporting on effectiveness is aimed at enabling the understanding of the links between actions taken by an undertaking and the effective management of impacts.	AR 33. Reporting on effectiveness is aimed at enabling the understanding of the links between actions taken by an undertaking and the effective management of impacts.	[DELETED] Relationship about changes in the number of incidents reported and effectiveness of channels and actions described in ESRS S3-3 [AR 11].
AR 34. With regard to initiatives or processes whose primary aim is to deliver positive impacts for affected communities that are based on affected communities' needs, and with regard to progress in the implementation of such initiatives or processes, the undertaking may disclose:	AR 34. With regard to initiatives or processes whose primary aim is to deliver positive impacts for affected communities that are based on affected communities' 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.

<p>(a) information about whether and how affected communities and legitimate representatives or their credible proxies play a role in decisions regarding the design and implementation of these investments or programmes; and</p>	<p>(a) information about whether and how affected communities and legitimate representatives or their credible proxies play a role in decisions regarding the design and implementation of these investments or programmes; and</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>(b) information about the intended or achieved positive outcomes for affected communities of these investments or programmes.</p>	<p>(b) information about the intended or achieved positive outcomes for affected communities of these investments or programmes.</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>(c) an explanation of the approximate scope of affected communities covered by the described social investment or development programmes, and, where applicable, the rationale for why selected communities were chosen for a given social investment or development programme's implementation.</p>	<p>(c) an explanation of the approximate scope of affected communities covered by the described social investment or development programmes, and, where applicable, the rationale for why selected communities were chosen for a given social investment or development programme's implementation.</p>	<p>[DELETED] Content might be considered by EFRAG as future non-mandatory guidance.</p>
<p>AR 35. The undertaking may disclose whether any initiatives or processes whose primary aim is to deliver positive impacts for affected communities 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 5 to “achieve gender equality and empower all women and girls” the undertaking may be taking thoughtful measures to include women in the consultation process with an affected community to meet standards of effective stakeholder engagement, which can help empower the women in the process itself, but potentially also in their daily lives.</p>	<p>AR 35. The undertaking may disclose whether any initiatives or processes whose primary aim is to deliver positive impacts for affected communities 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 5 to “achieve gender equality and empower all women and girls” the undertaking may be taking thoughtful measures to include women in the consultation process with an affected community to meet standards of effective stakeholder engagement, which can help empower the women in the process itself, but potentially also in their daily lives.</p>	<p>[DELETED] Based on EFRAG decision to enhance clarity and remove voluntary datapoints.</p>

<p>AR 36. When disclosing the intended or achieved positive outcomes of its actions for affected communities a distinction is to be made between evidence of certain activities having occurred (for example, that x number of women community members have been provided with training on how to become local suppliers to the undertaking) from evidence of actual outcomes for affected communities (for example, that x women community members have set up small businesses and have had their contracts with the undertaking renewed year-on-year).</p>	<p>AR 36. When disclosing the intended or achieved positive outcomes of its actions for affected communities a distinction is to be made between evidence of certain activities having occurred (for example, that x number of women community members have been provided with training on how to become local suppliers to the undertaking) from evidence of actual outcomes for affected communities (for example, that x women community members have set up small businesses and have had their contracts with the undertaking renewed year-on-year).</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 37. When disclosing whether initiatives or processes also play a role in mitigating material negative impacts, the undertaking may for example consider programmes that aim to improve local infrastructure surrounding an undertaking's operations, such as improvements in roads leading to a reduction in the number of severe traffic accidents involving community members.</p>	<p>AR 37. When disclosing whether initiatives or processes also play a role in mitigating material negative impacts, the undertaking may for example consider programmes that aim to improve local infrastructure surrounding an undertaking's operations, such as improvements in roads leading to a reduction in the number of severe traffic accidents involving community members.</p>	<p>[DELETED] Based on EFRAG decision to enhance clarity and remove voluntary datapoints.</p>
<p>AR 38. When disclosing the material risks and opportunities related to the undertaking's impacts or dependencies on affected communities, the undertaking may consider the following:</p>	<p>AR 38. When disclosing the material risks and opportunities related to the undertaking's impacts or dependencies on affected communities, the undertaking may consider the following:</p>	<p>[DELETED] Based on EFRAG decision to enhance clarity and remove voluntary datapoints.</p>
<p>(a) risks related to the undertaking's impacts on affected communities may include the reputational or legal exposure, as well as operational risks, where affected communities protest against resettlements or the loss of access to lands, leading to costly delays, boycotts, or lawsuits;</p>	<p>(a) risks related to the undertaking's impacts on affected communities may include the reputational or legal exposure, as well as operational risks, where affected communities protest against resettlements or the loss of access to lands, leading to costly delays, boycotts, or lawsuits;</p>	
<p>(b) risks related to the undertaking's dependencies on affected communities may include disruption of</p>	<p>(b) risks related to the undertaking's dependencies on affected communities may include disruption of</p>	

business operations where indigenous peoples decide to withdraw their consent to a project on their lands, forcing the undertaking to significantly modify or abandon the project;	business operations where indigenous peoples decide to withdraw their consent to a project on their lands, forcing the undertaking to significantly modify or abandon the project;	
(c) business opportunities related to the undertaking's impacts on affected communities may include more easily financing projects and being a partner of choice for communities, governments and other businesses; and	(c) business opportunities related to the undertaking's impacts on affected communities may include more easily financing projects and being a partner of choice for communities, governments and other businesses; and	
(d) opportunities related to the undertaking's dependencies on affected communities may include the development of positive relationships between the undertaking and indigenous peoples that enable existing projects to expand with strong support.	(d) opportunities related to the undertaking's dependencies on affected communities may include the development of positive relationships between the undertaking and indigenous peoples that enable existing projects to expand with strong support.	
AR 39. In disclosing the information in AR 41, the undertaking may consider explanations of risks and opportunities stemming from environmental impacts or dependencies (please refer to AR 31 for further details), including related human rights (or social) impacts. Examples include reputational risks stemming from the impact on the health of communities of unmanaged polluting discharges; or the financial effects of protests that may disrupt or interrupt an undertaking's activities, for example, in response to operations in water stressed areas that may impact the lives of affected communities.	AR 39. In disclosing the information in AR 41, the undertaking may consider explanations of risks and opportunities stemming from environmental impacts or dependencies (please refer to AR 31 for further details), including related human rights (or social) impacts. Examples include reputational risks stemming from the impact on the health of communities of unmanaged polluting discharges; or the financial effects of protests that may disrupt or interrupt an undertaking's activities, for example, in response to operations in water stressed areas that may impact the lives of affected communities.	[DELETED] Based on EFRAG decision to streamline voluntary datapoints and enhance clarity.
AR 40. When disclosing whether dependencies turn into risks, the undertaking shall consider external developments.	AR 40. 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 41. When disclosing policies, action and resources and targets related to the management of material risks and opportunities, in cases where risks and	AR 41. When disclosing policies, action and resources and targets related to the management of material risks and opportunities, in cases where risks and	[DELETED]

opportunities arise from a material impact, the undertaking may cross-reference its disclosures on policies, actions and resources and targets in relation to that impact.	opportunities arise from a material impact, the undertaking may cross-reference its disclosures on policies, actions and resources and targets in relation to that impact.	Based on EFRAG decision to streamline voluntary datapoints and enhance clarity.
AR 42. The undertaking shall consider whether and how its processes to manage material risks related to affected communities are integrated into its existing risk management processes.	AR 42. The undertaking shall consider whether and how its processes to manage material risks related to affected communities are integrated into its existing risk management processes.	[DELETED] Based on EFRAG decision to streamline voluntary datapoints and enhance clarity.
AR 43. 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 43. 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 6. The undertaking shall present its actions in a way that enables users to understand the connections that exist between different topics in accordance with Chapters 3.3 and 9.1 of ESRS 1 General Requirements.</u> <u>This applies to measures taken to mitigate negative impacts on affected communities that arise from the transition to a low-carbon and climate-resilient economy. For example, innovation and restructuring could lead to mine closures or increased mining of minerals that are needed for the transition to a sustainable economy.</u>	[MOVED] Moved from [9b] amended and clarified based on EFRAG decision and information gathering input.
	<u>AR 7. 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:</u>	[NEW] Definition of “human rights incidents” added to clarify the concept and act as a first filter for incidents to be disclosed.

	<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><u>AR 9. When applying the filter of information materiality (paragraph 23 of ESRS 1 General Requirements) to the information about incidents referred to under paragraph 16, the undertaking's assessment is primarily based on the severity of the impacts on affected communities.</u></p>	<p>[NEW]</p> <p>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 10. 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 communities affected.</u></p>	<p>[NEW]</p> <p>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>
	<p><u>AR 11. 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 16 and paragraph 12.</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 15.</u></p>	<p>[NEW]</p> <p>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.</p>
Metrics and Targets		
Disclosure Requirement S3-5 – Targets related to managing material negative impacts, advancing	Disclosure Requirement S3-45 Targets related to affected communities managing material negative	Comment/Rationale

positive impacts, and managing material risks and opportunities	impacts, advancing positive impacts, and managing material risks and opportunities	
ESRS as enacted in 2023	Draft Amended ESRS	
AR 44. When disclosing information about targets in accordance with paragraph 39, the undertaking may disclose:	AR 44. 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 affected communities, being as specific as possible;	a) the intended outcomes to be achieved in the lives of affected communities, 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 which the targets are based on (for instance codes of conduct, sourcing policies, global frameworks or industry codes).	c) the standards or commitments which the targets are based on (for instance codes of conduct, sourcing policies, global frameworks or industry codes).	
AR 45. 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 fully restore livelihoods of affected communities following resettlement could both reduce impacts on those communities and reduce associated risks such as community protests.	AR 45. 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 fully restore livelihoods of affected communities following resettlement could both reduce impacts on those communities and reduce associated risks such as community protests.	[DELETED] Based on EFRAG decision to streamline voluntary datapoints and enhance clarity. Content might be considered by EFRAG as future non-mandatory guidance.
AR 46. The undertaking may also distinguish between short-, medium- and long-term targets covering the same policy commitment. For example, the undertaking may have as a main objective to employ community members at a local mining site, with the long-term goal of staffing 100% locally by 2025, and with the short-term objective of adding x percent of local employees every year up and until 2025.	AR 46. The undertaking may also distinguish between short-, medium- and long-term targets covering the same policy commitment. For example, the undertaking may have as a main objective to employ community members at a local mining site, with the long-term goal of staffing 100% locally by 2025, and with the short-term objective of adding x percent of local employees every year up and until 2025.	[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. When modifying or replacing a target in the reporting period, the undertaking may explain the change by linking it to significant changes in the business model or to broader changes in the accepted	AR 47. When modifying or replacing a target in the reporting period, the undertaking may explain the change by linking it to significant changes in the business model or to broader changes in the accepted	[DELETED] Granularity removed from the AR.

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 .	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.	
	<p><u>AR 12. Engagement with affected communities, their legitimate representatives, or with credible proxies, can inform the undertaking's tracking and assessment of the effectiveness of its actions disclosed under paragraph 15(b), including the development of metrics, target-setting and/or tracking of 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>	<p>[AMENDED]</p> <p>[42(b) and (c)] amended.</p> <p>New AR resulting from deleting former DR on engagement in relation to targets and moving some of its content in new [AR 12]. Better connecting the tracking of performance with effectiveness of actions and lessons learnt for improvement.</p>



EFRAG is co-funded by the European Union through the Single Market Programme in which the EEA-EFTA countries (Norway, Iceland and Liechtenstein), as well as Kosovo participate. This document does not necessarily reflect the views of the European Union, the European Commission or of countries that participate in the Single Market Programme. Neither the European Union, the European Commission nor countries participating in the Single Market Programme can be held responsible for them.